
**Louisiana State Board of Nursing
Department of Health and Hospitals
State of Louisiana**

Financial Statements

June 30, 2014

**Louisiana State Board of Nursing
State of Louisiana
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Independent Auditors' Report

To the Board Members of the
Louisiana State Board of Nursing
Department of Health and Hospitals

We have audited the accompanying financial statements of the business-type activities of the Louisiana State Board of Nursing, a component unit of the State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Louisiana State Board of Nursing's basic financial statements as listed in the table of contents.

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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 auditors' 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Louisiana State Board of Nursing, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

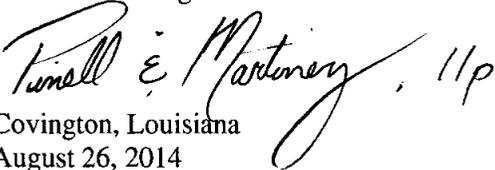
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, the Schedule of Budgetary Comparison on page 24, and the Schedule of Funding Progress for the OPEB Plan on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Information

The accompanying Annual Financial Report, as required by the Louisiana Division of Administration, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2014, on our consideration of the Louisiana State Board of Nursing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana State Board of Nursing's internal control over financial reporting and compliance.


Covington, Louisiana
August 26, 2014

Management's Discussion and Analysis

Louisiana State Board of Nursing Department of Health and Hospitals Management's Discussion and Analysis

Introduction

Management's Discussion and Analysis of the Louisiana State Board of Nursing's (the "Board") financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2014. 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 Louisiana State Board of Nursing's financial statements, which begin on page 8.

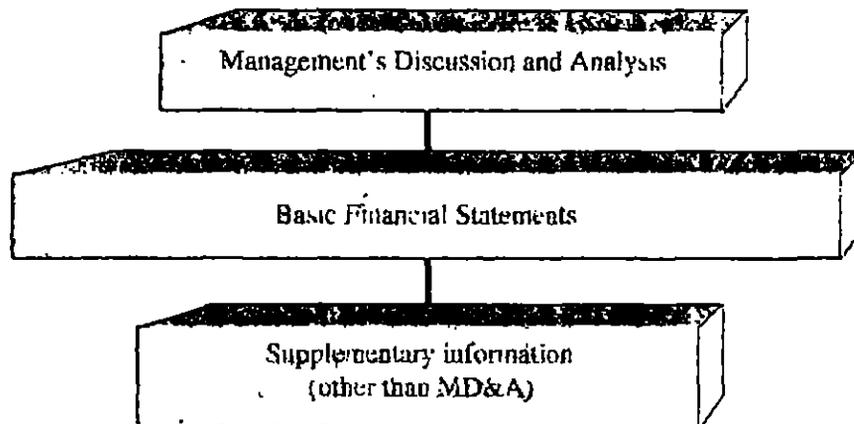
Financial Highlights

The Board's assets exceeded its liabilities at the close of fiscal year 2014 by \$10,979,185, which represents a 4.29% increase from last fiscal year. The net position increased by \$451,420.

The Board's total revenue increased \$142,061 or 2.33%, and the net results from activities decreased by \$224,133 or 33.18% from last fiscal year.

Overview of the Financial Statements

The following graphic illustrates the minimum requirements for government entities engaged in business-type activities established by Governmental Accounting Standards Board.



These financial statements consist of two sections - Management's Discussion and Analysis (this section), and the basic financial statements (including the notes to the financial statements). This report also contains supplementary information in addition to the basic financial statements.

Louisiana State Board of Nursing

Department of Health and Hospitals

Management's Discussion and Analysis

The Board's activities are reported in a single proprietary fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Board's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred.

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.

Statement of Net Position

This statement presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position

This statement presents information showing how the Board's net position 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.

Statement of Cash Flows

This statement 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 net cash provided by operating activities (indirect method) as required by GASB 34.

**Louisiana State Board of Nursing
 Department of Health and Hospitals
 Management's Discussion and Analysis**

Financial Analysis of the Entity

The condensed statements of net position consist of the following at June 30:

	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>% Variance</u>
Assets				
Current assets	\$ 10,103,539	\$ 9,438,557	\$ 664,982	7.05%
Property and equipment, net	3,261,283	3,267,057	(5,774)	-0.18%
	<u>\$ 13,364,822</u>	<u>\$ 12,705,614</u>	<u>\$ 659,208</u>	5.19%
Liabilities				
Current liabilities	\$ 331,999	\$ 265,754	\$ 66,245	24.93%
Noncurrent liabilities	2,053,638	1,912,095	141,543	7.40%
	<u>2,385,637</u>	<u>2,177,849</u>	<u>207,788</u>	9.54%
Net Position				
Net investment in				
capital assets	3,261,283	3,267,057	(5,774)	-0.18%
Unrestricted	7,717,902	7,260,708	457,194	6.30%
	<u>10,979,185</u>	<u>10,527,765</u>	<u>451,420</u>	4.29%
	<u>\$ 13,364,822</u>	<u>\$ 12,705,614</u>	<u>\$ 659,208</u>	5.19%

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

Current assets increased by \$664,982, approximately 7% from June 30, 2013 to June 30 2014, due primarily from an increase in cash.

**Louisiana State Board of Nursing
 Department of Health and Hospitals
 Management's Discussion and Analysis**

The condensed Statements of Revenues, Expenses, and Changes in Net Position consist of the following for the year ended June 30:

	<u>2014</u>	<u>2013</u>	<u>Variance</u>	<u>% Variance</u>
Operating revenues	\$ 6,215,914	\$ 6,072,423	\$ 143,491	2.36%
Operating expenses	<u>5,770,349</u>	<u>5,404,155</u>	<u>366,194</u>	6.78%
Operating income(loss)	445,565	668,268	(222,703)	-33.33%
Non-operating revenues	<u>5,855</u>	<u>7,285</u>	<u>(1,430)</u>	-19.63%
Net increase in net position	<u><u>451,420</u></u>	<u><u>675,553</u></u>	<u><u>(224,133)</u></u>	-33.18%

The Louisiana State Board of Nursing's total revenues increased by \$142,061 or 2.33%. The total cost of all programs and services increased by \$366,194 or 6.78%.

