

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

***Basic Financial Statements  
and Independent Auditors' Reports***

**As of and for the Year Ended June 30, 2009  
With Supplemental Information**

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

Release Date 9/23/09

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**LOUISIANA STATE BOARD OF DENTISTRY**  
**365 CANAL STREET**  
**NEW ORLEANS, LOUISIANA 70130-1112**  
**(504) 568-8574**

**GOVERNING BOARD**

As of June 30, 2009

Board Member

Dr H O Blackwood, III  
Dr Dean Manning  
Dr Francis Martello  
Christine Guillaume, R D H  
Dr James Moreau  
Dr Romell J Madison  
Dr Charles T McCabe, Jr  
Dr Conrad P McVea, Jr  
Dr David L Melancon  
Dr Samuel A Trinca  
Dr Lynn Philippe  
Dr Sam S Vinc  
Dr John Taylor  
Dr Wilton Guillory  
Dr Marija LaSalle

LOUISIANA STATE BOARD OF DENTISTRY  
365 CANAL STREET  
NEW ORLEANS, LOUISIANA 70130-1112  
(504) 568-8574

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS**

**Board Members of  
Louisiana State Board of Dentistry  
Department of Health and Hospitals  
State of Louisiana  
New Orleans, Louisiana**

We have audited the accompanying basic financial statements of the **Louisiana State Board of Dentistry**, a component unit of the State of Louisiana, as of and for the year ended June 30, 2009, as listed in the Table of Contents. These basic financial statements are the responsibility of the **Louisiana State Board of Dentistry** management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the **Louisiana State Board of Dentistry**, as of June 30, 2009, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information, which consists of the Management's Discussion and Analysis as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2009, of the **Louisiana State Board of Dentistry's** internal control over financial reporting and our tests of its

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compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana State Board of Dentistry's basic financial statements. The accompanying supplementary information, such as the Division of Administration Reporting packet, as listed in the Table of Contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Louisiana State Board of Dentistry. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Leroy J. Chustz*  
Certified Public Accountant APAC  
August 4, 2009

*Beverly A. Ryall*  
Certified Public Accountant

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**Required Supplemental Information**  
**Management's Discussion and Analysis**

STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2009

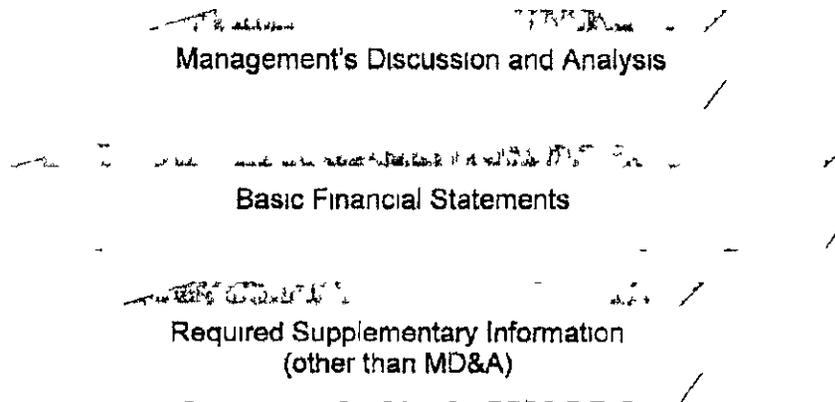
Management's Discussion and Analysis of the Louisiana State Board of Dentistry's financial performance presents a narrative overview and analysis of the Louisiana State Board of Dentistry's financial activities for the year ended June 30, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Louisiana State Board of Dentistry's financial statements which begin with Statement A.

**FINANCIAL HIGHLIGHTS**

- ★ The Louisiana State Board of Dentistry's liabilities exceeded its assets at the close of fiscal year 2009 by \$62,962, which represents a 267.4% increase from last fiscal year. The net assets decreased by \$100,569 (or 267.4%).
- ★ The Louisiana State Board of Dentistry's revenue decreased \$61,740 (or 6.4%) and the net results from activities decreased by \$49,702 (or 88.7%).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

**Basic Financial Statements**

The basic financial statements present information for the Louisiana State Board of Dentistry as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet, the Statement of Revenues, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (Statement A) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana State Board of Dentistry is improving or deteriorating.

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2009**

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (Statement B) presents information showing how the Louisiana State Board of Dentistry's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

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

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
as of June 30, 2009  
(in thousands)

	Total	
	2009	2008
Current and other assets	\$ 827	\$ 837
Capital assets	24	3
Total assets	851	840
Other liabilities	515	490
Long-term debt outstanding	399	313
Total liabilities	914	803
Net assets		
Invested in capital assets, net of debt	24	3
Restricted	0	0
Unrestricted	(87)	34
Total net assets	\$ (63)	\$ 37

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

Net assets of Louisiana State Board of Dentistry decreased by \$100,569, or 267.4%, from June 30, 2008 to June 30, 2009. Causes of this decrease include the recognition of the annual required contribution for other postemployment benefits, a decrease in income resulting from fewer fines from disciplinary actions, and an increase in legal costs.

