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LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

For the year ended
June 30, 2009

(With Accountant's Report Thereon)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/16/09

LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2009

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

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MICHAEL K. GLOVER
Certified Public Accountant

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

Independent Accountant's Report

Louisiana Board of Wholesale Drug Distributors
State of Louisiana
Baton Rouge, LA

I have reviewed the accompanying Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report (AFR) of the business type activities of Louisiana Board of Wholesale Drug Distributors, a component unit of the State of Louisiana, as of and for the year ended June 30, 2009 which collectively comprise the Louisiana Board of Wholesale Drug Distributors basic financial statements as listed under statements in the table of contents in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements reported in the AFR are the representation of the management of Louisiana Board of Wholesale Drug Distributors.

My review was conducted in accordance with Statement on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consist principally of inquiries of the Louisiana Board of Wholesale Drug Distributors personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determine is required to supplement, although not required to be part of, the basic financial statements.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated August 20, 2009, on the results of our agreed-upon procedures.



August 20, 2009

MICHAEL K. GLOVER
Certified Public Accountant

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

Independent Accountant's Agreed-Upon Procedures Report

To the Louisiana Board of Wholesale Drug Distributors

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Louisiana Board of Wholesale Drug Distributors and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about of the Louisiana Board of Wholesale Drug Distributors compliance with certain laws and regulations during the year ended June 30, 2009, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law) or R.S. 39:1551-39:1755 (the state procurement code, whichever is applicable).

No expenditures were made during the year for materials and/or supplies that exceeding \$20,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

A list was provided listing all board members immediate family members and their outside business. All of the board members reported their outside business interest, if any. I was also provided a list of immediate family members and their outside business interest, if any, of the.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Based on the information received on the board members and employees, there is no indication that any employees listed by management in (3) were included on the listed provided in (2) above.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget. There were no amendments to the budget during the year.

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

The original budget was approved by the Board of Directors and recorded in the minutes on December 18, 2007, and amended on June 16, 2009.

7. Compare the expenditures of the final budget to actual revenues and expenditures to determine if actual expenditures exceed budgeted amount by 10% or more per category or 5% or more in total.

I compared the expenditures of the final budget to actual expenditures. Salary expenses exceed the budgeted amounts by 22% and total expenditure exceeded the budgeted amounts by 17%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the six payments were properly coded to the correct general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:13 (the open meetings law).

The Louisiana Board of Wholesale Drug Distributors is required to post a notice of each meeting and the accompanying agenda on the door of the Board's office building. Management has asserted that such documents were properly posted and I found evidence supporting such assertion.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of bank deposit slips for the period under examination and noted no deposits appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

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

A reading of the minutes of the Board for the year indicated no approval for the payment of bonuses, advances or gifts were observed. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior year Findings 2008-1 Budget

Condition:

Actual expenditures for the year exceeded budgeted amounts by 12%. This was a repeat finding

Recommendation:

Continuous effort should be made by management to monitor expenditures in relation to the budget. Amendments should be made as they become necessary.

Status:

The board is going to modify procedures to monitor the budget to actual comparison and adjust the budget in the following year to include this expense.

Michael K. Above

August 20, 2009

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

July 14, 2009

Michael K. Glover, CPA
(A Professional Accounting Corporation)
9497 Brookline
Baton Rouge, LA 70809

In connection with your review of our financial statements as of June 30, 2009 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 30, 2009.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes No

[Required signatures provided on following sheets.]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Robert Broadus President 1/13/09 Date
Robert Broadus, Chairman

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Secretary/Treasurer

7-3-9

Date

Randall Brooks, Secretary/Treasurer

**STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
BALANCE SHEET
AS OF JUNE 30, 2009**

Statement A

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	368,906
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		368,906

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Investments		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		4,967
Infrastructure		
Construction-in-progress		
Other noncurrent assets		
Total noncurrent assets		4,967
Total assets	\$	373,873

LIABILITIES

CURRENT LIABILITIES:

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

NONCURRENT LIABILITIES: (Note K)

Contracts payable		
Compensated absences payable		24,884
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
OPEB payable		108,986
Other long-term liabilities		
Total noncurrent liabilities		133,870
Total liabilities		133,870