Capital Assets

For the year ended June 30, 2014, the Board had \$3,261,283 invested in a broad range of capital assets, including furniture, fixtures, computer equipment, and computer software. This amount represents a net decrease (including additions and deductions) of \$5,774 from last year.

Debt

The Louisiana State Board of Nursing had no bonds or notes outstanding at June 30, 2014 and 2013.

The Louisiana State Board of Nursing had no claims or judgments at June 30, 2014 and 2013. Other long-term obligations of the Louisiana State Board of Nursing at June 30, 2014 include accrued compensated absences in the amount of \$219,856 and other post-employment benefits obligations of \$1,833,782.

Variations Between Original and Final Budgets

Revenues were approximately \$132,421 over budget and expenditures were less than budget by \$280,846.

**Louisiana State Board of Nursing
Department of Health and Hospitals
Management's Discussion and Analysis**

Economic Factors and Next Year's Budgets and Rates

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

The Louisiana State Board of Nursing continues to see an increase in the volume and complexity of its work. Driving elements are the authority to conduct criminal background checks on all applicants for licensure, including students enrolled in clinical nursing courses. The addition of receiving updates to previously requested criminal background requests (rap batch) information from the Louisiana Department of Public Service has resulted in an increase in the number of investigations, as the Louisiana State Board of Nursing is notified of any arrest of individuals previously fingerprinted for our application. The sequelae of increased investigations are increasing the number and complexity of hearings. We have added a General Counsel/Director of Hearings attorney position and will need to add a second staff attorney position in the near future. Additionally, we are considering restructuring with the need to add an Advanced Practice Nursing (APRN) Department to facilitate investigations, hearings, licensure and credentialing and approval of education programs for the four categories of APRNs.

Top funding expenditures will address key operation issues and process improvements including: disaster preparedness, paperless systems, workforce planning and research through the Louisiana Center for Nursing, personnel costs and related benefits, and the LSBN's adoption and implementation of the National Council of State Boards of Nursing (NCSBN) evidence-based regulatory management system.

Currently, we have grown to occupy all available space in our existing building. Projecting to the future, the Louisiana State Board of Nursing is exploring options for expansion. It is estimated that the Louisiana State Board of Nursing needs at least a 5,000-7,000 square foot expansion with an approximate cost of \$2.2 million dollars. Our building will be redesigned to increase our physical security and help mitigate the inherent risks associated with our strategic work as a regulatory agency. By renovating, we will be able to provide better customer service and privacy for our stakeholders, and offer greater security for our staff and the general public.

Contacting the Board's Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Nursing'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 office at (225)755-7500.

Financial Statements

Louisiana State Board of Nursing
Department of Health and Hospitals
Statement of Net Position
June 30, 2014

ASSETS

Current Assets

Cash and cash equivalents	\$ 5,452,840
Receivables	1,224
Investments	4,626,745
Prepays	22,730
	<hr/>
	10,103,539

Noncurrent Assets

Property and equipment, net	<hr/>
	3,261,283
	<hr/>
	\$ 13,364,822
	<hr/> <hr/>

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 141,080
Payroll deductions and accruals	190,919
	<hr/>
	331,999

Noncurrent Liabilities

Accrued compensated absences	219,856
Postemployment benefits obligation	1,833,782
	<hr/>
	2,053,638
	<hr/>
	2,385,637

Net Position

Net investment in capital assets	3,261,283
Unrestricted	7,717,902
	<hr/>
	10,979,185
	<hr/>
	\$ 13,364,822
	<hr/> <hr/>

Louisiana State Board of Nursing
Department of Health and Hospitals
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2014

Operating Revenues

Licenses, permits, and fees	\$ 5,506,213
Examinations	268,180
Enforcement actions	261,526
Other	179,995
	<u>6,215,914</u>

Operating Expenses

Personal services	
Commissioners per diem	8,325
Salaries	2,962,217
Employee benefits	1,374,842
Travel	111,621
Operating services	472,813
Supplies	121,556
Professional services	616,913
Depreciation expense	102,062
	<u>5,770,349</u>
Operating income	<u>445,565</u>

Other Revenue

Interest income	<u>5,855</u>
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Increase in net position

Net position, beginning of year	<u>10,527,765</u>
Net position, end of year	<u><u>\$ 10,979,185</u></u>

Louisiana State Board of Nursing
Department of Health and Hospitals
Statement of Cash Flows
For the Year Ended June 30, 2014

Cash Flows From Operating Activities

Receipts:

Received from customers \$ 6,298,970

Disbursements:

Payments to employees for services (4,278,704)

Payments to suppliers for goods and services (1,127,840)

(5,406,544)

Net cash provided by operating activities 892,426

Cash Flows From Capital and Related Financing Activities

Purchases of property and equipment (96,288)

Net cash used in capital and related financing activities (96,288)

Cash Flows From Investing Activities

Purchase of investments (4,628,992)

Proceeds from sale of investments 5,740,000

Interest on investments 5,855

Net cash provided by investing activities 1,116,863

Increase in cash and cash equivalents 1,913,001

Cash and cash equivalents, beginning balance 3,539,839

Cash and cash equivalents, ending balance \$ 5,452,840

Reconciliation of Operating Income to

Net Cash Flows from Operating Activities

Operating income \$ 445,565

Adjustments to reconcile operating income to net cash:

Depreciation 102,062

Change in:

Accounts receivable 83,056

Prepays 53,955

Accounts payable 29,487

Payroll deductions and accruals 36,758

Accred compensated absences 20,164

Postemployment benefits obligation 121,379

Net cash provided by operating activities \$ 892,426

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Nature of Operations

The Louisiana State Board of Nursing (the Board) is a state board and component unit of the State of Louisiana reporting entity. The Board was created under the provisions of Louisiana Revised Statutes (R.S.) 37:911. The Board, as provided by R.S. 36:259(E), is under the supervision and control of the Louisiana Department of Health and Hospitals. The Board is composed of eleven (11) members appointed by the Governor of Louisiana for a term of four (4) years. The Board consists of nine (9) registered nurses selected from a list submitted by the Louisiana State Nurses Association and two (2) physicians from a list submitted by the Louisiana State Medical Society, who serve as ex officio members of the Board as advisors and have no voting privileges. The nine (9) nurses are composed of the following:

1. Two (2) nursing service administrators
2. Three (3) nursing educators
3. Three (3) engaged in other areas of nursing practice
4. One (1) advanced practice registered nurse

The Board elects from its members a president, vice president, and such other officers as it considers necessary to carry out the duties and functions of the Board.

