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**LOUISIANA BOARD OF PHARMACY**  
**LOUISIANA DEPARTMENT OF HEALTH AND HOSPITALS**  
**STATE OF LOUISIANA**  
**FINANCIAL REPORT**  
**For the year ended**  
**June 30, 2008**  
**(With Accountant's Report Thereon)**

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

Release Date 11/5/08

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LOUISIANA BOARD OF PHARMACY  
STATE OF LOUISIANA

Financial Report  
As of and for the year ended  
June 30, 2008  
With Supplemental Information Schedule

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**MICHAEL K. GLOVER**  
*Certified Public Accountant*

Member  
American Institute of  
Certified Public Accountants

Member  
Society of Louisiana  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Louisiana Board of Pharmacy  
Baton Rouge, Louisiana

I have audited the accompanying financial statements of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Louisiana Board of Pharmacy management. My responsibility is to express an opinion on these financial statements based on my audit.

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

As discussed in Note A, the financial statements present only the Louisiana Board of Pharmacy, a component unit of the State of Louisiana and do not purport to, and do not, present fairly the financial position of the State of Louisiana, as of June 30, 2008, and the changes in financial position and cash flows, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Board of Pharmacy a component unit of the State of Louisiana, as of June 30, 2008, and the changes in financial position and cash flows for the year ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Louisiana Board of Pharmacy a component unit of the State of Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Audit Standards*, I have also issued my report dated August 22, 2008, on my consideration of Louisiana Board of Pharmacy internal control over financial reporting and my test of its compliance with certain provision of laws, regulations, and contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 my audit.

The managements discussion and analysis and other required supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.



August 22, 2008

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**MICHAEL K. GLOVER**  
*Certified Public Accountant*

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**Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed in Accordance with Government Auditing  
Standards**

I have audited the financial statement of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the year ended June 30, 2008, and have issued my report thereon dated August 22, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Louisiana Board of Pharmacy internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the effectiveness of the Louisiana Board of Pharmacy internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Louisiana Board of Pharmacy's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of the control deficiencies, that adversely affects the Louisiana Board of Pharmacy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Louisiana Board of Pharmacy's financial statements that is more than inconsequential will not be prevented or detected by the Louisiana Board of Pharmacy's internal control.

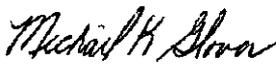
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Louisiana Board of Pharmacy's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in control over financial reporting that I consider to be material weaknesses. I did not identify any deficiencies in internal control that I considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Board of Pharmacy, a component unit of the State of Louisiana, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 on my audit and, accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management and interested federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Baton Rouge, LA  
August 22, 2008



# Louisiana Board of Pharmacy

5615 Corporate Boulevard, 8<sup>th</sup> Floor  
Baton Rouge, Louisiana 70808-2537  
[www.labp.com](http://www.labp.com)



The Management's Discussion and Analysis of the Louisiana Board of Pharmacy's financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2008. 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 transmittal letter and the Board's financial statements.

## FINANCIAL HIGHLIGHTS

- The Board's assets exceeded its liabilities at the close of fiscal year 2008 by \$2,750,128. The net assets increased by \$672,892, or 32%, over the prior fiscal year.
- The Board's revenue increased \$354,658, or 16%, from the prior fiscal year; the operating expenses increased by \$142,680, or 8%, for the same period.
- In May 2008, the Board purchased a 1.1 acre parcel of land in Baton Rouge for the purpose of constructing an office building to house its operations. The transaction was a total cash purchase, drawn from the Board's cash reserves. The building costs will be financed through the State Bond Commission.

## OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

### Basic Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY

**Statement of Net Assets**  
For the Year Ended June 30, 2008

|  | <u>6/30/2007</u>    | <u>6/30/2008</u> |
|--|---------------------|------------------|
| <i>Current Assets</i>  |                     |                  |
| > Cash and cash equivalents                                  | \$ 895,783          | 1,508,839        |
| > Investments  | 1,219,482           | 605,910          |
| <i>Fixed Assets</i>  |                     |                  |
| > Furniture & Equipment - net of<br>accumulated depreciation | 81,841              | 73,282           |
| > Land   | <u>0</u>            | <u>709,080</u>   |
| <b>TOTAL ASSETS</b>  | <b>2,197,106</b>    | <b>2,897,111</b> |
| <i>Current Liabilities</i>                                   |                     |                  |
| > Accounts payable   | 3,262               | 3,155            |
| > Payroll taxes payable                                      | 1,263               | 1,930            |
| > Compensated absences                                       | 19,054              | 30,317           |
| <i>Noncurrent Liabilities</i>                                |                     |                  |
| > Compensated absences                                       | <u>96,524</u>       | <u>111,581</u>   |
| <b>TOTAL LIABILITIES</b>                                     | <b>120,103</b>      | <b>146,983</b>   |
| <i>Net Assets</i>  |                     |                  |
| > Investments in fixed assets -<br>net of related debt       | 81,841              | 782,361          |
| > Unrestricted   | <u>1,995,161</u>    | <u>1,967,767</u> |
| <b>TOTAL NET ASSETS</b>                                      | <b>\$ 2,077,002</b> | <b>2,750,128</b> |

Net assets of the Board increased by \$672,892, or 32%, from June 30, 2007 to June 30, 2008. The primary contributor to the increase was the initiation of a new \$25 fee associated with the development of the Prescription Monitoring Program, even though the collections were deferred until January 1, 2008.

The Board's revenues increased by \$354,658, or 16%, from the prior fiscal year. The total cost of all programs and services increased by \$142,680, or 8%, for the same period.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

• **Capital Assets**

At the end of the 2008 fiscal year, the Board had \$782,361 (net of accumulated depreciation) invested in land, furniture, and equipment. The significant increase in fixed assets is attributed to the purchase of a parcel of land, priced at \$709,080. The Board also invested \$16,628 for additional furniture and equipment.