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2009**

**Statement of Revenues Expenses, and Changes in Fund Net Assets  
for the years ended June 30 2009  
(in thousands)**

	Total	
	2009	2008
Operating revenues	\$ 899	\$ 947
Operating expenses	1005	1003
Operating income(loss)	<u>(106)</u>	<u>(56)</u>
Non-operating revenues	5	19
Non-operating expenses	<u>0</u>	<u>0</u>
Income(loss) before transfers	<u>(101)</u>	<u>(37)</u>
Transfers in	0	0
Transfers out	<u>0</u>	<u>0</u>
Net increase(decrease) in net assets	<u>\$ (101)</u>	<u>\$ (37)</u>

The Louisiana State Board of Dentistry's total revenues decreased by \$61,740 (or 6.4%) The total cost of all programs and services increased by \$1,721 (or 0.2%)

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year ended June 30, 2009, the Louisiana State Board of Dentistry had \$24,167 invested in capital assets (See accompanying Table) This amount represents a net increase (including additions and deductions) of \$ 20,690 or 595.1% over last year

This year's major additions included (in thousands)

- Office desk, \$3
- Database System, \$19

	2009	2008
Equipment & software	\$ 24	\$ 3
Totals	<u>\$ 24</u>	<u>\$ 3</u>

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2009**

**Debt**

The Louisiana State Board of Dentistry's obligations include accrued vacation pay in the amount of \$43,780 other postemployment benefits obligations of \$187,280, and long-term deferred revenues in the amount of \$167,837

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were approximately \$ 210 000 under budget, due mainly to lower than expected revenue from license renewals and enforcement actions Expenditures were approximately \$ 148,000 under budget due mainly to lower than expected salaries & benefit expenses, operating expenses, and fixed asset acquisitions

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- Acquisition of new database software and new computer hardware, and a corresponding increase in expenses for computer support services
- Increase in expenses for subcontracted services due to the need for additional office personnel to assist with the conversion of Board files to a paperless system

The Louisiana State Board of Dentistry expects that next year's results will improve based on the following

- Higher revenues from the collection of fines

**CONTACTING THE LOUISIANA STATE BOARD OF DENTISTRY'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 Dentistry's finances and to show the Louisiana State Board of Dentistry's accountability for the money it receives If you have questions about this report or need additional financial information, contact Barry Ogden at (504) 568-8574

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## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include

- Proprietary Fund Financial Statements
  - Enterprise funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**LOUISIANA STATE BOARD OF DENTISTRY**  
**DEPARTMENT OF HEALTH AND HOSPITALS**  
**PROPRIETARY FUND - ENTERPRISE FUND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

**ASSETS**

***Current Assets***

Cash and cash equivalents	\$ 819,932.11
Prepaid expenses	6,515.83
<b>Total Current Assets</b>	<b>826,447.94</b>

***Noncurrent Assets***

Equipment	74,533.48
Accumulated depreciation	(50,366.00)
<b>Total Noncurrent assets</b>	<b>24,167.48</b>

<b>TOTAL ASSETS</b>	<b>850,615.42</b>
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**LIABILITIES**

***Current Liabilities***

Accounts payable	1,717.76
Deferred revenue	512,962.50
<b>Total Current Liabilities</b>	<b>514,680.26</b>

***Noncurrent Liabilities***

Deferred revenue	167,837.50
Compensated absences	43,779.88
OPEB Payable	187,279.72
<b>Total Noncurrent Liabilities</b>	<b>398,897.10</b>

<b>TOTAL LIABILITIES</b>	<b>913,577.36</b>
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**NET ASSETS**

Investment in capital assets	24,167.48
Unrestricted	(87,129.42)
<b>TOTAL NET ASSETS</b>	<b>\$ (62,961.94)</b>

The accompanying notes are an integral part of this statement

**LOUISIANA STATE BOARD OF DENTISTRY**  
**DEPARTMENT OF HEALTH AND HOSPITALS**  
**PROPRIETARY FUND - ENTERPRISE FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

***OPERATING REVENUES***

Charges for services		
Licenses, permits and fees	\$	843 915 00
Sales of goods and services		22 250 00
Enforcement actions		28 965 91
Other revenues		3 654 50
<b>Total Operating Revenues</b>		<b>898 785 41</b>

***OPERATING EXPENSES***

Administrative		640 565 20
Cost of sales and services		109 847 25
Depreciation		1 213 00
Professional services		252 879 83
<b>Total Operating Expenses</b>		<b>1 004 505 28</b>

<b>Operating Income (Loss)</b>		<b>(105 719 87)</b>
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***NONOPERATING REVENUES***

Interest earnings		5,147 77
<b>Total Nonoperating Revenues</b>		<b>5 147 77</b>

<b><i>Increase (Decrease) in net assets</i></b>		<b>(100 572 10)</b>
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<b><i>NET ASSETS AT JUNE 30, 2008</i></b>		<b>37 610 16</b>
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<b><i>NET ASSETS AT JUNE 30, 2009</i></b>	<b>\$</b>	<b>(62,961 94)</b>
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The accompanying notes are an integral part of this statement

**LOUISIANA STATE BOARD OF DENTISTRY**  
**DEPARTMENT OF HEALTH AND HOSPITALS**  
**PROPRIETARY FUND ENTERPRISE FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 954 958 18
Cash payments to suppliers for goods and services	486 546 62
Cash payments to employees for services	466 805 24
Net cash provided (used) by operating activities	<u>1 606 32</u>
<b>Cash flows from non-capital financing activities</b>	
Net cash provided (used) by non capital financing activities	<u>0 00</u>
<b>Cash flows from capital and related financing activities</b>	
Purchases of capital assets	(21 903 48)
Net cash provided (used) by capital and related financing activities	<u>(21 903 48)</u>
<b>Cash flows from investing activities</b>	
Interest earned	5 147 77
Net cash provided (used) by investing activities	<u>5 147 77</u>
Net increase (decrease) in cash and cash equivalents	<u>(15 149 39)</u>
Cash and cash equivalents at beginning of year	<u>835 081 50</u>
Cash and cash equivalents at the end of the year	<u>\$ 819 932 11</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ (105 719 87)
Adjustments to reconcile operating income (loss) to net cash	
Depreciation	1 213 00
Changes in assets and liabilities	
Change in prepaids	(4 870 45)
Change in accounts payable	(2 886 37)
Change in deferred revenue	18 025 00
Change in compensated absences payable	1 838 62
Change in OPEB payable	94 006 39
Net cash provided (used) by operating activities	<u>\$ 1 606 32</u>

The accompanying notes are an integral part of this statement

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1 A INTRODUCTION**

The Louisiana State Board of Dentistry (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.) 37:751-795. 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 14 members, 13 licensed and practicing dentists and one dental hygienist, appointed by the Governor who serve terms of five years. The Board has five employees. The Board is charged with the responsibility of screening applicants, preparing and administering examinations, issuing licenses for dentists and dental hygienists, and investigating complaints in the field of dentistry. Operations of the Board are funded with examination and license fees. As of June 30, 2009, there were 2470 dentists and 1967 hygienists licensed in the state.