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

The Board is charged with the responsibility of licensing and regulating registered nurses in the State of Louisiana. Act 633 of the 1995 Legislative Session amended the Nurse Practice Act to require licensure of Advanced Practice Registered Nurses (APRNs). At June 30, 2014, approximately 55,845 registered nurses and 4,016 APRNs were licensed.

The Board's office is located in Baton Rouge, Louisiana, and as of June 30, 2014, employed 52 administrative personnel. The Board's operations are funded entirely through annual self-generated revenues.

Financial Reporting Entity

GASB Statement No. 14, "The Financial Reporting Entity" has defined the governmental reporting entity to be the State of Louisiana. The Louisiana State Board of Nursing is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members, and public service is rendered within the state's boundaries. The accompanying basic financial statements present information only as to the transactions of the Louisiana State Board of Nursing, a component unit of the State of Louisiana.

Louisiana State Board of Nursing

Department of Health and Hospitals

Notes to Financial Statements

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

Financial Statement Presentation

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

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

Net Position

The Board has implemented GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective for the 2013 fiscal year. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's resources that are applicable to a future reporting period. A deferred inflow represents the acquisition of resources that are applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components—net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

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

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

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.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position and Statement of Cash Flows, cash and cash equivalents include all demand, savings accounts, money market funds and certificates of deposits of the Board with an original maturity of 90 days or less.

Receivables

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

Fair Value of Financial Instruments

The Board's financial instruments include cash and U.S. Government Obligations. The carrying amounts reported in the Statement of Financial Position are stated at cost which approximates fair value because of the short maturities of those instruments.

Property and Equipment

Proprietary fund fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost or donated value of \$1,000 or more are recorded at historical cost, or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Repairs and maintenance are expensed as incurred.

Depreciation

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Revenues, Expenses, and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of 3 to 50 years.

Compensated Absences

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

The liability for these compensated absences is recorded as noncurrent liabilities. The current portion of this debt cannot be reasonably estimated and accordingly, it is not presented.

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

Revenues and Expenses

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

2. Stewardship, Compliance, and Accountability

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

Fund Accounting Requirements

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

Deposits and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of the Board in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Louisiana or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Board must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3, all deposits were fully insured or collateralized. Investments are limited by R.S. 49:327 and the Board's investment policy.

3. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, certificates of deposit and money market funds. 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; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts or federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding custodial bank in the form of safekeeping receipts.

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

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

The Board's cash deposits at June 30, 2014 totaled:

	<u>Cash</u>	<u>Money Market</u>	<u>Total</u>
Deposits per statement of net position (reconciled bank balance)	<u>\$ 4,034,591</u>	<u>\$ 1,418,249</u>	<u>\$ 5,452,840</u>
Deposits in bank accounts per bank	<u>\$ 4,083,188</u>	<u>\$ 1,418,249</u>	<u>\$ 5,501,437</u>
Category 3 bank balances:			
Uninsured and uncollateralized	-	-	-
Uninsured and collateralized with securities held by the pledging institution's trust department or agent, in the Board's name	-	-	-
Uninsured and collateralized with securities held by the pledging institution or its agent but not in the Board's name	<u>4,083,188</u>	<u>1,418,249</u>	<u>5,501,437</u>
Total category 3 bank balances	<u>\$ 4,083,188</u>	<u>\$ 1,418,249</u>	<u>\$ 5,501,437</u>

Custodial Deposit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned to the Board. As of June 30, 2014, \$5,251,437 of the Board's bank balance of \$5,501,437 was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Board's name.

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

4. Investments

At June 30, 2014, the Board had investments with maturities of less than one year as follows:

	<u>Fair Value</u>
U.S. Government Obligations	\$ 530,788
U.S. Agency Obligations	<u>4,095,957</u>
	<u><u>\$ 4,626,745</u></u>

The Board limits its interest rate risk by limiting its investing to securities with terms of one year or less. Credit risk is managed by limiting investments to those allowed under state law, which includes instruments issued by state or Federal governments.

5. Property and Equipment

Property and equipment consists of the following at June 30, 2014:

	<u>Balance</u>		<u>Balance</u>
	<u>06/30/13</u>	<u>Additions</u>	<u>06/30/14</u>
		<u>Deletions</u>	
Capital assets, not being depreciated			
Land	\$ 1,150,000	\$ -	\$ 1,150,000
Capital assets, being depreciated			
Building	2,407,996	-	2,407,996
Equipment	424,443	96,288	508,268
Furniture and fixtures	57,533	-	57,533
	<u>4,039,972</u>	<u>96,288</u>	<u>4,123,797</u>
Accumulated depreciation	<u>(772,915)</u>	<u>(102,062)</u>	<u>(862,514)</u>
	<u><u>\$ 3,267,057</u></u>	<u><u>\$ (5,774)</u></u>	<u><u>\$ 3,261,283</u></u>

Depreciation expense for the year ended June 30, 2014 was \$102,062.

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

6. Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities for the year ended June 30, 2014:

Type of Debt	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Other postemployment benefits obligation	\$ 1,712,403	\$ 212,496	\$ (91,117)	\$ 1,833,782
Accrued compensated absences	199,692	77,856	(57,692)	219,856
Total noncurrent liabilities	<u>\$ 1,912,095</u>	<u>\$ 290,352</u>	<u>\$ (148,809)</u>	<u>\$ 2,053,638</u>

7. Retirement Plan

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

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

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

Members are required by state statute to contribute at 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2014, increased to 31.3% of annual covered payroll from the 29.10% and 25.6% required in fiscal years ended June 30, 2013 and 2012 respectively. The Board contribution to the System for the years ending June 30, 2014, 2013, and 2012 are \$879,466, \$677,213, and \$594,442 respectively, equal to the required contributions for that year.