NET ASSETS

Invested in capital assets, net of related debt		4,967
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		235,036
Total net assets		240,003
Total liabilities and net assets	\$	373,873

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

**STATE OF LOUISIANA
 LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009**

Statement B

OPERATING REVENUES	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	400,050
Other	_____
Total operating revenues	400,050
OPERATING EXPENSES	
Cost of sales and services	_____
Administrative	440,331
Depreciation	3,305
Amortization	_____
Total operating expenses	443,636
Operating income(loss)	(43,586)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	6,009
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	_____
Other expense	_____
Total non-operating revenues(expenses)	6,009
Income(loss) before contributions, extraordinary items, & transfers	(37,577)
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	(37,577)
Total net assets – beginning	277,580
Total net assets – ending	\$ 240,003

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

STATE OF LOUISIANA
 LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

Statement C

See Appendix B for instructions

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Entity	\$ <u>443,636</u>	\$ <u>400,050</u>	\$ _____	\$ _____	\$ _____
General revenues:					
Taxes					_____
State appropriations					_____
Grants and contributions not restricted to specific programs					_____
Interest					6,009
Miscellaneous					_____
Special items					_____
Extraordinary item - Loss on impairment of capital assets					_____
Transfers					_____
Total general revenues, special items, and transfers					6,009
Change in net assets					(37,577)
Net assets - beginning as restated					277,580
Net assets - ending					\$ <u>240,003</u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

Statement D
(continued)

Statement D

Cash flows from operating activities		
Cash received from customers	\$	400,050
Cash payments to suppliers for goods and services		(87,844)
Cash payments to employees for services		(288,516)
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>23,690</u>
Cash flows from non-capital financing activities		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		<u>-</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>-</u>
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		6,009
Net cash provided(used) by investing activities		<u>6,009</u>
Net increase(decrease) in cash and cash equivalents		<u>29,699</u>
Cash and cash equivalents at beginning of year		<u>339,207</u>
Cash and cash equivalents at end of year	\$	<u><u>368,906</u></u>

**STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule of noncash investing, capital, and financing activities:

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

Operating income(loss)		\$ <u>(43,586)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	<u>3,305</u>	
Provision for uncollectible accounts	<u> </u>	
Other	<u> </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u> </u>	
(Increase)decrease in due from other funds	<u> </u>	
(Increase)decrease in prepayments	<u> </u>	
(Increase)decrease in inventories	<u> </u>	
(Increase)decrease in other assets	<u> </u>	
Increase(decrease) in accounts payable and accruals	<u> </u>	
Increase(decrease) in compensated absences payable	<u>3,185</u>	
Increase(decrease) in due to other funds	<u> </u>	
Increase(decrease) in deferred revenues	<u> </u>	
Increase(decrease) in OPEB payable	<u>60,786</u>	
Increase(decrease) in other liabilities	<u> </u>	
Net cash provided(used) by operating activities		\$ <u>23,690</u>

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

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2009**

INTRODUCTION

The Louisiana Board of Wholesale Drug Distributors was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37.3461. The following is a brief description of the operations of Louisiana Board of Wholesale Drug Distributors Louisiana Board of Wholesale Drug Distributors and includes the parish/parishes in which the Board is located.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

The financial statements of the Board are prepared in accordance with accounting principles generally accepted in the United States of America. The Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Board may also apply all FASB pronouncements or interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

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

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

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

Revenue Recognition

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

Expense Recognition

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

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Louisiana Board of Wholesale Drug Distributors are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.

**STATE OF LOUISIANA
 LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2009**

The deposits at June 30, 2009, consisted of the following:

	<u>Cash</u>	<u>Nonnegotiable Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books (Balance Sheet)	\$ 170,712	\$ 198,094	\$	\$ 368,806
Deposits in bank accounts per bank	\$ 194,171	\$ 198,094	\$	\$ 392,265
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$	\$	\$	\$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$	\$	\$	\$ -
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name.	\$	\$	\$	\$ -

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Hancock Bank	Checking	\$ 170,712
2. Hancock Bank	Certificate of Deposits	198,094
3. _____	_____	_____
4. _____	_____	_____
Total		\$ 368,806