**Statement of Revenues, Expenses, & Change in Fund Balance**  
For the Year Ended June 30, 2008

|   | <u>06/30/07</u>     | 06/30/08         |
|---|---------------------|------------------|
| <b>OPERATING REVENUES</b>               |                     |                  |
| Licenses, permits, and fees             | \$ <u>2,176,667</u> | <u>2,531,325</u> |
| Total                                   | 2,176,667           | 2,531,325        |
| <b>OPERATING EXPENSES</b>               |                     |                  |
| Personnel services and related benefits | 1,162,048           | 1,402,083        |
| Operating services                      | 375,185             | 341,932          |
| Materials and supplies                  | 29,247              | 17,375           |
| Professional fees                       | 171,401             | 93,932           |
| Travel                                  | 74,835              | 103,767          |
| Depreciation                            | <u>28,879</u>       | <u>25,187</u>    |
| Total                                   | 1,841,596           | 1,984,276        |
| Operating income (loss)                 | 335,071             | 547,049          |
| <b>NONOPERATING REVENUES</b>            |                     |                  |
| State appropriations                    | 8,576,994           | 0                |
| Federal assistance expenses             | (8,576,994)         | 0                |
| Investment income                       | <u>95,631</u>       | <u>125,843</u>   |
| Income / (Loss)                         | 430,702             | 672,892          |
| Total Net Assets - beginning            | 1,646,535           | 2,077,236        |
| Total Net Assets - ending               | \$ 2,077,236        | 2,750,128        |

• **Debt**

The Board did not have any bond or notes outstanding at the end of the fiscal year. There were no claims or judgments at the end of the fiscal year. The only significant liability was in the form of compensated absences.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were approximately \$155,745 over budget, primarily due to fee collections for the CDS licenses and PMP assessments, which are paid on an anniversary cycle. Expenditures were \$204,094 less than budget primarily due to the deferral of some non-essential acquisitions and other expenses.

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

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

- Anticipated licensure activity (acquisition, renewal, and attrition)
- Demand for goods and services
- Enforcement actions
- Historical pattern of operational costs
- Planned projects

**Statement of Cash Flows**  
For the Year Ended June 30, 2008

|  | <u>6/30/2007</u>   | <u>6/30/2008</u>   |
|--|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                    |                    |
| Cash received from licensees   | \$ 2,176,667       | 2,531,325          |
| Cash payments to suppliers of goods and supplies   | (654,711)          | (557,115)          |
| Cash payments to employees for services  | <u>(1,141,928)</u> | <u>(1,375,095)</u> |
| Net cash provided (used) by operating activities   | 380,028            | 599,115            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                |                    |                    |
| Purchase of capital assets   | <u>(40,287)</u>    | <u>(16,628)</u>    |
| Net cash used by capital and related financing activities                                      | (40,287)           | (16,628)           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                    |                    |
| Purchase of securities   | (481,524)          | (724,643)          |
| Sale of securities   | 790,476            | 1,387,519          |
| Purchase of land   | 0                  | (709,080)          |
| Investment income  | <u>73,949</u>      | <u>76,539</u>      |
|  | 382,901            | 30,335             |
| Net (decrease) in cash and cash equivalents  | 722,642            | 613,222            |
| Cash and cash equivalents, beginning of year   | <u>173,141</u>     | <u>896,017</u>     |
| Cash and cash equivalents, end of year   | 895,783            | 1,508,839          |
| <b>RECONCILIATION OF OPERATING INCOME AND NET CASH PROVIDED BY OPERATING ACTIVITIES</b>        |                    |                    |
| Operating income   | \$ 335,071         | 547,049            |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |                    |                    |
| Depreciation   | 28,879             | 25,187             |
| Change in assets and liabilities   |                    |                    |
| Accounts payable   | (4,042)            | (109)              |
| Payroll tax liability  | (1,197)            | 667                |
| Compensated absences   | <u>21,317</u>      | <u>26,321</u>      |
| Net cash used by operating activities  | 380,028            | 599,115            |

The Board expects that next year's results may or may not improve, based on the following:

- The Board anticipates a large expenditure to replace the current licensing software package, which dates to the early 1970s. The anticipated cost of the replacement software and related services is \$400,000.
- We anticipate continued growth in licensure activity.

**CONTACTING THE BOARD'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Malcolm Broussard, Executive Director, at (225) 925-6496.

DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

Statement of Net Assets  
As of June 30, 2008

ASSETS

Current assets:

|                           |              |
|---------------------------|--------------|
| Cash and cash equivalents | \$ 1,508,839 |
| Investments               | 605,910      |

Land and equipment

|   |         |
|---|---------|
| Office equipment - net of<br>accumulated depreciation | 73,282  |
| Land  | 709,080 |

|              |                     |
|--------------|---------------------|
| Total assets | \$ <u>2,897,111</u> |
|--------------|---------------------|

LIABILITIES

Current liabilities:

|                           |               |
|---------------------------|---------------|
| Accounts payable          | \$ 3,155      |
| Payroll taxes payable     | 1,930         |
| Compensated absences      | <u>30,317</u> |
| Total current liabilities | 35,402        |

Noncurrent liabilities:

|                              |                |
|------------------------------|----------------|
| Compensated absences         | <u>111,581</u> |
| Total noncurrent liabilities | <u>111,581</u> |

|                   |                |
|-------------------|----------------|
| Total liabilities | <u>146,983</u> |
|-------------------|----------------|

NET ASSETS

|  |                     |
|--|---------------------|
| Invested in capital assets, net of<br>related debt | 782,361             |
| Unrestricted                                       | <u>1,967,767</u>    |
| Total net assets                                   | \$ <u>2,750,128</u> |

The notes are an integral part of this statement.

LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Assets  
For the Year Ended June 30, 2008

|   |                                  |
|---|----------------------------------|
| <b>OPERATING REVENUES</b>               |                                  |
| Licenses, permits and fees.             | \$ <u>2,531,325</u><br>2,531,325 |
| <b>OPERATING EXPENSES</b>               |                                  |
| Personnel services and related benefits | 1,402,083                        |
| Operating services                      | 341,932                          |
| Material & supplies                     | 17,375                           |
| Professional fees                       | 93,932                           |
| Travel                                  | 103,767                          |
| Depreciation                            | 25,187                           |
| Other                                   |                                  |
| Total operating expenses                | <u>1,984,276</u>                 |
| Operating income (loss)                 | 547,049                          |
| <b>NONOPERATING REVENUES</b>            |                                  |
| Investment income                       | <u>125,843</u>                   |
| Income (loss)                           | 672,892                          |
| Total net assets-beginning              | <u>2,077,236</u>                 |
| Total net assets-ending                 | \$ <u><u>2,750,128</u></u>       |

The notes are an integral part of this statement.

LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

Statement of Cash Flows  
For the Year Ended June 30, 2008

|  |                            |
|--|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                            |
| Cash received from licenses  | \$ 2,531,325               |
| Cash payments to suppliers of goods and supplies   | (557,115)                  |
| Cash payments to employees for services  | <u>(1,375,095)</u>         |
| Net cash provided (used) by operating activities   | 599,115                    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                |                            |
| Purchase of capital assets   | <u>(16,628)</u>            |
| Net cash used by capital and related financing activities                                      | (16,628)                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                            |
| Purchase of securities   | (724,643)                  |
| Sale of securities   | 1,387,519                  |
| Purchase of land   | (709,080)                  |
| Investment income  | <u>76,539</u>              |
|  | 30,335                     |
| Net (decrease) in cash and cash equivalents  | 612,822                    |
| Cash and cash equivalents, beginning of year   | <u>896,017</u>             |
| Cash and cash equivalents, end of year   | \$ <u><u>1,508,839</u></u> |
| <b>RECONCILIATION OF OPERATING INCOME AND NET CASH PROVIDED BY OPERATING ACTIVITIES</b>        |                            |
| Operating income   | \$ 547,049                 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |                            |
| Deprecation  | 25,187                     |
| Change in assets and liabilities   |                            |
| Accounts payable   | (109)                      |
| Payroll tax liability  | 667                        |
| Compensated absences   | <u>26,321</u>              |
| Net cash used by operating activities  | \$ <u><u>599,115</u></u>   |

The notes are an integral part of this statement.

LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The Louisiana Board of Pharmacy (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statutes (LSA-R.S) 37:1171. The Board is composed of seventeen members, appointed by the governor, including two licensed pharmacist from each of the pharmacy Boards districts as provided in R.S. 37:1173.

The Board is charged with the responsibility of establishing rules and regulations that control and regulate the practice of pharmacy.

Revenues to operate the Board are self-generated by licenses and fees paid by licensees and applicants.

Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included in the reporting entity. In conformance with GASB Codification Section 2100, this entity is a component unit of the State of Louisiana because the board is not legally separate and the state holds the board's corporate powers. The accompanying basic financial statements present only the transactions of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana.

Basis of Presentation

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

Basis of Accounting

The accompanying financial statement have been prepared in conformity with general accepted accounting principles (GAAP) generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Use of Estimates

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

Cash and Investments

Cash includes amounts in demand deposits and interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits that mature within 90 days after year end and other investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

Notes to Financial Statements

Under state law and as authorized by the Board, the Board may invest in United States bonds, treasury notes, mutual or trust funds or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

Capital Assets

Capital assets purchased in excess of \$1,000 are recorded at historical cost and depreciated over their estimated useful lives(excluding salvage value). Estimated useful live is management's estimate of how long the asset is estimated to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

|           |            |
|-----------|------------|
| Furniture | 5-7 years  |
| Equipment | 5-10 years |

Encumbrances

Encumbrance accounting is used to record purchase orders as they are incurred to reserve that portion of the application appropriation. This method of accounting is not employed.

Revenues and Expenses

Revenues and expense are recorded on the accrual basis of accounting. Revenues consist of licenses and examination fees. Licenses are renewed on December 31, of each year. Licenses are recorded in the Statement of Activities when they are earned. Operating and non-operating expenses are recorded as they are incurred. During the fiscal year, the Board started issuing permits for a Prescription Monitoring Program, during the year, the board issued approximately 18,500 permits and earned an additional \$284,715 in fees.

Employee Compensated Absences

Employees earn and accumulate vacation and sick leave at varying rates, depending on their years of service. Each employee may accumulate an unlimited amount of vacation and sick leave. After an employee is terminated they are compensated for up to 300 hours of unused vacation at their current rate of pay. The cost of current leave privileges are recognized as a current-year expense. The cost of leave not requiring current resources is recorded as a long-term obligation.

Statement of Cash Flows

This statement is prepared using the direct method. For purposes of this statement, this entity considers all highly liquid investments with a maturity of three months or less when purchased as a cash equivalent.

2. BUDGET PRACTICES

The budget is legally adopted and amended, as necessary, by the Board. All expenditure appropriations lapse at year end. The budgeted amounts are not included in the financial statements.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposits and are secured by the Federal Deposit Insurance Corporation insurance. 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 equal or exceed the amount on deposit. The cash deposits held at financial institutions can be categorized according to three levels of risk.

LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

Notes to Financial Statements

3. DEPOSITS WITH FINANCIAL INSTITUTIONS (Con't)

The deposits at June 30, 2008, consisted of the following:

|  |                         |
|--|-------------------------|
|  | <u>Amount</u>           |
| Bank deposits in bank accounts per balance sheet   | \$ <u>1,508,839</u>     |
| Bank balances of deposits exposed to custodial credit risk:  |                         |
| a. Uninsured and uncollateralized  | \$                      |
| b. Uninsured and collateralized with securities held by the pledging institution   |                         |
| c. Uninsured and collateralized with securities held by the pledging institutions trust department or agent but not in the entities name | <u>1,423,694</u>        |
| Total bank balances  | \$ <u>1,423,694</u>     |
| <br>Total bank balances  | <br>\$ <u>1,523,694</u> |

4. INVESTMENTS

Investments of the Board consist of U.S. government securities. These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The Board used quoted market values to determine fair value of the investments.