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

8. Commitments

Litigation

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

Other Matters

The Board is party to routine claims and legal proceedings arising in the ordinary course of business. All such claims are covered by insurance and, in the opinion of management, the outcome of such actions will have no material impact on the Board's financial condition.

9. Other Post-Employment Benefits Plan

Plan Description

The Board's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries.

The State administers the OPEB Plan through the Office of Group Benefits. LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the OPEB Plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana's 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 contribution requirements of OPEB Plan members and the Board are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay as you go basis through a combination of retiree and Board contributions. Employees do not contribute to their postemployment benefits costs 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 OPEB Plan and if the member has Medicare coverage. The Office of Group Benefits (OGB) offers three standard healthcare plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, and the Regional and Medical Home HMO Plan (MHHP).

Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare supplemental plans.

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

The following is a summary of OPEB Plan provisions:

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

Total monthly per capita premium equivalent rates for the year ended June 30, 2014 were as follows:

	PPO	HMO
Single Active	\$ 565.72	\$ 534.48
Retired without Medicare		
Single	\$ 1,052.52	\$ 997.52
With Spouse	\$ 1,858.56	\$ 1,761.32
Retired with 1 Medicare		
Single	\$ 342.28	\$ 330.00
With Spouse	\$ 1,264.60	\$ 1,206.08
Retired with 2 Medicare		
With Spouse	\$ 615.24	\$ 591.56

Participation in the MHHP was low as of the valuation date of the Plan and was therefore not included in the summary data above.

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

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

The 2013 monthly premium rates for Medicare Supplement Plans are:

	<u>1 Medicare</u>	<u>2 Medicare</u>
Peoples Health HMO	\$ 251.00	\$ 502.00
Vantage HMO	\$ 150.62	\$ 301.22

OGB also provides eligible retirees Basic Term Life Insurance in the following amounts:

	<u>Amount</u>
Under age 65	\$ 5,000
Ages 65-70	\$ 4,000
After age 70	\$ 3,000

Additional supplemental life insurance based on pay at retirement is available. Spouse life insurance amounts of \$1,000, \$2,000 or \$4,000 are available. Retirees pay \$0.54 for each \$1,000 of life insurance coverage and \$0.98 for each \$1,000 of spouse life insurance coverage.

Annual OPEB Cost and Net OPEB Obligation

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 liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2013 is \$209,400.

The following table presents the Board's OPEB Obligation for the fiscal year 2014:

Beginning net OPEB obligation at July 1, 2013	\$ 1,712,403
Annual required contribution	209,400
Interest on NOO	68,496
ARC adjustment	<u>(65,400)</u>
OPEB cost	212,496
Less contributions made	(91,117)
Claims cost	<u>-</u>
Ending net OPEB obligation at June 30, 2014	<u><u>\$ 1,833,782</u></u>

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

The following table shows the Board's annual post-employment benefits cost, percentage of the cost contributed, and the net unfunded post-employment benefits liability (asset):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 309,220	25%	\$ 1,384,039
6/30/2013	\$ 216,676	28%	\$ 1,712,403
6/30/2014	\$ 212,496	43%	\$ 1,833,782

Utilizing the pay-as-you-go method, the Board contributed 43% of the annual post-employment benefits costs during 2014. The Board recognizes the cost of providing these benefits as an expenditure when paid during the year. For the years ended June 30, 2014, 2013, and 2012, the cost for providing these benefits for ten (11), ten (10), and eight (10) retirees totaled \$91,117, \$61,157, and \$58,115, respectively.

Funded Status and Funding Progress

In the year ended June 30, 2014, the Board made no contributions to its post-employment benefits plan trust. A trust was established during the year ended June 30, 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial liability of \$2,043,200 was unfunded.

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 2,043,200
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>2,043,200</u>
Funded ratio (actuarial value of plan assets - AAL)	-
Covered payroll (annual payroll of active employees covered by the plan)	1,945,050
UAAL as a percentage of covered payroll	105%

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 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

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities 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 7 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 method and assumptions used include techniques that are designed to reduce short-term volatility is actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8% and 6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 4.5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2013 was sixteen years.

Deferred Compensation Plan

Certain employees of the Board participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

10. Risk Management

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

The Board manages these various risks of loss as follows:

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

Louisiana State Board of Nursing
Department of Health and Hospitals
Notes to Financial Statements

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

Public Entity Risk Pool

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

11. Compensation Paid to Board Members

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As authorized by Louisiana Revised Statute 32:772, each member of the Board shall be reimbursed when actually in attendance at a board meeting or when required to travel for the official authorized business of the Board, and such reimbursement shall not exceed \$75.00 per day.

<u>Commissioner</u>	<u>Meetings / Official Business</u>	<u>Amount</u>
Agosta, Lucie	9	\$ 675
Ali, Juzar	1	75
Bonanno, Laura	12	900
Cotita, Timothy	5	375
Davis, Nancy	13	975
Harris, Jolie	9	675
Johnson, Patricia	11	825
Macmillan, Carlene	7	525
Porche, Demetrius	13	975
Prechter, Patricia	13	975
St. John Lacorte, William	2	150
Westbrook, Sue	16	1,200
	<u>111</u>	<u>\$ 8,325</u>

12. Subsequent Events

Management has evaluated subsequent events through August 26, 2014, which is the date the financial statements were available to be issued.