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

Cash in State Treasury	\$ _____
Petty cash	\$ 100

- 2. INVESTMENTS None
- 3. DERIVATIVES None
- 4. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES NA
- 5. POLICIES NA
- 6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS NA

STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2009

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

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

	Year ended June 30, 2009							Balance 6/30/2009
	Prior Period Adjustments			Adjusted Balance 6/30/2008	Additions	Transfers*	Retirements	
	Balance 6/30/2008	Adj. after submitted to OSRAP (+or-)	Restatements (+or-)					
Capital assets not being depreciated								
Land	\$	\$	\$	\$	\$	\$	\$	\$
Non-depreciable land improvements				-				-
Capitalized collections				-				-
Construction in progress				-				-
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other capital assets								
Machinery and equipment	24,291			24,291				24,291
Less accumulated depreciation	(16,019)			(16,019)	(3,305)			(19,324)
Total Machinery and equipment	<u>8,272</u>	<u>-</u>	<u>-</u>	<u>8,272</u>	<u>(3,305)</u>	<u>-</u>	<u>-</u>	<u>4,967</u>
Buildings and improvements				-				-
Less accumulated depreciation				-				-
Total buildings and improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable land improvements				-				-
Less accumulated depreciation				-				-
Total depreciable land improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Infrastructure				-				-
Less accumulated depreciation				-				-
Total infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other capital assets	<u>8,272</u>	<u>-</u>	<u>-</u>	<u>8,272</u>	<u>(3,305)</u>	<u>-</u>	<u>-</u>	<u>4,967</u>
Capital Asset Summary:								
Capital assets not being depreciated	-	-	-	-	-	-	-	-
Other capital assets, at cost	24,291	-	-	24,291	-	-	-	24,291
Total cost of capital assets	<u>24,291</u>	<u>-</u>	<u>-</u>	<u>24,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,291</u>
Less accumulated depreciation	(16,019)	-	-	(16,019)	(3,305)	-	-	(19,324)
Capital assets, net	<u>\$ 8,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,272</u>	<u>\$ (3,305)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,967</u>

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

**STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2009**

E. INVENTORIES None

F. RESTRICTED ASSETS None

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Board of Wholesale Drug Distributors has the following policy on annual and sick leave:

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

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, 2009 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$24,884. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Louisiana Board of Wholesale Drug Distributors are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. **(Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)**

All full-time (BTA) employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2009

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2008 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_08.pdf

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2009, decreased / increased to 18.4% of annual covered payroll from the 20.4% and 20.4% required in fiscal years ended June 30, 2008 and 2007 respectively. The Louisiana Board of Wholesale Drug Distributors contributions to the System for the years ending June 30, 2009, 2008, and 2007, were \$39,974, \$41,631, and \$31,346, 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. See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.

**STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2009**

1. Calculation of Net OPEB Obligation

(Note: Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits)

Fiscal year ending	06/30/09
1. ARC (broken down by agency on pages 29-33 of the actuarial valuation report)	\$60,700
2. *NOO, beginning of year (see OPEB Liability Spreadsheet of FYE 6/30/08 on OSRAP's website)	48,200
3. Amortization factor	26.17
4. Interest on NOO (4% x 2.)	1,928
5. ARC adjustment (2./3.)	1,842
6. Annual OPEB expense (1. + 4. - 5.)	60,786
7. Contributions (payments to OGB for retiree's cost of group insurance 2009 premiums)	-
8. Adjustment to OGB billings for retirees' insurance 2009 premiums	-
9. **NOO, end of year (2. + 6. - 7 + or-8.)	<u>\$108,986</u>

* This must be obtained from the OSRAP website on the spreadsheet "OPEB Liability Spreadsheet for FYE June 30, 2008"

**This should be the same amount as that shown on the Balance Sheet for the year ended June 30, 2009 if your entity's only OPEB is administered by OGB.

For more information on calculating the annual OPEB expense and the net OPEB obligation, see page two of the OPEB actuarial valuation report on OSRAP's website www.doa.louisiana.gov/osrap/index.htm, select "AFR packets", then scroll down and select "GASB 45 OPEB Valuation Report as of July 1, 2008, to be used for fiscal year ending June 30, 2009". Also, see Appendix D in the back of this packet.