| Descriptions  | Cost                  | Fair Value         | Percent of Investment | Moody's Investors Service Credit quality Rating | Weighted average Maturity (Years) |
|---|-----------------------|--------------------|-----------------------|---|-----------------------------------|
| Federal Home Loan Bank (FHLB)                             | \$ 50,982             | 51,234             | 8.46%                 | Aaa   | 0.53                              |
| Federal National Mortgage Association (FNMA)              | 152,195               | 152,594            | 25.18%                | Aaa   | 1.96                              |
| Federal Farm Credit Banks (FFCB)                          | <u>351,936</u>        | <u>356,704</u>     | <u>58.87%</u>         | Aaa   | 0.91                              |
| Total debt securities-portfolio weighted-average maturity | 555,093               | 560,532            | 92.51%                |   | 2.30                              |
| <br>Money market fund-cash equivalent                     | <br><u>38,611</u>     | <br><u>38,611</u>  | <br><u>6.37%</u>      |   |                                   |
| Accrued interest  | 6,767                 | 6,767              |                       |   |                                   |
| <br>Total investments                                     | <br>\$ <u>600,471</u> | <br><u>605,910</u> | <br><u>98.88%</u>     |   |                                   |

**Interest Rate Risk.** The board has a formal investment policy that limits investment maturities to five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** The board has adopted the state investment policy at RS 49:327. The board does not have any other policy that would further limit the investment choices.

**Concentration of Credit Risk.** The board places no limits on the amount the board may invest in any one issuer.

LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
Notes to Financial Statements

5. CAPITAL ASSETS

A summary of changes capital assets and accumulated depreciation for the period are as follows:

|                        | Office<br>Equipment | Accumulated<br>Depreciation | Net           |
|------------------------|---------------------|-----------------------------|---------------|
| Balance, July 1, 2007  | \$ 202,731          | 120,890                     | 81,841        |
| Additions              | 16,628              | 25,187                      | (8,559)       |
| Deletions              |                     |                             | 0             |
| Balance, June 30, 2008 | <u>\$ 219,359</u>   | <u>146,077</u>              | <u>73,282</u> |

During the fiscal year, the Agency purchased land for \$709,080, to construct an office building to house its operations.

6. LITIGATION

There are no judgments, claims or similar contingencies pending against the Board at June 30, 2008.

7. PENSION PLAN

The employees of the Board are members of Louisiana State Employees' Retirement System (LASERS), a multiple-employer defined benefit pension plan. LASERS is a component unit of the State of Louisiana included in the State's CAFR as a pension trust fund. LASERS was established and provided for within Title 11 Chapter 401 of the Louisiana Revised Statutes. LASERS is a statewide public retirement system for the benefit of state employees, which is administered by a separate board of trustees. LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. This report can be obtained by writing to LASERS, 8401 United Plaza Blvd, PO Box 44213, Baton Rouge, LA 70809 or can be obtained from their web site [www.lasers.state.la.us](http://www.lasers.state.la.us).

All full-time employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 months average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits.

State law provides for fiscal year 2008, 2007, and 2006 contribute rates of 7.5% by employees. The contribution rate for the employer for 2008 was 20.4% and for 2007 and 2006 was 17.1% of annual covered payroll. Contribution requirement to the System are set by Statute and differ from the contribution requirement determined using actuarial methods. The contributions to the system for the years ended June 30, 2008, 2007, and 2006 were \$206,381, \$159,105; and \$133,839, respectively. The contributions equaled the required contributes set by Statute.

8. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board may provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Board employees become eligible for those benefits if they reach normal retirement age while working for the Board. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly, 25% by the former employee and 75% by the Board. The Board's cost of providing retiree health care and life insurance benefits are recognized as expenditure when the monthly premiums are paid. For the year ended June 30, 2008, the cost of benefits for five retirees totaled \$31,669

LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
Notes to Financial Statements

9. COMPENSATED ABSENCES

A. Annual and Sick Leave

The Louisiana Board of Pharmacy has the following policy related to annual and sick leave for the Board's unclassified clerical employees. The earning of annual and sick leave is based on the equivalent of full-time services. It is credited at the end of each month of regular service. Accrued unused annual and sick leave shall be carried forward to the succeeding calendar year without limitation; however, upon separation of service no sick leave will be paid and only 300 hours of annual leave will be paid. Annual leave must be applied for by the employee and may only be used when approved by the Board.

Changes in accrued leave for the current and long-term periods are as follows:

|                        | <u>Current</u>   | <u>Long-Term</u> | <u>Total</u>   |
|------------------------|------------------|------------------|----------------|
| Balance, July 1, 2007  | \$ 19,054        | 109,024          | 128,078        |
| Additions              | 19,784           | 58,709           | 78,493         |
| Deletions              | 8,521            | 56,152           | 64,673         |
| Balance, June 30, 2008 | <u>\$ 30,317</u> | <u>111,581</u>   | <u>141,898</u> |

10. RELATED PARTY TRANSACTIONS - NONE

11. BOARD MEMBERS' PER DIEM

The Board members are paid per diem of \$75 per day for each day in actual attendance of board meetings and for attending to official business of the Board as authorized by Act No. 767 of 1979 Louisiana Legislature.

12. OPERATING LEASE

The Board rents its office space and equipment. For the fiscal year ended June 30, 2008, the annual rent charged was \$130,873. Future minimum rental payments for each of the five subsequent fiscal years are as follows (if applicable):

|         | <u>Office<br/>Space</u> | <u>Equipment<br/>Rental</u> | <u>Total</u>   |
|---------|-------------------------|-----------------------------|----------------|
| 2009 \$ | 116,545                 | 4,236                       | 120,781        |
| 2010    | 116,546                 | 4,236                       | 120,782        |
| 2011    | 33,669                  |                             | 33,669         |
| \$      | <u>266,760</u>          | <u>8,472</u>                | <u>275,232</u> |