Required Supplementary Information

Louisiana State Board of Nursing
Department of Health and Hospitals
Schedule of Budgetary Comparison
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Licenses, permits, and fees	\$ 5,410,674	\$ 5,414,072	\$ 5,506,213	\$ 92,141
Examinations	280,000	260,000	268,180	8,180
Enforcement actions	268,330	233,330	261,526	28,196
Other	172,146	181,946	185,850	3,904
	<u>6,131,150</u>	<u>6,089,348</u>	<u>6,221,769</u>	<u>132,421</u>
Expenditures				
Personal services and benefits	4,954,757	4,434,719	4,345,384	89,335
Travel	149,000	113,000	111,621	1,379
Operating services	670,258	557,000	472,813	84,187
Supplies	184,167	124,167	121,556	2,611
Professional services	1,059,808	722,309	616,913	105,396
Capital outlay	1,500,000	-	-	-
Depreciation expense	150,000	100,000	102,062	(2,062)
	<u>8,667,990</u>	<u>6,051,195</u>	<u>5,770,349</u>	<u>280,846</u>
Net change in net position	(2,536,840)	38,153	451,420	413,267
Fund balances, beginning of year	10,527,765	10,527,765	10,527,765	
Fund balances, end of year	<u>\$ 7,990,925</u>	<u>\$ 10,565,918</u>	<u>\$ 10,979,185</u>	

See independent auditors' report.

**Louisiana State Board of Nursing
 Department of Health and Hospitals
 Schedule of Funding Progress for OPEB Plan
 For the Year Ended June 30, 2014**

<u>Date of the Actuarial Valuation</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll [(b - a) / c]</u>
July 1, 2013	-	\$ 2,043,200	\$ 2,043,200	-	\$ 1,945,050	105%
July 1, 2012	-	2,172,800	2,172,800	-	1,945,100	112%
July 1, 2011	-	2,134,500	2,134,500	-	1,837,100	116%

See independent auditors' report.

Other Required Reports

**Independent Auditors' 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***

To the Board Members of the
Louisiana State Board of Nursing
Department of Health and Hospitals

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 Louisiana State Board of Nursing, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Louisiana State Board of Nursing's basic financial statements, and have issued our report thereon dated August 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana State Board of Nursing'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Board of Nursing's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Board of Nursing' 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 a 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.

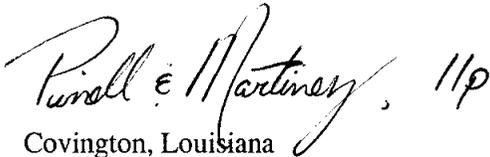
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 Louisiana State Board of Nursing's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Covington, Louisiana
August 26, 2014

**Louisiana State Board of Nursing
Department of Health and Hospitals
Schedule of Findings
For the Year Ended June 30, 2014**

A. Summary of Auditors' Reports

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

Material weaknesses identified _____ yes ✓ no

Significant deficiencies identified not considered to be material weaknesses _____ yes ✓ none noted

c. Noncompliance material to financial statements noted _____ yes ✓ no

B. Findings in Accordance with *Government Auditing Standards*

NONE

Louisiana State Board of Nursing
Department of Health and Hospitals
Schedule of Prior Year Findings
For the Year Ended June 30, 2014

A. Findings in Accordance with *Government Auditing Standards*

NONE

Louisiana State Board of Nursing
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2014

C O N T E N T S

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2014

Louisiana State Board of Nursing
17373 Perkins Rd
Baton Rouge, Louisiana 70810-3822

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

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

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Karen Lyon, Executive Director, of the Louisiana State Board of Nursing, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana State Board of Nursing at June 30, 2014 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 27th day of August, 2014.

Karen C. Lyon
Signature of Agency Official

Jared J. Janel
NOTARY PUBLIC
Bar Roll No. 27914

Prepared by: Karen C. Lyon

Title: Executive Director

Telephone No.: (225) 755-7500

Date: 8-27-14

Email Address: Lyon K@LSBN.state.la.us

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

Statement A

ASSETS

CURRENT ASSETS

Cash and Cash equivalents	\$	<u>5,452,840</u>
Restricted Cash and Cash Equivalents		<u></u>
Investments		<u>4,626,745</u>
Derivative Instruments		<u></u>
Receivables (net of allowance for doubtful accounts)(Note U)		<u>1,224</u>
Due from other funds (Note Y)		<u></u>
Due from federal government		<u></u>
Inventories		<u></u>
Prepayments		<u>22,730</u>
Notes Receivable		<u></u>
Other Current Assets		<u></u>
Total current assets		<u>10,103,539</u>

NONCURRENT ASSETS

Restricted assets (Note F):		
Cash		<u></u>
Investments		<u></u>
Receivables		<u></u>
Investments		<u></u>
Notes Receivable		<u></u>
Capital assets, net of depreciation (Note D)		
Land non-depreciable easements		<u>1,150,000</u>
Buildings and improvements		<u>1,985,926</u>
Machinery and equipment		<u>125,357</u>
Infrastructure		<u></u>
Intangible assets		<u></u>
Construction/Development-in-progress		<u></u>
Other noncurrent assets		<u></u>
Total noncurrent assets		<u>3,261,283</u>
Total assets	\$	<u>13,364,822</u>

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives	\$	<u></u>
Total assets and deferred outflow of resources	\$	<u>13,364,822</u>

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

Statement A

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	141,080
Derivative instrument		
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		190,919
Current portion of long-term liabilities: (Note K)		
Contracts payable		
Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
Other long-term liabilities		
Total current liabilities		331,999

NONCURRENT LIABILITIES

Contracts payable		
Compensated absences payable		219,856
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
OPEB payable		1,833,782
Other long-term liabilities		
Total noncurrent liabilities		2,053,638
Total liabilities		2,385,637

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		3,261,283
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		7,717,902
Total net position		10,979,185
Total liabilities, deferred inflows of resources, and net position	\$	13,364,822

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

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Statement B

OPERATING REVENUE	
Sales of commodities and services	\$
Assessments	<u>261,526</u>
Use of money and property	
Licenses, permits, and fees	<u>5,506,213</u>
Federal grants and contracts	
State, local and nongovernmental grants and contracts	
Other	<u>448,175</u>
Total operating revenues	<u>6,215,914</u>
OPERATING EXPENSES	
Cost of sales and services	
Administrative	<u>5,668,287</u>
Depreciation	<u>102,062</u>
Amortization	
Total operating expenses	<u>5,770,349</u>
Operating income(loss)	<u>445,565</u>
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	<u>5,855</u>
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)	<u>5,855</u>
Income(loss) before contributions, extraordinary items, & transfers	<u>451,420</u>
Capital contributions	
Extraordinary item	
Transfers in	
Transfers out	
Change in net assets	<u>451,420</u>
Total net assets – beginning	<u>10,527,765</u>
Total net assets – ending	<u>\$ 10,979,185</u>