The accounting and reporting framework and the more significant accounting principles and practices of the Board are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures of the Board's financial activities for the fiscal year ended June 30, 2009. The Board implemented new reporting model standards beginning July 1, 2001. Comparability with reports of all prior years will be affected.

**1 B FINANCIAL REPORTING ENTITY**

GASB Statement No. 14, "The Financial Reporting Entity," has defined the governmental reporting entity to be the State of Louisiana. The Louisiana State Board of Dentistry 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 Dentistry, a component unit of the State of Louisiana.

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

**1 C BASIS OF PRESENTATION**

**Proprietary Fund Financial Statements**

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund.

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

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.

LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

**1 D ASSETS, LIABILITIES AND NET ASSETS**

**Cash and Cash Equivalents, Investments**

For the purpose of the Statement of Net Assets and Statement of Cash Flows, cash and cash equivalents include all demand, savings accounts, and certificates of deposits of the Board with an original maturity of three months or less

Investments are carried at fair value. Fair value is based on quoted market price.

**Receivables**

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

**Prepays**

Prepays reflect payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

**Capital Assets and Depreciation**

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

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Revenues, Expenses, and Changes in Fund Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

-	Computer Software	5	years
-	Improvements	10	50 years
-	Equipment	3	20 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 long term debt in the proprietary fund statements. The current portion of this debt can not be estimated and accordingly, it is reported as a noncurrent liability.

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Equity Classifications**

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

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

**1 E REVENUES AND EXPENSES**

**Operating Revenues and Expenses**

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

**2 A FUND ACCOUNTING REQUIREMENTS**

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

**2 B DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS**

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

Investments are limited by R S 49 327 and the Board s investment policy

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 3 - DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenses:

**3 A. DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

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

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

	<b>Cash</b>	<b>Certificates of Deposit</b>	<b>Total</b>
Deposits in Bank Accounts Per Balance Sheet	\$ 819,732 00	-	\$ 819,732 00
Bank Balances Insured by FDIC	250,000 00		250,000 00
Bank Balances of Deposits Exposed to Custodial Credit Risk			
a. Uninsured and uncollateralized	-		
b. Uninsured and collateralized with securities held by the pledging institute		-	
c. Uninsured and collateralized with securities held by the pledging institutions' trust department or agent but not in the entity's name	603,006 40		603,006 40
Total Bank Balances - All Deposits	\$ 853,006 40	-	\$ 853,006 40

LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

Reconciliation to Statement of Net Assets

Petty cash	\$ 200 00
Unrestricted cash	819,732 00
Total Cash	<u>\$ 819 932 00</u>

**3 B CAPITAL ASSETS**

Capital assets activity for the year ended June 30 2009, was as follows

	Balance at June 30, 2008	Additions	Disposals	Balance at June 30, 2009
Furniture and equipment	\$ 52,630 00	\$ 21,903 00		\$ 74,533 00
Accumulated depreciation	(49,153 00)	(1,213 00)	-	(50 366 00)
Total Furniture and Equipment	<u>\$ 3 477 00</u>	<u>\$ 20,690 00</u>	<u>-</u>	<u>\$ 24,167 00</u>

**3 C ACCOUNTS PAYABLE**

Payables are composed of payables to vendors in the amount of \$1,717 76

**3 D LONG-TERM DEBT**

As of June 30, 2009, the long-term debt of the Board consists of the following

	Current Portion	Long-Term Portion	Totals
Deferred Revenue	\$ 512 962 50	\$ 167 837 50	\$ 680,800 00
Compensated Absences			
Current portion (not determinable)	-		-
Noncurrent portion		43,779 88	43,779 88
OPEB Payable	-	187,279 72	187,279 72
Total Long -Term Debt	<u>\$ 512,962 50</u>	<u>\$ 398,897 10</u>	<u>\$ 911 859 60</u>

LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

**Changes in Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2009

Type of Debt	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Deferred Revenue	\$ 662,775 00	\$ 18,025 00	-	\$ 680 800 00
Accrued Compensated Absences	41,941 26	13,304 78	\$ (11,466 16)	43,779 88
OPEB Payable	93,273 33	94,006 39	-	187 279 72
Total Long Term Debt	<u>\$ 797,989 59</u>	<u>\$ 125,336 17</u>	<u>\$ (11,466 16)</u>	<u>\$ 911 859 60</u>

**NOTE 4 - OTHER NOTES**

**4 A EMPLOYEE PENSION AND OTHER BENEFIT PLANS**

**Pension Plan**

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

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

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

Members are required by state statute to contribute at 7.5% of gross salary The Board is required to contribute at an actuarially determined rate as required by R S 11 102 The contribution rate for fiscal year ended June 30 2009, remained 18.5% of annual covered payroll from the 20.4% and 19.1% in fiscal years ended June 30, 2008 and 2007 respectively The board contributions to the System for the year ending June 30, 2009 2008, and 2007 are \$44,077 61, \$62,549, and \$55 944 respectively, equal to the required contributions for that year

**Post Employment Health Care and Life Insurance Benefits**

Substantially all Board employees become eligible for post employment health care dental, and life insurance benefits if they reach normal retirement age while working for the Board These benefits for retirees and similar benefits for active employees are provided through the insurance company whose premiums are paid jointly by the employee and the Board The Board recognizes the cost of providing these benefits as an expenditure when paid

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

during the year For the year ended June 30, 2009, there was no cost of providing these benefits since there were no retirees

**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 The cost were \$9,166 90 and \$5,000 00 for the employer for 2009 and 2008 respectively

**4 B ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Board's management to make estimates and assumptions that effect certain reported amounts and disclosures Accordingly, actual results may differ from those estimates