**SUPPLEMENTAL INFORMATION**

LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

Schedule of Board Members Per Diem  
For the year ended June 30, 2008

|                     | <u>June 30,</u><br><u>2008</u> |
|---------------------|--------------------------------|
| Joseph L. Adams     | \$ 2,850                       |
| Michele P. Alderman | 825                            |
| Carl W. Aron        | 3,750                          |
| Brian A. Bond       | 2,850                          |
| Elizabeth B Britt   | 300                            |
| Allen W. Cassidy    | 750                            |
| Reuben R. Dixon     | 1,950                          |
| Joseph V. Greco     | 375                            |
| Jacqueline L. Hall  | 1,575                          |
| Marty R. McKay      | 1,275                          |
| Chris B. Melancon   | 600                            |
| Fred H. Mills, Jr.  | 150                            |
| Blake P Pitre       | 900                            |
| T. Morris Rabb      | 1,500                          |
|                     | <u>\$ 19,650</u>               |

LOUISIANA BOARD OF PHARMACY  
SUMMARY OF FINDINGS AND QUESTIONED COST  
FOR THE YEAR ENDED JUNE 30, 2008

**Findings – None**

LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

Summary of Prior year Findings and Questioned Costs  
For the year ended June 30, 2007

None

LOUISIANA BOARD OF PHARMACY  
(Agency Name)  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2008

C O N T E N T S

TRANSMITTAL LETTER  
AFFIDAVIT

Statements

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- A Instructions for the Simplified Statement of Activities
- B Information for Note C - Deposits with Financial Institutions and Investments
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- E Information for Schedule 16 – Cooperative Endeavors
- F **Information for Note I – Other Postemployment Benefits**
- G **Information for Note Q – Revenues or Receivables – Pledged or Sold (GASB 48)**

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
BALANCE SHEET  
AS OF JUNE 30, 2008**

**ASSETS**

**CURRENT ASSETS:**

|  |    |                  |
|--|----|------------------|
| Cash and cash equivalents                                    | \$ | <u>1,508,839</u> |
| Investments  |    | <u>605,911</u>   |
| Receivables (net of allowance for doubtful accounts)(Note U) |    |                  |
| Due from other funds (Note Y)                                |    |                  |
| Due from federal government                                  |    |                  |
| Inventories  |    |                  |
| Prepayments  |    |                  |
| Notes receivable   |    |                  |
| Other current assets   |    |                  |
| Total current assets   |    | <u>2,114,750</u> |

**NONCURRENT ASSETS:**

|  |    |                  |
|--|----|------------------|
| Restricted assets (Note F):                  |    |                  |
| Cash   |    |                  |
| Investments                                  |    |                  |
| Receivables                                  |    |                  |
| Investments                                  |    |                  |
| Notes receivable                             |    |                  |
| Capital assets (net of depreciation)(Note D) |    |                  |
| Land   |    | <u>709,080</u>   |
| Buildings and improvements                   |    |                  |
| Machinery and equipment                      |    | <u>73,281</u>    |
| Infrastructure                               |    |                  |
| Construction in progress                     |    |                  |
| Other noncurrent assets                      |    |                  |
| Total noncurrent assets                      |    | <u>782,361</u>   |
| Total assets                                 | \$ | <u>2,897,111</u> |

**LIABILITIES**

**CURRENT LIABILITIES:**

|  |    |               |
|--|----|---------------|
| Accounts payable and accruals (Note V)             | \$ | <u>3,154</u>  |
| Due to other funds (Note Y)                        |    |               |
| Due to federal government                          |    |               |
| Deferred revenues                                  |    |               |
| Amounts held in custody for others                 |    | <u>1,930</u>  |
| Other current liabilities                          |    |               |
| Current portion of long-term liabilities: (Note K) |    |               |
| Contracts payable                                  |    |               |
| Compensated absences payable                       |    | <u>30,317</u> |
| Capital lease obligations                          |    |               |
| Claims and litigation payable                      |    |               |
| Notes payable                                      |    |               |
| Bonds payable                                      |    |               |
| Other long-term liabilities                        |    |               |
| Total current liabilities                          |    | <u>35,401</u> |

**NONCURRENT LIABILITIES: (Note K)**

|  |  |                |
|--|--|----------------|
| Contracts payable                      |  |                |
| Compensated absences payable (Note K)  |  | <u>111,582</u> |
| Capital lease obligations (Note J)     |  |                |
| Claims and litigation payable (Note K) |  |                |
| Notes payable                          |  |                |
| Bonds payable                          |  |                |
| OPEB payable                           |  |                |
| Other long-term liabilities            |  |                |
| Total noncurrent liabilities           |  | <u>111,582</u> |
| Total liabilities                      |  | <u>146,983</u> |

**NET ASSETS**

|   |    |                  |
|---|----|------------------|
| Invested in capital assets, net of related debt |    | <u>782,361</u>   |
| Restricted for:                                 |    |                  |
| Capital projects                                |    |                  |
| Debt service                                    |    |                  |
| Unemployment compensation                       |    |                  |
| Other specific purposes                         |    |                  |
| Unrestricted                                    |    | <u>1,967,767</u> |
| Total net assets                                |    | <u>2,750,128</u> |
| Total liabilities and net assets                | \$ | <u>2,897,111</u> |

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

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008**

|   |                     |
|---|---------------------|
| <b>OPERATING REVENUES</b>   |                     |
| Sales of commodities and services                                     | \$ _____            |
| Assessments   | _____               |
| Use of money and property   | _____               |
| Licenses, permits, and fees   | <u>2,531,325</u>    |
| Other   | _____               |
| Total operating revenues  | <u>2,531,325</u>    |
| <b>OPERATING EXPENSES</b>   |                     |
| Cost of sales and services  | <u>1,959,089</u>    |
| Administrative  | _____               |
| Depreciation  | <u>25,187</u>       |
| Amortization  | _____               |
| Total operating expenses  | <u>1,984,276</u>    |
| Operating income(loss)  | <u>547,049</u>      |
| <b>NON-OPERATING REVENUES(EXPENSES)</b>                               |                     |
| State appropriations  | _____               |
| Intergovernmental revenues(expenses)                                  | _____               |
| Taxes   | _____               |
| Use of money and property   | <u>125,843</u>      |
| Gain on disposal of fixed assets                                      | _____               |
| Loss on disposal of fixed assets                                      | _____               |
| Federal grants  | _____               |
| Interest expense  | _____               |
| Other revenue   | _____               |
| Other expense   | _____               |
| Total non-operating revenues(expenses)                                | <u>125,843</u>      |
| Income(loss) before contributions, extraordinary items, and transfers | <u>672,892</u>      |
| Capital contributions   | _____               |
| Extraordinary item - Loss on impairment of capital assets             | _____               |
| Transfers in  | _____               |
| Transfers out   | _____               |
| Change in net assets  | <u>672,892</u>      |
| Total net assets – beginning  | <u>2,077,236</u>    |
| Total net assets – ending   | <u>\$ 2,750,128</u> |