2. Note Disclosures

If your only OPEB provider is OGB, your entity will have no OPEB note disclosures for OSRAP other than the OPEB calculation above; however, GASB 45 note disclosures are required for separately issued GAAP financial statements. Please provide OSRAP with the applicable GASB 43 and 45 note disclosures if your entity's OPEB group insurance plan is administered by an entity other than OGB. Following is a summary of the requirements of GASB Statement 45.

I. Plan Description

- a) Name of Plan
- b) Identify entity that administers the plan
- c) Type of plan
- d) Brief description of the types of benefits
- e) Authority under which benefit provisions are established or may be amended
- f) Whether the OPEB plan issues a stand-alone financial report or is included in the report of a PERS or another entity, and, if so how to obtain the report.

II. Funding Policy

- a) Authority under which the obligations of the plan members, employers, and other contributing entities (e.g., state contributions to local government plans) to contribute to the plan are established or may be amended.
- b) Required contribution rates of plan members (amount per member or percentage of covered payroll).
- c) Required contribution rates of the employer in accordance with the funding policy (in dollars or as percentage of current-year covered payroll) and, if applicable, legal or contractual maximum contribution rates: If the plan is a single-employer or agent plan and the rate differs significantly from the ARC, disclose how the rate is determined (e.g., by statute or contract) or that the plan is financed on a pay-as-you-go basis. If the plan is a cost-sharing plan, disclose the required contributions in dollars and the percentage of

STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2009

that amount contributed for the current year and each of the two preceding years, and how the required contribution rate is determined (e.g., by statute or by contract, or on an actuarially determined basis) or that the plan is financed on a pay-as-you-go basis.

II. Additional disclosures for sole and agent employers for each plan:

- a) For current year (CY), annual OPEB cost and the dollar amount of contributions made. If the employer has a net OPEB obligation, also disclose the components of annual OPEB cost (ARC, interest on the net OPEB obligation, and the adjustment to the ARC), the increase or decrease in the net OPEB obligation, and the net OPEB obligation at the end of the year.
- b) For the current year and each of the two preceding years, disclose annual OPEB cost, percentage of annual OPEB cost contributed that year, and net OPEB obligation at the end of the year. (For the first two years, the required information should be presented for the transition year, and for the current and transition years, respectively.)
- c) Information about the funded status of the plan as of the most recent valuation date, including the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll. The information should be calculated in accordance with the parameters. However, employers that meet the criteria in GASB Statement 45, paragraph 11 may elect to use the alternative measurement method discussed in GASB Statement 45, paragraphs 33 through 35. Employers that use the aggregate actuarial cost method should prepare this information using the entry age actuarial cost method for that purpose only.
- d) Information about the actuarial methods and assumptions used in valuations on which reported information about the ARC, annual OPEB cost, and the funded status and funding progress of OPEB plans is based, including the following:
 - 1) Disclosure that actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
 - 2) Disclosure that the required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.
 - 3) Disclosure that calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, if applicable, the employer should disclose that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations (as discussed in the disclosure of funding policy in paragraph II(c) above) on the pattern of cost sharing between the employer and plan members in the future.
 - 4) Disclosure that actuarial calculations reflect a long-term perspective. In addition, if applicable, disclosure that, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.
 - 5) Identification of the actuarial methods and significant assumptions used to determine the ARC for the current year and the information required by paragraph II(c) above. The disclosures should include:
 - (a) The actuarial cost method.
 - (b) The method(s) used to determine the actuarial value of assets.
 - (c) The assumptions with respect to the inflation rate, investment return (including the method used to determine a blended rate for a partially funded plan, if applicable), postretirement benefit increases if applicable, projected salary increases if relevant to determination of the level of benefits, and, for postemployment healthcare plans, the healthcare cost trend rate. If the economic assumptions contemplate different rates for successive years (year-based or select and ultimate rates), the rates that should be disclosed are the initial and ultimate rates.
 - (d) The amortization method (level dollar or level percentage of projected payroll) and the amortization period (equivalent single amortization period, for plans that use multiple periods) for the most recent

**STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2009**

actuarial valuation and whether the period is closed or open. Employers that use the aggregate actuarial cost method should disclose that because the method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to approximate the funding progress of the plan.