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

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF NURSING
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014**

Statement C

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Entity	\$ <u>5,770,349</u>	\$ <u>6,215,914</u>	\$ _____	\$ _____
General revenues:				
Taxes				_____
State appropriations				_____
Grants and contributions not restricted to specific programs				_____
Interest				<u>5,855</u>
Miscellaneous				_____
Special items				_____
Extraordinary item				_____
Transfers				_____
Total general revenues, special items, and transfers				<u>5,855</u>
Change in net assets				<u>451,420</u>
Net position - beginning				<u>10,527,765</u>
Net position - ending				\$ <u>10,979,185</u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

**Statement D
(concluded)**

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

Operating income(loss)		\$ <u>445,565</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	102,062	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	83,056	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	53,955	
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	66,245	
Increase(decrease) in compensated absences payable	20,164	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in OPEB payable	121,379	
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		\$ <u><u>892,426</u></u>

Schedule of noncash investing, capital, and financing activities:

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

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

INTRODUCTION

The Louisiana State Board of Nursing was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 39:91. The following is a brief description of the operations of the Louisiana State Board of Nursing and includes the parish/parishes in which the Louisiana State Board of Nursing 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 accompanying financial statements of the Louisiana State Board of Nursing present information only as to the transactions of the programs of the Louisiana State Board of Nursing as authorized by Louisiana statutes and administrative regulations.

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

The accounts of the Louisiana State Board of Nursing 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.

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF NURSING
 Notes to the Financial Statement
 As of and for the year ended June 30, 2014**

B. BUDGETARY ACCOUNTING

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

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

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>5,801,174</u>
Amendments:	<u>(6,602)</u>

Final approved budget	\$ <u><u>5,794,572</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendices Packet - Appendix A at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>, for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
Notes to the Financial Statement
As of and for the year ended June 30, 2014

For the purpose of the statement of cash flows and statement of net position presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

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

The deposits at June 30, 2014, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per statement of net position (Reconciled bank balance)	\$ 5,452,840	\$	\$	\$ 5,452,840
Deposits in bank accounts per bank	\$ 5,501,437	\$	\$	\$ 5,501,437
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized	\$	\$	\$	\$
b. Uninsured and collateralized with securities held by the pledging institution	\$	\$	\$	\$
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's	5,501,437	\$	\$	5,501,437

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per statement of net position" due to outstanding items.

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF NURSING
 Notes to the Financial Statement
 As of and for the year ended June 30, 2014**

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. <u>Capital One Bank</u>	<u>Operating</u>	\$ <u>3,992,995</u>
2. <u>Capital One Bank</u>	<u>Center for Nursing</u>	<u>90,193</u>
3. <u>Capital One Bank</u>	<u>Money market account</u>	<u>1,418,249</u>
4. _____	_____	_____
Total		\$ <u>5,501,437</u>

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

Cash in state treasury	\$ <u>NONE</u>
Petty cash	\$ <u>NONE</u>

2. INVESTMENTS

The Louisiana State Board of Nursing does maintain investment accounts as authorized by The State of Louisiana.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or held by the counterparty’s trust department or agent, but not in the entity’s name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

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

Type of Investment	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Reported Amount Per Statement of Net Position	Fair Value
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	_____	_____
U.S. Agency Obligations***	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Mortgages (including CMOs & MBSs)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
External Investment Pool (LAMP) ****	_____	_____	_____	_____
External Investment Pool (Other)	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

* Unregistered - not registered in the name of the government or entity

** These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendices Packet, Appendix A, at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm> for the definition of US Government Obligations)

*** These obligations may not be exposed to custodial credit risk (See Appendix A in the Appendices Packet for a discussion of FNMA & FHLMC)

**** LAMP investments should not be included in deposits AND should be identified separately in this table to ensure LAMP investments are not double-counted on the State level.

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF NURSING
 Notes to the Financial Statement
 As of and for the year ended June 30, 2014**

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used (Moody's, S&P, etc.). All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

<u>Rating Agency</u>	<u>Rating</u>	<u>Fair Value</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
	Total	\$ _____

B. Interest Rate Risk of Debt Investments

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type. (Note – This is the prescribed method, segmented time distribution, for the CAFR. Also, total debt investments reported in this table should equal total debt investments reported in Section A – Credit Risk of Debt Investments, unless you have an external investment pool as discussed in OSRAP Memo 11-22 at <http://www.doa.louisiana.gov/OSRAP/library/memos/11/OSRAP1122.pdf>)

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF NURSING
 Notes to the Financial Statement
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<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$ 530,788	\$ 530,788	\$	\$	\$
U.S. Agency obligations	4,095,957	4,095,957			
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds (describe)					
Mutual bond funds					
Other					
Total debt investments	\$ 4,626,745	\$ 4,626,745	\$ -	\$ -	\$ -

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms (e.g. coupon multipliers, reset dates, etc.) of the investment. See Appendices Packet at www.doa.louisiana.gov/OSRAP/afrpackets.htm (Appendix A) for examples of debt investments that are highly sensitive to changes in interest rates.

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
	\$	
Total	\$ -	

C. Concentration of Credit Risk

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

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
	\$	
Total	\$ -	

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF NURSING
 Notes to the Financial Statement
 As of and for the year ended June 30, 2014**

D. Foreign Currency Risk

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

Foreign Currency	Fair Value in U.S. Dollars	
	Bonds	Stocks
	\$	\$
Total	\$ -	\$ -

5. POLICIES

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

The policy of the Louisiana State Board of Nursing is to invest only in U.S. government obligations or mortgage backed with maturities of one year or less.