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

Statement B

STATE OF LOUISIANA  
 LOUISIANA BOARD OF PHARMACY  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2008

See Appendix A for instructions

|  | <u>Expenses</u>     | <u>Program Revenues</u>         |   | <u>Net (Expense)<br/>Revenue and<br/>Changes in<br/>Net Assets</u> |
|--|---------------------|---------------------------------|---|--|
|  |                     | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> |  |
| Entity   | \$ <u>1,984,276</u> | \$ <u>2,531,325</u>             | \$ _____  | \$ <u>547,049</u>  |
| General revenues:  |                     |                                 |   |  |
| Taxes  |                     |                                 |   | _____  |
| State appropriations   |                     |                                 |   | _____  |
| Grants and contributions not restricted to specific programs |                     |                                 |   | _____  |
| Interest   |                     |                                 |   | <u>125,843</u>   |
| Miscellaneous  |                     |                                 |   | _____  |
| Special items  |                     |                                 |   | _____  |
| Extraordinary item - Loss on impairment of capital assets    |                     |                                 |   | _____  |
| Transfers  |                     |                                 |   | _____  |
| Total general revenues, special items, and transfers         |                     |                                 |   | <u>125,843</u>   |
| Change in net assets   |                     |                                 |   | <u>672,892</u>   |
| Net assets - beginning as restated                           |                     |                                 |   | <u>2,077,236</u>   |
| Net assets - ending  |                     |                                 |   | \$ <u><u>2,750,128</u></u>   |

The accompanying notes are an integral part of this statement.

Statement C

STATE OF LOUISIANA  
 LOUISIANA BOARD OF PHARMACY  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2008

|   |                             |
|---|-----------------------------|
| <b>Cash flows from operating activities</b>                         |                             |
| Cash received from customers  | \$ 2,531,325                |
| Cash payments to suppliers for goods and services                   | <u>(557,115)</u>            |
| Cash payments to employees for services                             | <u>(1,375,095)</u>          |
| Payments in lieu of taxes   | <u>                    </u> |
| Internal activity-payments to other funds                           | <u>                    </u> |
| Claims paid to outsiders  | <u>                    </u> |
| Other operating revenues(expenses)                                  | <u>                    </u> |
| Net cash provided(used) by operating activities                     | <u>599,115</u>              |
| <b>Cash flows from non-capital financing activities</b>             |                             |
| State appropriations  | <u>                    </u> |
| Proceeds from sale of bonds   | <u>                    </u> |
| Principal paid on bonds   | <u>                    </u> |
| Interest paid on bond maturities                                    | <u>                    </u> |
| Proceeds from issuance of notes payable                             | <u>                    </u> |
| Principal paid on notes payable                                     | <u>                    </u> |
| Interest paid on notes payable                                      | <u>                    </u> |
| Operating grants received   | <u>                    </u> |
| Transfers in  | <u>                    </u> |
| Transfers out   | <u>                    </u> |
| Other   | <u>                    </u> |
| Net cash provided(used) by non-capital financing activities         | <u>-</u>                    |
| <b>Cash flows from capital and related financing activities</b>     |                             |
| Proceeds from sale of bonds   | <u>                    </u> |
| Principal paid on bonds   | <u>                    </u> |
| Interest paid on bond maturities                                    | <u>                    </u> |
| Proceeds from issuance of notes payable                             | <u>                    </u> |
| Principal paid on notes payable                                     | <u>                    </u> |
| Interest paid on notes payable                                      | <u>                    </u> |
| Acquisition/construction of capital assets                          | <u>(725,708)</u>            |
| Proceeds from sale of capital assets                                | <u>                    </u> |
| Capital contributions   | <u>                    </u> |
| Other   | <u>                    </u> |
| Net cash provided(used) by capital and related financing activities | <u>(725,708)</u>            |
| <b>Cash flows from investing activities</b>                         |                             |
| Purchases of investment securities                                  | <u>(724,643)</u>            |
| Proceeds from sale of investment securities                         | <u>1,387,519</u>            |
| Interest and dividends earned on investment securities              | <u>76,539</u>               |
| Net cash provided(used) by investing activities                     | <u>739,415</u>              |
| Net increase(decrease) in cash and cash equivalents                 | <u>612,822</u>              |
| Cash and cash equivalents at beginning of year                      | <u>896,017</u>              |
| Cash and cash equivalents at end of year                            | <u>\$ 1,508,839</u>         |

STATE OF LOUISIANA  
 LOUISIANA BOARD OF PHARMACY  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2008

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

|   |        |                |
|---|--------|----------------|
| Operating income(loss)                                      |        | \$ 547,049     |
| Adjustments to reconcile operating income(loss) to net cash |        |                |
| Depreciation/amortization                                   | 25,187 |                |
| Provision for uncollectible accounts                        |        |                |
| Other   |        |                |
| Changes in assets and liabilities:                          |        |                |
| (Increase)decrease in accounts receivable, net              |        |                |
| (Increase)decrease in due from other funds                  |        |                |
| (Increase)decrease in prepayments                           |        |                |
| (Increase)decrease in inventories                           |        |                |
| (Increase)decrease in other assets                          |        |                |
| Increase(decrease) in accounts payable and accruals         | 558    |                |
| Increase(decrease) in compensated absences payable          | 26,321 |                |
| Increase(decrease) in due to other funds                    |        |                |
| Increase(decrease) in deferred revenues                     |        |                |
| <b>Increase(decrease) in OPEB payable</b>                   |        |                |
| Increase(decrease) in other liabilities                     |        |                |
| <br>Net cash provided(used) by operating activities         |        | <br>\$ 599,115 |

Schedule of noncash investing, capital, and financing activities:

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

The accompanying notes are an integral part of this statement.