**4 C RISK MANAGEMENT**

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

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

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

**Public Entity Risk Pool**

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

**4 D COMMITMENTS AND CONTINGENCIES**

**Contingencies**

**Litigation**

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

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**4 E OPERATING LEASE**

The Board entered into a 10 year lease for office space at 365 Canal Street Suite 2680, New Orleans LA. The terms of the lease requires monthly payments ending in August, 2010. The current year expense is \$ 50,067.48

Future minimum lease payments under capital lease are as follows

Year Ending	
June 30	
2010	\$ 51,279
2011	51,521
2012	52,739
2013	52,983
2014	54,201
2015 to 2019	280,449
2020 to 2024	9,569
Total minimum lease payments	\$ 552,741

**4 F 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. Board members are paid \$150 for each day and actual reimbursement for travel expense while they are engaged in the discharge of their duties. In addition, the president shall receive a salary in connection with his duties as set by the Board, as authorized by R.S. 37:755.

Commissioner	No. of Days	Amount
H. O. Blackwood, III	3	\$ 450.00
Charles T. McCabe Jr. D.M.D.	13	1,950.00
Christine M. Guillaume	19	2,850.00
Dean Manning	25	3,750.00
Francis Martello	9	1,350.00
James Moreau	2	300.00
Conrad P. McVea, Jr.	7	1,050.00
Romell J. Madison	17	2,550.00
Samuel A. Trinca**	27	4,050.00
Sam S. Vinci	4	4,200.00
John Taylor	5	750.00
Lynn Philippe***	7	4,650.00
David Melancon	5	750.00
Wilton Guillory	17	2,550.00
Marija LaSalle	15	2,250.00
Total		\$ 33,450.00

\*\*Board President from June 2008 to December 2008

\*\*\*Board President from January 2009 to June 2009

Board President receives \$600.00 per month, plus reimbursement of \$150.00 per meeting day

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**4 G POST EMPLOYMENT HEALTH CARE PLAN**

During the year ended June 30 2008, the Agency implemented GASB 45 *Postemployment Benefits Other Than Pension Benefits*

Substantially all Agency employees become eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the Agency These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Agency At June 30, 2009, no retirees were receiving post-employment benefits

Plan Description

The Agency's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for fiscal year 2009) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries The State administers the plan through the Office of Group Benefits LRS 42 801-883 assigns the authority to establish and amend benefit provisions of the 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](http://www.doa.la.gov/osrap)

Funding Policy

The contribution requirements of plan members and the Agency are established and may be amended by LRS 42 801 883 Employees do not contribute to their post employment 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 plan and if the member has Medicare coverage The Office of Group Benefits offers three standard plans for both active and retired employees the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) Plan, and the Health Maintenance Organization (HMO) Plan Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans which includes one HMO plan and one private fee for-service (PFF) plan Depending upon the plan selected, during the year ended June 30, 2009, employee premiums for a single member receiving benefits range from \$79 to \$95 per month for retiree-only coverage with Medicare or \$130 to \$176 per month for retiree-only coverage without Medicare The premiums for a retiree and spouse for the year ended June 30, 2009, range from \$69 to \$165 per month for those with Medicare or from \$422 to \$512 per month for those without Medicare

The plan is currently financed on a pay-as-you-go basis, with the Agency contributing anywhere from \$236 to \$246 per month for retiree-only coverage with Medicare or from \$838 to \$873 per month for retiree only coverage without Medicare during the year ended June 30, 2009 Also, the Agency's contributions range from \$425 to \$442 per month for retiree and spouse with Medicare or \$1,287 to \$1,341 for retiree and spouse without Medicare

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage which is underwritten by the Prudential Insurance Company of America The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half of the premium Maximum coverage is capped at \$50 000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Annual OPEB Cost**

The Agency'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, 2008, is \$86,600 as set forth below:

Normal Cost	\$ 58,100 00
30-year UAL amortization amount	23,473 00
Interest on the above	5,027 00
Annual required contribution (ARC)	\$ 86 600 00

The following table presents the Agency's OPEB Obligation for the year ended June 30, 2009:

Beginning Net OPEB Obligation July 1, 2008 (NOO)	\$ 100 500 00
Annual required contribution	\$ 86,600 00
Interest on NOO	4,020 00
ARC Adjustment	(3 840 28)
Current Annual OPEB Cost	86,779 72
Contributions made	-
Claim costs	-
Ending Net OPEB Obligation June 30, 2009	\$ 187,279 72

Utilizing the pay-as-you-go method, the Agency contributed 0.00% of the annual post employment benefits cost during the year ended June 30, 2009.

**Funded Status and Funding Progress**

In the year ended June 30, 2009, the Agency 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 \$704,200.00 was unfunded.

The funded status of the plan as of July 1, 2008 was as follows:

Actuarial accrued liability (AAL)	\$ 659,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 659,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	\$ 252 879
UAAL as a percentage of covered payroll	261%

**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether 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 benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2008, 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 8.5% and 8.8% for pre-Medicare and Medicare eligibles respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2008, was twenty-six years.