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 statement of net position 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. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
Notes to the Financial Statement
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Schedule of Capital Assets (includes capital leases)

<u>Agency</u>	Balance 6/30/2013	Prior Period Adjustments	Restated Balance 6/30/2013	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2014
Capital assets not depreciated:							
Land	\$ 1,150,000	\$ -	\$ 1,150,000	\$ -	\$ -	\$ -	\$ 1,150,000
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ 1,150,000	\$ -	\$ 1,150,000	\$ -	\$ -	\$ -	\$ 1,150,000
Depreciable capital assets:							
Depreciable land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	2,407,996	-	2,407,996	-	-	-	2,407,996
** Accumulated depreciation	(361,746)	-	(361,746)	(60,324)	-	-	(422,070)
Total buildings	1,985,926	-	1,985,926	(60,324)	-	-	1,925,602
Machinery & equipment	481,975	-	481,975	96,287	-	(12,463)	565,799
** Accumulated depreciation	(411,168)	-	(411,168)	(41,737)	-	12,463	(440,442)
Total machinery & equipment	70,807	-	70,807	54,550	-	-	125,357
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 2,056,733	\$ -	\$ 2,056,733	\$ (5,774)	\$ -	\$ -	\$ 2,050,959
Capital asset summary:							
Capital assets not depreciated	\$ 1,150,000	\$ -	\$ 1,150,000	\$ -	\$ -	\$ -	\$ 1,150,000
Other capital assets, book value	2,889,971	-	2,889,971	96,287	-	(12,463)	2,973,795
Total cost of capital assets	4,039,971	-	4,039,971	96,287	-	(12,463)	4,123,795
Accumulated depreciation/amortization	(772,914)	-	(772,914)	(102,061)	-	12,463	(862,512)
Capital assets, net	\$ 3,267,057	\$ -	\$ 3,267,057	\$ (5,774)	\$ -	\$ -	\$ 3,261,283

* Should only be used for those completed projects coming out of construction-in-progress to capital assets.

** Enter a negative number except for accumulated depreciation in the retirement column

E. INVENTORIES

The Louisiana State Board of Nursing does not have any inventory.

F. RESTRICTED ASSETS

The Louisiana State Board of Nursing did not have any restricted assets at June 30, 2014.

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana State Board of Nursing has the following policy on annual and sick leave:
(Describe leave policy.)

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized 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, 2014 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$0. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the (BTA) 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

STATE OF LOUISIANA
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Notes to the Financial Statement
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service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, 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 2012 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the 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) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

http://www.lasersonline.org/uploads/CAFR_2012.pdf

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. 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, 2014, increased to 31.3% of annual covered payroll from the 29.10% and 25.6% required in fiscal years ended June 30, 2013 and 2012 respectively. The (BTA) contributions to the System for the years ending June 30, 2014, 2013, and 2012, were \$879,466, \$677,213, and \$594,442, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
Notes to the Financial Statement
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of the employer. GASB Statement 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 45 note disclosures requirements in section 2 of this note.

1. Calculation of Net OPEB Obligation

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP's website - <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>) and select "GASB 45 OPEB Valuation Report as of July 1, 2013, to be used for fiscal year ending June 30, 2014." Report note disclosures for other plans, not administrated by OGB, separately.

Fiscal year ending	Annual OPEB expense and net OPEB Obligation	6/30/2014
1. * ARC		\$209,400.0
2. * Interest on NOO		<u>\$68,496.0</u>
3. * ARC adjustment		<u>(\$65,400.0)</u>
4. * Annual OPEB Expense (1. + 2. - 3.)		<u>\$212,496.0</u>
5. Contributions (employer pmts. to OGB for retirees' cost of 2013 insurance premiums)		<u>(\$91,117.0)</u>
6. Increase in Net OPEB Obligation (4. - 5.)		<u>\$121,379.0</u>
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)		<u>\$ 1,712,403</u>
8. **NOO, end of year (6. + 7.)		<u><u>\$1,833,782</u></u>

*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2013, to be used for fiscal year ending June 30, 2014."

**This should be the same amount as that shown on the statement of net position for the year ended June 30, 2014 if your entity's only OPEB is administered by OGB.

J. LEASES

The Louisiana State Board of Nursing did not have any capital or operating leases for the ending 30, 2014.

K. LONG-TERM LIABILITIES

**STATE OF LOUISIANA
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Notes to the Financial Statement
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The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2014:

	Balance June 30, 2013	Year ended June 30, 2014		Balance June 30, 2014	Amounts due within one year
		Additions	Reductions		
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	199,692	77,856	(57,692)	219,856	-
Capital lease obligations	-	-	-	-	-
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	-	-	-	-	-
Other long-term liabilities	<u>1,712,403</u>	<u>212,496</u>	<u>(91,117)</u>	<u>1,833,782</u>	-
Total other liabilities	<u>1,912,095</u>	<u>290,352</u>	<u>(148,809)</u>	<u>2,053,638</u>	<u>-</u>
Total long-term liabilities	\$ <u>1,912,095</u>	\$ <u>290,352</u>	\$ <u>(148,809)</u>	\$ <u>2,053,638</u>	\$ <u>-</u>

L. CONTINGENT LIABILITIES

The Louisiana State Board of Nursing was not a defendant in litigation seeking damages at June 30, 2014.

M. RELATED PARTY TRANSACTIONS

The Louisiana State Board of Nursing did not engage in any related party transactions during the year ended June 30, 2014.

N. ACCOUNTING CHANGES

There were no accounting changes made during the year ended June 30, 2014.

O. IN-KIND CONTRIBUTIONS

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The Louisiana State Board of Nursing did not have any in-kind contributions during the year ended June 30, 2014.

P. DEFEASED ISSUES

The Louisiana State Board of Nursing did not have any defeased issues of taxable bonds during the year ended June 30, 2014.

Q. REVENUES – PLEDGED OR SOLD (GASB 48)

The Louisiana State Board of Nursing did not have any pledged or sold revenues at June 30, 2014.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2013-2014:

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

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

At June 30, 2014, the Louisiana State Board of Nursing was not in violation of any of the Bond Reserve Covenants.

T. SHORT-TERM DEBT

The Louisiana State Board of Nursing has no issues of short-term debt for the year ended June 30, 2014.