Statement D (concluded)

## INTRODUCTION

The Louisiana Board of Pharmacy (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1171. The following is a brief description of the operations of Louisiana Board of Pharmacy which includes the parish/parishes in which the (BTA) 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 Louisiana Board of Pharmacy present information only as to the transactions of the programs of the Louisiana Board of Pharmacy as authorized by Louisiana statutes and administrative regulations.

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

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

#### Revenue Recognition

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

#### Expense Recognition

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

### B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Louisiana Board of Pharmacy 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>1,455,139</u>        |
| Amendments:              |                            |
| Nb. 1                    | <u>2,021,861</u>           |
| Nb. 2                    | <u>(1,323,400)</u>         |
| Final approved budget    | \$ <u><u>2,153,600</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 B for information related to Note C.

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

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

The deposits at June 30, 2008, consisted of the following:

|   | <u>Cash</u>  | Nonnegotiable<br><u>Certificates<br/>of Deposit</u> | Other<br><u>(Describe)</u> | <u>Total</u> |
|---|--------------|---|----------------------------|--------------|
| Balance per agency books  | \$ 1,508,839 | \$ _____  | \$ _____                   | \$ 1,508,839 |
| Deposits in bank accounts per bank  | \$ 1,523,694 | \$ _____  | \$ _____                   | \$ 1,523,694 |
| 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 <u>but not in the entity's name.</u> | \$ 1,423,694 | \$ _____  | \$ _____                   | \$ 1,423,694 |

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, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

| <u>Banking Institution</u> | <u>Program</u> | <u>Amount</u> |
|----------------------------|----------------|---------------|
| 1. Hancock Bank            | Operating acct | \$ 495,142    |
| 2. Hancock Bank            | Operating acct | 949,360       |
| 3. Hancock Bank            | Relief funds   | 79,192        |
| 4. _____                   | _____          | _____         |
| Total                      |                | \$ 1,523,694  |

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

|                        |          |
|------------------------|----------|
| Cash in State Treasury | \$ _____ |
| Petty cash             | \$ _____ |

## 2. INVESTMENTS

The Louisiana Board of Pharmacy (BTA) does/does not maintain investment accounts as authorized by 71:1.1501.

### Custodial Credit Risk

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

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or

held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

| <u>Type of Investment</u>         | <u>Uninsured,<br/>*Unregistered,<br/>and Held by<br/>Counterparty</u> | <u>*Unregistered,<br/>and Held by<br/>Counterparty's<br/>Trust Dept. or<br/>Agent Not in<br/>Entity's Name</u> | <u>Reported<br/>Amount<br/>Per Balance<br/>Sheet</u> | <u>Fair<br/>Value</u> |
|-----------------------------------|---|--|--|-----------------------|
| Negotiable CDs                    | \$ _____  | \$ _____   | \$ _____   | \$ _____              |
| Repurchase agreements             | _____   | _____  | _____  | _____                 |
| U.S. Government Obligations **    | _____   | _____  | _____  | _____                 |
| U.S. Agency Obligations           | _____   | _____  | 560,533  | 560,533               |
| Common & preferred stock          | _____   | _____  | _____  | _____                 |
| Mortgages (including CMOs & MBSs) | _____   | _____  | _____  | _____                 |
| Corporate bonds                   | _____   | _____  | _____  | _____                 |
| Mutual funds                      | _____   | _____  | _____  | _____                 |
| Real estate                       | _____   | _____  | _____  | _____                 |
| Other: (identify)                 | _____   | _____  | _____  | _____                 |
| Accrued interest                  | _____   | _____  | 6,767  | 6,767                 |
| Treasury Securities               | _____   | _____  | 38,611   | 38,611                |
|                                   | _____   | _____  | _____  | _____                 |
| <b>Total investments</b>          | <b>\$ _____ -</b>   | <b>\$ _____ -</b>  | <b>\$ 605,911</b>                                    | <b>\$ 605,911</b>     |

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

\*\* These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix B for the definition of U.S. Government Obligations)

3. DERIVATIVES N/A

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

A. Credit Risk of Debt Investments

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

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

B. Interest Rate Risk of Debt Investments

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type. (Note – This is the prescribed method, segmented time distribution, for the CAFR. Also, total debt investments reported in this table should equal total debt investments reported in Section A – Credit Risk of Debt Investments.)

| <u>Type of Debt Investment</u>      | <u>Fair Value</u> | <u>Investment Maturities (in Years)</u> |                   |               |                        |
|-------------------------------------|-------------------|---|-------------------|---------------|------------------------|
|                                     |                   | <u>Less Than 1</u>                      | <u>1 - 5</u>      | <u>6 - 10</u> | <u>Greater Than 10</u> |
| U.S. Government obligations         | \$ _____          | \$ _____                                | \$ _____          | \$ _____      | \$ _____               |
| U.S. Agency obligations             | 560,533           | 151,781                                 | 408,752           | _____         | _____                  |
| Mortgage backed securities          | _____             | _____                                   | _____             | _____         | _____                  |
| Collateralized mortgage obligations | _____             | _____                                   | _____             | _____         | _____                  |
| Corporate bonds                     | _____             | _____                                   | _____             | _____         | _____                  |
| Other bonds                         | _____             | _____                                   | _____             | _____         | _____                  |
| Mutual bond funds                   | _____             | _____                                   | _____             | _____         | _____                  |
| Other                               | _____             | _____                                   | _____             | _____         | _____                  |
| Accrued interest                    | 6,767             | 6,767                                   | _____             | _____         | _____                  |
| Treasury securities                 | 38,611            | 38,611                                  | _____             | _____         | _____                  |
| <b>Total debt investments</b>       | <b>\$ 605,911</b> | <b>\$ 197,159</b>                       | <b>\$ 408,752</b> | <b>\$ -</b>   | <b>\$ -</b>            |

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms (e.g. coupon multipliers, reset dates, etc.) of the investment. See Appendix B for examples of debt investments that are highly sensitive to changes in interest rates.