IV. Required Supplementary Information:

Sole and agent employers should present the following information for the most recent actuarial valuation and the two preceding valuations:

- a. Information about the funding progress of the plan, including, for each valuation, each of the elements of information listed in paragraph III(c) above.
- b. Factors that significantly affect the identification of trends in the amounts reported, including, for example, changes in benefit provisions, the size or composition of the population covered by the plan, or the actuarial methods and assumptions used. (The amounts reported for prior years should not be restated.)

The information should be calculated in accordance with the parameters and should be presented as RSI. Employers that use the aggregate actuarial cost method should prepare the information using the entry age actuarial cost method and should disclose that fact and that the purpose of this disclosure is to provide information that approximates the funding progress of the plan.

If the cost-sharing plan in which an employer participates does not issue and make publicly available a stand-alone plan financial report prepared in accordance with the requirements of Statement 43, and the plan is not included in the financial report of a PERS or another entity, the cost-sharing employer should present as RSI in its own financial report schedules of funding progress and employer contributions for the plan (and notes to these schedules), prepared in accordance with the requirements of Statement 43. The employer should disclose that the information presented relates to the cost-sharing plan as a whole, of which the employer is one participating employer, and should provide information helpful for understanding the scale of the information presented relative to the employer.

J. LEASES

NOTE: Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.

1. OPERATING LEASES NONE

The total payments for operating leases during fiscal year June 30, 2009 amounted to \$20,781. (Note: If lease payments extend past FY 2024, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015-2018</u>	<u>FY 2019-2024</u>
Name of Lease	\$	\$	\$	\$	\$	\$	\$
<u>Office Space</u>	20,781	20,781	20,781				
<u>Equipment</u>							
<u>Land</u>							
<u>Other</u>							
Total	\$ 20,781	\$ 20,781	\$ 20,781	\$ -	\$ -	\$ -	\$ -

**STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
Notes to the Financial Statement
As of and for the year ended June 30, 2009**

2. CAPITAL LEASES None

3. LESSOR DIRECT FINANCING LEASES None

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2009:
(Balances at June 30th should include current and non-current portion of long-term liabilities.)

	<u>Year ended June 30, 2009</u>				Amounts due within one year
	Balance June 30, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2009</u>	
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$ --	\$
Bonds payable				--	
Total notes and bonds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other liabilities:					
Contracts payable				--	
Compensated absences payable	21,699	15,740	12,555	24,884	
Capital lease obligations				--	
Claims and litigation				--	
OPEB payable	48,200	60,786		108,986	
Other long-term liabilities				--	
Total other liabilities	<u>69,899</u>	<u>76,526</u>	<u>12,555</u>	<u>133,870</u>	<u>--</u>
Total long-term liabilities	<u>\$ 69,899</u>	<u>\$ 76,526</u>	<u>\$ 12,555</u>	<u>\$ 133,870</u>	<u>\$ --</u>

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. CONTINGENT LIABILITIES None

M. RELATED PARTY TRANSACTIONS None

N. ACCOUNTING CHANGES None

O. IN-KIND CONTRIBUTIONS None

P. DEFEASED ISSUES None

Q. REVENUES – PLEDGED OR SOLD (GASB 48) None

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) None

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS None

T. SHORT-TERM DEBT None

**STATE OF LOUISIANA
 LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2009**

U. DISAGGREGATION OF RECEIVABLE BALANCES None

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2009, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total payables	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

W. SUBSEQUENT EVENTS None

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS None

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 20__.

Ending net assets 6/30/08 as reported to OSRAP on PY AFR	*Adjustments to end net assets 6/30/08 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/08) + or (-)	Beg net assets @ 7/1/08 as restated
\$ _____	\$ _____	\$ _____	\$ _____

Each adjustment must be explained in detail on a separate sheet.
 *Include all audit adjustments accepted by the agency or entity.