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**OTHER REPORTS REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

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225/752-5147  
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**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**

**Board Members of  
Louisiana State Board of Dentistry  
Department of Health and Hospitals  
State of Louisiana  
New Orleans, Louisiana**

We have audited the basic financial statements of the **Louisiana State Board of Dentistry**, a component unit of the State of Louisiana as of and for the year ended June 30 2009 and have issued our report thereon dated August 4 2009 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the **Louisiana State Board of Dentistry's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **Louisiana State Board of Dentistry's** internal control over financial reporting Accordingly, we do not express an opinion on the effectiveness of the **Louisiana State Board of Dentistry's** internal control over financial reporting

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above However we identified certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in the internal controls identified as finding 2009-1 A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet is important enough to merit attention by those charged with governance

**Compliance**

As part of obtaining reasonable assurance about whether the **Louisiana State Board of Dentistry's** financial statements are free of 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 one instance of noncompliance that is required to be reported under *Governmental Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2009 1

This report is intended for the information and use of the Louisiana State Board of Dentistry and its management the Louisiana Legislative Auditor, the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties Under provisions of state law, this report is a public document, and it has been distributed to appropriate officials

*Leroy J. Chustz*  
Certified Public Accountant, APAC  
August 4, 2009

*Beverly A. Ryall*  
Certified Public Accountant

**LOUISIANA STATE BOARD OF DENTISTRY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2009**

We have audited the basic financial statements of Louisiana State Board of Dentistry as of and for the year ended June 30, 2009, and have issued our report thereon dated August 4, 2009. 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. Our audit of the financial statements as of June 30, 2009, resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**A Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses  Yes  No Significant Deficiencies  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

**B Federal Awards  Not Applicable**

Internal Control

Material Weaknesses  Yes  No Reportable Conditions  Yes  No

Type of Opinion On Compliance Unqualified  Qualified   
For Major Programs Disclaimer  Adverse

Are there findings required to be reported in accordance with Circular A-133 Section 510(a)?  Yes   
No

Was a management letter issued?  Yes  No

**C Identification of Major Programs**

CFDA Number(s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs \$ \_\_\_\_\_

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A 133?  Yes  No

LOUISIANA STATE BOARD OF DENTISTRY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended June 30, 2009

**Section II Financial Statement Findings**

*2009-1 Professional Service Contracts*  
**NON COMPLIANCE, SIGNIFICANT DEFICIENCY**

*Condition*

Louisiana Revised Statute 39 1502 requires that professional services including investigative services and legal representation services must have a valid contract and that the Office of Contractual Review must approve such contracts before services are provided. More specifically, according to the statute such contracts are not valid unless approved by the Director of the Office of Contractual review.

*Finding*

The Board did not prepare, approve nor obtain approval of at least three contracts for professional services. Payments for services without properly approved contracts exceeded \$130,000 during fiscal year 2008-2009.

*Recommendation*

The Board of Dentistry should develop, properly implement and assign responsibility for monitoring contract expirations and renewals. Further, the Board's payment process should be amended in order to prevent such payments to be made in the future unless properly approved contracts are in place.

*Management's Response*

Management asserts that this is a result of the discontinuance of the monthly review of contract status. Management has committed to reinstitute the monthly monitoring of contract status and to submit contract renewals to the Office of Contractual Review in a timely fashion.

**Section III Federal Award Findings and Questioned Costs**

No Section III Findings

**LOUISIANA STATE BOARD OF DENTISTRY  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 2009**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL  
STATEMENTS**

No Section I Findings

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

No Section II Findings

**SECTION III MANAGEMENT LETTER**

No Section III Findings

**LEROY J CHUSTZ  
CPA, APAC**

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August 4, 2009

To the Board of Commissioners of  
Louisiana State Board of Dentistry

We have audited the financial statements of the business-type activities of the Louisiana State Board of Dentistry for the year ended June 30, 2009, and have issued our report thereon dated August 4, 2009. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated May 21, 2008, responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As a part of our audit, we considered the internal control of the Louisiana State Board of Dentistry. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As a part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Louisiana State Board of Dentistry's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our responsibility for other information in documents containing the entity's financial statements and report does not extend beyond the financial information identified in the report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents, such as management's discussion and analysis and supplementary budgetary statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our Entrance Memorandum about planning matters on May 29, 2009.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policy used by the Louisiana State Board of Dentistry are described in Note 1 to the financial statements, no new accounting policies were adopted and the application of existing policies was not

changed during the fiscal year. We noted no transactions entered into by the governmental unit during the year for which there was a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation expense and useful life of capital assets is based on policy guidelines. We evaluated the key factors and assumptions used to develop the capital asset policy in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Other Post Employment Benefit expense and liability are particularly complex and market and time sensitive. The values presented are based on information provided by Office of Statewide Accounting and Reporting Policy.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Two adjustments were identified in the course of our audit. Those adjustments were not made in the accounting records nor in the financial statements. The aggregate total of the errors was \$6,471.96.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 4, 2009.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the government unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the members of the Board and management of the Louisiana State Board of Dentistry and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Leroy J. Chutz*  
Certified Public Accountant, APAC  
August 4, 2009

*Beverly A. Ryall*  
Certified Public Accountant

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**SUPPLEMENTAL INFORMATION REQUIRED BY**

**STATE OF LOUISIANA**

**DIVISION OF ADMINISTRATION**

**OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

The following pages contain a report on the Board's Annual Financial Report prepared in accordance with the requirements of the Louisiana Division of Administration Office of Statewide Reporting and Accounting Policy

**LOUISIANA STATE BOARD OF DENTISTRY**  
**ANNUAL FISCAL REPORT**  
**JUNE 30, 2009**

***SHARP & COMPANY***  
***CERTIFIED PUBLIC ACCOUNTANTS***  
**A PROFESSIONAL ACCOUNTING CORPORATION**

2439 MANHATTAN BOULEVARD SUITE 205  
HARVEY LOUISIANA 70058  
Telephone (504) 362 5340 Fax (504) 362 5843

**ACCOUNTANT'S COMPILATION REPORT**

To the Board Members  
LOUISIANA STATE BOARD OF DENTISTRY  
New Orleans Louisiana

We have compiled the accompanying financial statements of the business-type activities of the LOUISIANA STATE BOARD OF DENTISTRY component unit of the State of Louisiana – Department of Health and Hospitals as of and for the year ended June 30 2009 which collectively comprise the Board's basic financial statements as listed in the table of contents in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and accordingly do not express an opinion or any other form of assurance on them.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management without audit or review. Accordingly we do not express an opinion or any other form of assurance on the supplementary information.

We are not independent with respect to the Louisiana State Board of Dentistry.