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2014, were as follows:

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Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Licensing - General	\$ 1,224		\$	\$	\$ 1,224
Gross receivables	\$ 1,224	\$ -	\$ -	\$ -	\$ 1,224
Less allowance for uncollectible accounts					
Receivables, net	<u>\$ 1,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224</u>
Amounts not scheduled for collection during the subsequent year	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ -</u>

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2014, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Licensing - General	\$ 141,080	\$ 190,919	\$	\$	\$ 331,999
					-
Total payables	<u>\$ 141,080</u>	<u>\$ 190,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,999</u>

W. SUBSEQUENT EVENTS

There were no material events affecting the Louisiana State Board of Nursing occurring between the close of the fiscal period and issuance of the financial statements.

X. SEGMENT INFORMATION & REPORTING FUNDS OF A BLENDED COMPONENT UNIT

The Louisiana State Board of Nursing does not have any activities which would qualify for segment reporting.

Y. DUE TO/DUE FROM AND TRANSFERS

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1. List by fund type the amounts **due from other funds** detailed by individual fund at fiscal year end:

(Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due from other funds		\$ <u>_____</u>

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ <u>_____</u>

3. List by fund type **all transfers from other funds for the fiscal year:**

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ <u>_____</u>

4. List by fund type **all transfers to other funds for the fiscal year:**

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ <u>_____</u>

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The Louisiana State Board of Nursing did not have any liabilities payable from restricted assets at June 30, 2014.

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AA. PRIOR-YEAR RESTATEMENT OF NET POSITION

The following adjustments were made to restate beginning net position for June 30, 2014.

Ending net position 6/30/13 as reported to OSRAP on PY AFR	*Adjustments to ending net position 6/30/13 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/13) + or (-)	Beg net position @ 7/1/13 as restated
\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

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

BB. ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46)

Of the total assets reported on Statement A at June 30, 2014, there were no assets restricted by enabling legislation.

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES

There were no capital assets that were considered impaired at June 30, 2014.

Type of asset	Amount of Impairment Loss	Insurance Recovery in the same FY	Net Impairment Loss per Financial Stmt	Financial Statement Classification	Indicator of Impairment	Reason for Impairment (e.g. hurricane, fire)
Buildings	\$ _____	\$ _____	\$ _____	_____	_____	_____
Movable Property	_____	_____	_____	_____	_____	_____
Infrastructure	_____	_____	_____	_____	_____	_____

Insurance recoveries received in FY 13-14 related to impairment losses occurring in previous years, and insurance recoveries received in FY 13-14 other than those related to impairment of capital assets, should be reported as program revenues, nonoperating revenues, or extraordinary items, as appropriate. Indicate in the following table the amount

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and financial statement classification (account line in which the insurance recovery is reported in the financial statements) of insurance recoveries not included in the table above:

<u>Type of asset</u>	<u>Amount of Insurance Recovery</u>	<u>Financial Statement Classification</u>	<u>Reason for insurance recovery (e.g. fire)</u>
Buildings	\$ _____	_____	_____
Movable Property	_____	_____	_____
Infrastructure	_____	_____	_____

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year. (Include any permanently impaired capital assets listed above that are still idle at the end of the fiscal year, any temporarily impaired capital assets, and any assets impaired in prior years that are still idle at the end of the current fiscal year.)

<u>Type of asset</u>	<u>Carrying Value of Idle Impaired Assets</u>	<u>Reason for Impairment</u>
Buildings - permanently impaired	\$ _____	_____
Buildings - temporarily impaired	_____	_____
Movable Property - permanently impaired	_____	_____
Movable Property - temporarily impaired	_____	_____
Infrastructure - permanently impaired	_____	_____
Infrastructure - temporarily impaired	_____	_____

DD. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the State. The Louisiana State Board of Nursing recognizes the cost of providing termination benefits as expenditures when paid during the year. For FY 2014, the cost of providing those benefits for terminations totaled \$-0-.

The liability for the accrued terminations benefits payable at June 30, 2014 is \$-0-. This liability consists of -0- terminations.

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of

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this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

EE. POLLUTION REMEDIATION OBLIGATIONS

The Louisiana State Board of Nursing had no pollution remediation obligations at June 30, 2014.

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)

The Louisiana State Board of Nursing did not receive any ARRA revenue or have any ARRA expenses in FY 2014.

GG. RESTRICTED ASSETS – OTHER SPECIFIC PURPOSES

The Louisiana State Board of Nursing did not have any restricted net assets for other specific purposes.

HH. SERVICE CONCESSION ARRANGEMENTS

The Louisiana State Board of Nursing did not have any service concession arrangements during the year ended June 30, 2014.

II. NONEXCHANGE FINANCIAL GUARANTEES (GASB 70)

The Louisiana State Board of Nursing did not have any nonexchange financial guarantees arrangements during the year ended June 30, 2014.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2014
(Fiscal close)**

Name	Amount
<u>Lucie Agosta</u>	\$ <u>675</u>
<u>Juzar Ali</u>	<u>75</u>
<u>Laura Bonanno</u>	<u>900</u>
<u>Timothy Cotita</u>	<u>375</u>
<u>Nancy Davis</u>	<u>975</u>
<u>Jolie Harris</u>	<u>675</u>
<u>Patricia Johnson</u>	<u>825</u>
<u>Carlene Macmillan</u>	<u>525</u>
<u>Demetrius Porche</u>	<u>975</u>
<u>Patricia Prechter</u>	<u>975</u>
<u>William St. John Lacorte</u>	<u>150</u>
<u>Sue Westbrook</u>	<u>1200</u>
Total	\$ <u><u>8,325</u></u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

SCHEDULE 1

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF NURSING
COMPARISON FIGURES
SCHEDULE 15**

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 **\$5 million**, explain the reason for the change. **Please provide adequate details to clearly explain the change from last year.**

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 6,221,769	\$ 6,079,708	\$ 142,061	2.33%
Expenses	5,770,349	5,404,154	366,194	6.78%
2) Capital assets	3,261,283	3,267,057	-5,774	0.2%
Long-term debt	2,053,638	1,912,095	141,543	7.40%
Net position	10,979,185	10,527,765	(224,133)	-33.18%
Explanation for change:	_____			