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

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES

DD. EMPLOYEE TERMINATION BENEFITS

EE. POLLUTION REMEDIATION OBLIGATIONS (BTA)

STATE OF LOUISIANA
 _____ (BTA)
SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 20__

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2010	\$ _____	\$ _____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA

(BTA)

SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
 BUDGETARY COMPARISON OF CURRENT APPROPRIATION
 NON-GAAP BASIS
 JUNE 30, 2009

	Financial Statement	Adjustments	ISIS Appropriation Report-08/14/09	Revised Budget	Variance Positive/(Negative)
Revenues:					
Intergovernmental Revenues	\$	\$	\$	\$	\$
Federal Funds					
Sales of Commodities and Services					
Other					
Total appropriated revenues	-	-	-	-	-
Expenses:					
Cost of goods sold	\$	\$	\$	\$	\$
Personal services					
Travel					
Operating Services					
Supplies					
Professional services					
Other charges					
Capital outlay					
Interagency transfers					
Debt service					
Other:					
Bad debts					
Depreciation					
Compensated absences					
Interest expense					
Other (identify)					
Total appropriated expenses	-	-	-	-	-
Excess (deficiency) of revenues over expenses (budget basis)	\$	\$	\$	\$	\$

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

STATE OF LOUISIANA

(BTA)

SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
June 30, 2009

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

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

STATE OF LOUISIANA
LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 406,059	\$ 384,660	\$ 21,399	\$ 6%
Expenses	443,636	420,816	22,820	6%
2) Capital assets				
Long-term debt				
Net Assets	240,003	277,580	(37,577)	(14)%
Explanation for change:	_____			

LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
SCHEDULE OF CURRENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Finding 2009-01 Budget

Condition

Actual expenditures of salaries and benefits for the year exceeded budgeted amounts by 22% and total expenditures exceeded the budgeted amounts by 17%. This is a repeat finding from last year.

Criteria:

The actual expenditure in any of the funds should not exceed the estimated budgeted expenditures by more than 10% per category and 5% or more in total.

Cause:

GASB 45 requires the recording of a liability and corresponding expense for other postemployment benefits (OPEB) to the financial statements. The agency did not include this benefit as a expenditure in the preparation of their budget.

Effect:

Failure to amend budgets to recognize anticipated shortfalls in funds prevents the governmental body from effectively control project and/or services with actual available resources.

Recommendation:

The budget should be prepared on a basis of accounting that is similar to the basis used in the preparation of the financial statements. Since the accrual method is being used to prepare the financial statements, accrual adjustments such as OPEB expense should be included in the budget. The budget should be monitored by management comparing the expenditures to the budgeted amounts to ascertain that all items are included. Amendments should be made as they become necessary.

LOUISIANA BOARD OF WHOLESALE DRUG DISTRIBUTORS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAAL)- Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll Covered (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/08	\$0	243,300	243,300	0%	282,790	86.04%
06/30/09	\$0	411,800	411,800	0%	204,100	201.76%



Louisiana Board of Wholesale Drug Distributors
 12046 Justice Avenue, Suite C
 Baton Rouge, LA 70816
 (225) 295-8567 Fax (225) 295-8568 Lsbwdd@bellsouth.net www.Lsbwdd.org

08/26/2009

To Whom it may concern:

As recommended by the cpa, Michael Glover, please find below an action plan to correct the deficiencies found during the audit.

1. In the future we will monitor the state website at www.doa.louisiana.gov/osrap/index.htm for updates on the OPEB accrual / expense calculation for each fiscal year.
2. When the amounts are made available for each board's accrual, we will amend our budget as needed and forward it to the proper state offices.

In most cases, this transaction can not be anticipated and will require an entry after the original budget has been submitted.

The only variance requiring attention from this audit was for the payroll expense related to the OPEB (group benefit retirement accruals) that I do not feel is accurate and justified as an direct expense item for the physical year and it should not be placed in the budget.

Respectfully,

John Liggió
 Executive Director

Schedule 19

Bob Broadus Chairman	William Crates Vice-Chairman	Randall Brooks Secretary/Treasurer	Hershal Paul Board Member	VACANT Board Member
Wayne Gremillion Board Member	Eric Vidrine Board Member	John Liggió Executive Director	Kimberly B. Barbier Executive Assistant	George Lovecchio Inspector