**SHARP & COMPANY, CPAs**  
A Professional Accounting Corporation

Harvey Louisiana  
August 3 2009

LOUISIANA STATE BOARD OF DENTISTRY  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2009

C O N T E N T S

TRANSMITTAL LETTER  
AFFIDAVIT

Statements

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MD&A

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Statement of Revenues, Expenses and Changes in Fund Net Assets	B
Statement of Activities	C
Statement of Cash Flows	D

Notes to the Financial Statements

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B	Budgetary Accounting
C	Deposits with Financial Institutions and Investments
D	Capital Assets – Including Capital Lease Assets
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H	Leases
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J	Litigation
K	Disaggregation of Payable Balances
L	Subsequent Event

Schedules

1	Schedule of Per Diem Paid to Board Members
2	Schedule of Comparison Figures

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30 2009

LOUISIANA STATE BOARD OF DENTISTRY  
365 Canal Street, Suite 2680  
New Orleans, LA 70130

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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Claiborne Building 6<sup>th</sup> 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, \_\_\_\_\_ (Name)  
(Title) of the Louisiana State Board of Dentistry who duly sworn, deposes and says that the financial  
statements herewith given present fairly the financial position of the Louisiana State Board of Dentistry at June  
30, 2009 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 \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
Signature of Agency Official

\_\_\_\_\_  
NOTARY PUBLIC

Prepared by \_\_\_\_\_

Title \_\_\_\_\_

Telephone No \_\_\_\_\_

Date \_\_\_\_\_

Email Address \_\_\_\_\_

STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF DENTISTRY  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2009

Statement A

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 819,932
Investments	
Receivables (net of allowance for doubtful accounts)(Note U)	
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	6,516
Notes receivable	
Other current assets	
Total current assets	826,448

NONCURRENT ASSETS

Restricted assets (Note F)	
Cash	
Investments	
Receivables	
Investments	
Notes receivable	
Capital assets (net of depreciation)(Note D)	
Land	
Buildings and improvements	
Machinery and equipment	24,167
Infrastructure	
Construction in progress	
Other noncurrent assets	
Total noncurrent assets	24,167
Total assets	\$ 850,615

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accruals (Note V)	\$ 1,717
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	512,963
Other current liabilities	
Current portion of long-term liabilities (Note K)	
Contracts payable	
Compensated absences payable	
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Bonds payable	
Other long term liabilities	
Total current liabilities	514,680

NONCURRENT LIABILITIES (Note K)

Contracts payable	
Compensated absences payable	43,780
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Bonds payable	
Deferred revenues	167,837
OPEB payable	187,280
Other long term liabilities	
Total noncurrent liabilities	398,897
Total liabilities	913,577

NET ASSETS

Invested in capital assets net of related debt	24,167
Restricted for	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	(87,129)
Total net assets	(62,962)
Total liabilities and net assets	\$ 850,615

See Accountant's Compilation Report and Notes to Financial Statements

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

**Statement B**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ 22 250
Assessments	<u>28 966</u>
Use of money and property	
Licenses permits and fees	<u>847 569</u>
Other	
Total operating revenues	<u>898 785</u>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	798 294
Administrative	<u>204 995</u>
Depreciation	1 213
Amortization	
Total operating expenses	<u>1 004 502</u>
Operating income(loss)	<u>(105 717)</u>
<b>NON OPERATING REVENUES(EXPENSES)</b>	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue - Interest income	<u>5 148</u>
Other expense	
Total non operating revenues(expenses)	<u>5 148</u>
Income(loss) before contributions extraordinary items & transfers	<u>(100 569)</u>
Capital contributions	
Extraordinary item Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	<u>(100 569)</u>
Total net assets – beginning	<u>37 607</u>
Total net assets – ending	<u>\$ (62 962)</u>

See Accountant s Compilation Report and Notes to Financial Statements

STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF DENTISTRY  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2009

Statement C

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Entity	\$ <u>1 004 502</u>	\$ <u>898 785</u>	\$ _____	\$ _____
General revenues				
Taxes				_____
State appropriations				_____
Grants and contributions not restricted to specific programs				_____
Interest				5 148
Miscellaneous				_____
Special items				_____
Extraordinary item: Loss on impairment of capital assets				_____
Transfers				_____
Total general revenues, special items, and transfers				5 148
Change in net assets				(100 589)
Net assets beginning				37 607
Net assets ending				\$ <u>(62 962)</u>

See Accountant's Compilation Report and Notes to Financial Statements

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

**Statement D**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 916,810	
Cash payments to suppliers for goods and services	(447,220)	
Cash payments to employees for services	(467,985)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>1,605</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non capital financing activities		<u>                    </u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(21,903)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(21,903)</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	5,148	
Net cash provided(used) by investing activities		<u>5,148</u>
Net increase(decrease) in cash and cash equivalents		<u>(15,150)</u>
Cash and cash equivalents at beginning of year		<u>835,082</u>
Cash and cash equivalents at end of year	\$	<u><u>819,932</u></u>

See Accountant's Compilation Report and Notes to Financial Statements

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

**Statement D  
 (concluded)**

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

Operating income(loss)	\$	<u>(105,717)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities		
Depreciation/amortization	<u>1,213</u>	
Provision for uncollectible accounts	<u>          </u>	
Other	<u>          </u>	
Changes in assets and liabilities		
(Increase)decrease in accounts receivable net	<u>          </u>	
(Increase)decrease in due from other funds	<u>          </u>	
(Increase)decrease in prepayments	<u>(4,874)</u>	
(Increase)decrease in inventories	<u>          </u>	
(Increase)decrease in other assets	<u>          </u>	
Increase(decrease) in accounts payable and accruals	<u>751</u>	
Increase(decrease) in compensated absences payable	<u>1,839</u>	
Increase(decrease) in due to other funds	<u>          </u>	
Increase(decrease) in deferred revenues	<u>18,025</u>	
Increase(decrease) in OPEB payable	<u>94,007</u>	
Increase(decrease) in other liabilities	<u>(3,639)</u>	
Net cash provided(used) by operating activities	\$	<u>1,605</u>

**Schedule of noncash investing, capital, and financing activities**

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

See Accountant's Compilation Report and Notes to Financial Statements

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2009**

**INTRODUCTION**

The Louisiana State Board of Dentistry (the Board) is a component unit of the State of Louisiana – Department of Health and Hospitals and was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute (LSA-R S ) 37 751-795 The following is a brief description of the operations of the Board and includes the parish/parishes in which the Board is located

**A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

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

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

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

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

**Revenue Recognition**

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

**Expense Recognition**

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

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Board's management to make estimates and assumptions that affect certain reported amounts and disclosures Significant estimates used in preparing these financial statements include those used in depreciating the Board's capital assets and the obligation for other postemployment benefits which was provided by the State of Louisiana Office of Statewide Reporting and Accounting Policy It is at least reasonably possible that the estimates used will change within the next year

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2009**

**B BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Board 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>1 173 573</u>
Amendments	<hr style="border: 0.5px solid black;"/> <hr style="border: 0.5px solid black;"/> <hr style="border: 0.5px solid black;"/>
Final approved budget	\$ <u><u>1 173 573</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 Appendix C 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 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 of federally or state chartered credit unions

For the purpose of the Statement of Cash Flows and balance sheet 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

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF DENTISTRY**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2009**

The deposits at June 30 2009 consisted of the following

	<u>Cash</u>	<u>Nonnegotiable Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books (Balance Sheet)	\$ 819 932	\$ _____	\$ _____	\$ 819 932
Deposits in bank accounts per bank	\$ 853 006	\$ _____	\$ _____	\$ 853 006
Bank balances of deposits exposed to custodial credit risk				
a Deposits not insured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ _____
b Deposits not insured and collateralized with securities held by the pledging institution	\$ _____	\$ _____	\$ _____	\$ _____
c Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name	\$ 603 006	\$ _____	\$ _____	\$ 603 006

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

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

	<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1	<u>Capital One Bank (Operating Account)</u>	<u>Dentistry Licensing &amp; Oversight</u>	\$ 45 000
2	<u>Capital One Bank (Investment Account)</u>	<u>Dentistry Licensing &amp; Oversight</u>	808 006
3	_____	_____	_____
4	_____	_____	_____
Total			\$ <u>853 006</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 balance sheet to amounts reported in this note listed below are any cash in treasury and petty cash that are included on the balance sheet

Cash in State Treasury	\$ _____
Petty cash	\$ 200

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2009**

**D CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

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

	Year ended June 30 2009							Balance 6/30/2009
	Prior Period Adjustments			Adjusted Balance 6/30/2008	Additions	Transfers	Retirements	
	Balance 6/30/2008	Adj. after submitted to OSRAP (+or)	Restatements (+or)					
<b>Capital assets not being depreciated</b>								
Land	\$	\$	\$	\$	\$	\$	\$	\$
Non-depreciable land improvements				-				-
Capitalized collections				-				-
Construction in progress				-				-
<b>Total capital assets not being depreciated</b>								
	-	-	-	-	-	-	-	-
<b>Other capital assets</b>								
Machinery and equipment	52,630			52,630	21,903			74,533
Less accumulated depreciation	(49,153)			(49,153)	(1,213)			(50,366)
<b>Total Machinery and equipment</b>	<b>3,477</b>	<b>-</b>	<b>-</b>	<b>3,477</b>	<b>20,690</b>	<b>-</b>	<b>-</b>	<b>24,167</b>
<b>Buildings and improvements</b>								
Buildings and improvements				-				-
Less accumulated depreciation				-				-
<b>Total buildings and improvements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciable land improvements</b>								
Depreciable land improvements				-				-
Less accumulated depreciation				-				-
<b>Total depreciable land improvements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Infrastructure</b>								
Infrastructure				-				-
Less accumulated depreciation				-				-
<b>Total infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other capital assets</b>	<b>3,477</b>	<b>-</b>	<b>-</b>	<b>3,477</b>	<b>20,690</b>	<b>-</b>	<b>-</b>	<b>24,167</b>
<b>Capital Asset Summary</b>								
Capital assets not being depreciated	-	-	-	-	-	-	-	-
Other capital assets at cost	52,630	-	-	52,630	21,903	-	-	74,533
<b>Total cost of capital assets</b>	<b>52,630</b>	<b>-</b>	<b>-</b>	<b>52,630</b>	<b>21,903</b>	<b>-</b>	<b>-</b>	<b>74,533</b>
Less accumulated depreciation	(49,153)	-	-	(49,153)	(1,213)	-	-	(50,366)
<b>Capital assets net</b>	<b>\$ 3,477</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,477</b>	<b>\$ 20,690</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,167</b>

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

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2009**

**E LEAVE**

**1 COMPENSATED ABSENCES**

The Board has the following policy on annual and sick leave

Employees earn and accumulate annual and sick leave at various rates established by the Louisiana Department of Civil 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 financial statements when earned. At June 30, 2009, employees of the Board had accumulated and vested \$43,780 of employee leave benefits. The cost of leave privileges applicable to operations not requiring current resources is recorded in long-term obligations.

**F RETIREMENT SYSTEM**

Substantially all of the employees of the Board 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.

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

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

[http://www.lasers.state.la.us/PDFs/Publications\\_and\\_Reports/Fiscal\\_Documents/Comprehensive\\_Financial\\_Reports/Comprehensive%20Financial%20Reports\\_08.pdf](http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_08.pdf)

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2009**

Members are required by state statute to contribute with the single largest group (regular members) contributing 7.5% of gross salary and 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, 2009 was 18% of annual covered payroll similar to the 20% and 18% required in fiscal years ended June 30, 2008 and 2007 respectively. The Board contributions to the System for the years ending June 30, 2009, 2008 and 2007 were \$44,078, \$65,189 and \$55,944 respectively equal to the required contributions for each year.

**G OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**CONTINUING HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all Board employees become eligible for post employment health care and life insurance benefits if they reach normal retirement age while working for the Board. These benefits for retirees and similar benefits for active employees are provided through an agent multiple employer plan administered by the Louisiana Office of Group Benefits (OGB), and premiums are paid jointly by the employee and the Board as the premiums become due.

Benefit provisions are established or may be amended under the authority of LRS 42:802. All benefits and premium structures are reviewed by the OGB Policy and Planning Board. A written report from the OGB Policy and Planning Board is forwarded to the House Appropriations Committee and Senate Finance Committee for oversight. OGB does not issue a stand alone financial report on the Plan; however, the financial information is included in the State's Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained on the website at <http://doa.louisiana.gov/osrap/CAFR-2.htm>.

The Board is required to recognize the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The OPEB obligation of \$187,280 at June 30, 2009 was determined using estimates prepared by an actuary employed by management of the State of Louisiana.

**Annual OPEB expense and net OPEB Obligation**

Fiscal year ending	6/30/2009
1 ARC	\$ 86,600.00
2 NOO beginning of year	100,500.00
3 Amortization factor	26.17
4 Interest on NOO (4% x 2)	4,020.00
5 ARC adjustment (2/3)	(3,840.28)
6 Annual OPEB expense (1 + 4 - 5)	86,779.72
7 Contributions (payments to OGB for retirees cost of group insurance 2009 premiums)	_____
8 Adjustment to OGB billings for retirees insurance 2009 premiums	_____
9 **NOO end of year (2 + 6 - 7 + or 8)	\$ 187,279.72

The OPEB expense and obligation of \$93,273 was first recognized in the fiscal year ended June 30, 2008. No contributions to OPEB were made during the years ended June 30, 2009 and 2008 since the Board had no retirees during those periods.

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2009**

**DEFERRED COMPENSATION PLAN**

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. The costs to the employer were \$11,000 and \$5,000 for 2009 and 2008 respectively.

**H LEASES**

**OPERATING LEASES**

The total payments for operating leases during fiscal year ended June 30, 2009 amounted to \$50,067. A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2020-</u>
						<u>2019</u>	<u>2024</u>
Office Space	\$ 51,279	\$ 51,521	\$ 52,739	\$ 52,983	\$ 54,201	\$ 280,449	\$ 9,569
Equipment							
Land							
Other							
<b>Total</b>	<b>\$ 51,279</b>	<b>\$ 51,521</b>	<b>\$ 52,739</b>	<b>\$ 52,983</b>	<b>\$ 54,201</b>	<b>\$ 280,449</b>	<b>\$ 9,569</b>

**I LONG TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2009:

	<u>Year ended June 30, 2009</u>			<u>Balance June 30, 2009</u>	<u>Amounts due within one year</u>
	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>		
<b>Notes and bonds payable</b>					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable					
Total notes and bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other liabilities</b>					
Contracts payable				-	
Compensated absences payable	41,941	13,305	11,466	43,780	
Capital lease obligations				-	
Claims and litigation				-	
OPEB payable	93,273	94,007		187,280	
Deferred Revenues	662,775	680,800	662,775	680,800	512,963
Other long term liabilities				-	
Total other liabilities	<u>797,989</u>	<u>788,112</u>	<u>674,241</u>	<u>911,860</u>	<u>512,963</u>
<b>Total long-term liabilities</b>	<b>\$ 797,989</b>	<b>\$ 788,112</b>	<b>\$ 674,241</b>	<b>\$ 911,860</b>	<b>\$ 512,963</b>

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2009**

**J LITIGATION**

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. The Board's legal advisors estimate that potential claims not covered by insurance would not affect the financial statements. For the year ended June 30, 2009, there were no contingent liabilities included in the financial statements.

Claims and litigation costs of \$121,388 were incurred in the current year and are reflected in the accompanying financial statement. These costs resulted from lawsuits and investigations against dentists.

**K DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2009 were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Operating	\$ 1,717	\$ -	\$ -	\$ -	\$ 1,717
					-
<b>Total payables</b>	<b>\$ 1,717</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,717</b>

**L SUBSEQUENT EVENT**

In July of 2009, a state law was passed which allows dental care to be provided on public school grounds. This law will require the Board to have significant oversight of this new service. Management of the Board estimates that the Board will spend approximately \$20,000 per year to oversee this service. No corresponding increase in revenues is expected.

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
JUNE 30, 2009**

Name	Amount
<u>H O Blackwood III</u>	\$ <u>450</u>
<u>Christine M Guillaume</u>	<u>2 850</u>
<u>Wilton Guillory</u>	<u>2 550</u>
<u>Marja LaSalle</u>	<u>2 250</u>
<u>Romell J Madison</u>	<u>2,550</u>
<u>Dean Manning</u>	<u>3 750</u>
<u>Francis Martello</u>	<u>1 350</u>
<u>Charles T McCabe Jr</u>	<u>1 950</u>
<u>Conrad P McVea Jr</u>	<u>1 050</u>
<u>David L Melancon</u>	<u>750</u>
<u>James Moreau</u>	<u>300</u>
<u>Lynn Philippe</u>	<u>4 650</u>
<u>John Taylor</u>	<u>750</u>
<u>Samuel A Trinca</u>	<u>7 650</u>
<u>Sam S Vinci</u>	<u>600</u>
Total	\$ <u><u>33 450</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

See Accountant s Compilation Report

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF DENTISTRY  
COMPARISON FIGURES**

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 903 933	\$ 965 673	\$ (61 740)	(6 4%)
Expenses	1 004 502	1 002 781	1 721	0 2%
2) Capital assets	24 167	3 477	20 690	595 1%
Long term debt	398 897	312 501	86 396	27 6%
Net Assets	(62 962)	37 607	(100 569)	(267 4%)
Explanation for change	_____			
	_____			
	_____			
	_____			

**SCHEDULE 2**

See Accountant s Compilation Report