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

C. Concentration of Credit Risk

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

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

D. Foreign Currency Risk

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

| <u>Foreign Currency</u> | <u>Fair Value in U.S. Dollars</u> |               |
|-------------------------|-----------------------------------|---------------|
|                         | <u>Bonds</u>                      | <u>Stocks</u> |
| _____                   | \$ _____                          | \$ _____      |
| _____                   | _____                             | _____         |
| _____                   | _____                             | _____         |
| _____                   | _____                             | _____         |

5. POLICIES

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

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS

- a. Investments in pools managed by other governments or mutual funds \_\_\_\_\_  
\_\_\_\_\_
- b. Securities underlying reverse repurchase agreements \_\_\_\_\_  
\_\_\_\_\_
- c. Unrealized investment losses \_\_\_\_\_  
\_\_\_\_\_
- d. Commitments as of \_\_\_\_\_ (fiscal close), to resell securities under yield maintenance repurchase agreements:
  - 1. Carrying amount and market value at June 30 of securities to be resold \_\_\_\_\_
  - 2. Description of the terms of the agreement \_\_\_\_\_  
\_\_\_\_\_
- e. Losses during the year due to default by counterparties to deposit or investment transactions \_\_\_\_\_  
\_\_\_\_\_
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet \_\_\_\_\_  
\_\_\_\_\_

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements \_\_\_\_\_  
\_\_\_\_\_
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year \_\_\_\_\_  
\_\_\_\_\_

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest \_\_\_\_\_  
\_\_\_\_\_
- j. Commitments on \_\_\_\_\_ (fiscal close) to repurchase securities under yield maintenance agreements \_\_\_\_\_
- k. Market value on \_\_\_\_\_ (fiscal close) of the securities to be repurchased \_\_\_\_\_  
\_\_\_\_\_
- l. Description of the terms of the agreements to repurchase \_\_\_\_\_  
\_\_\_\_\_
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements \_\_\_\_\_  
\_\_\_\_\_
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement \_\_\_\_\_  
\_\_\_\_\_

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices \_\_\_\_\_  
\_\_\_\_\_
- p. Basis for determining which investments, if any, are reported at amortized cost \_\_\_\_\_  
\_\_\_\_\_
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool \_\_\_\_\_  
\_\_\_\_\_
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares \_\_\_\_\_  
\_\_\_\_\_
- s. Any involuntary participation in an external investment pool \_\_\_\_\_  
\_\_\_\_\_
- t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- u. Any income from investments associated with one fund that is assigned to another fund \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**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, 2008 |                               |                                  |                   |              |              |                      |
|---|--------------------------|-------------------------------|----------------------------------|-------------------|--------------|--------------|----------------------|
|   | Balance<br>6/30/2007     | Prior<br>Period<br>Adjustment | Adjusted<br>Balance<br>6/30/2007 | Additions         | Transfers*   | Retirements  | Balance<br>6/30/2008 |
| <b>Capital assets not being depreciated</b> |                          |                               |                                  |                   |              |              |                      |
| Land  | \$ --                    | \$ --                         | \$ --                            | \$ 709,080        | \$ --        | \$ --        | \$ 709,080           |
| Non-depreciable land improvements           |                          |                               | --                               |                   |              |              | --                   |
| Capitalized collections                     |                          |                               | --                               |                   |              |              | --                   |
| Construction in progress                    |                          |                               | --                               |                   |              |              | --                   |
| Total capital assets not being depreciated  | <u>--</u>                | <u>--</u>                     | <u>--</u>                        | <u>709,080</u>    | <u>--</u>    | <u>--</u>    | <u>709,080</u>       |
| <b>Other capital assets</b>                 |                          |                               |                                  |                   |              |              |                      |
| Machinery and Equipment                     | 202,731                  |                               | 202,731                          | 16,628            |              |              | 219,359              |
| Less accumulated depreciation               | (120,891)                |                               | (120,891)                        | (25,187)          |              |              | (146,078)            |
| Total furniture, fixtures, and equipment    | <u>81,840</u>            | <u>--</u>                     | <u>81,840</u>                    | <u>(8,559)</u>    | <u>--</u>    | <u>--</u>    | <u>73,281</u>        |
| Buildings and improvements                  |                          |                               | --                               |                   |              |              | --                   |
| Less accumulated depreciation               |                          |                               | --                               |                   |              |              | --                   |
| Total buildings and improvements            | <u>--</u>                | <u>--</u>                     | <u>--</u>                        | <u>--</u>         | <u>--</u>    | <u>--</u>    | <u>--</u>            |
| Depreciable land improvements               |                          |                               | --                               |                   |              |              | --                   |
| Less accumulated depreciation               |                          |                               | --                               |                   |              |              | --                   |
| Total depreciable land improvements         | <u>--</u>                | <u>--</u>                     | <u>--</u>                        | <u>--</u>         | <u>--</u>    | <u>--</u>    | <u>--</u>            |
| Infrastructure                              |                          |                               | --                               |                   |              |              | --                   |
| Less accumulated depreciation               |                          |                               | --                               |                   |              |              | --                   |
| Total infrastructure                        | <u>--</u>                | <u>--</u>                     | <u>--</u>                        | <u>--</u>         | <u>--</u>    | <u>--</u>    | <u>--</u>            |
| Total other capital assets                  | <u>81,840</u>            | <u>--</u>                     | <u>81,840</u>                    | <u>(8,559)</u>    | <u>--</u>    | <u>--</u>    | <u>73,281</u>        |
| <b>Capital Asset Summary:</b>               |                          |                               |                                  |                   |              |              |                      |
| Capital assets not being depreciated        | --                       | --                            | --                               | 709,080           | --           | --           | 709,080              |
| Other capital assets, at cost               | 202,731                  | --                            | 202,731                          | 16,628            | --           | --           | 219,359              |
| Total cost of capital assets                | <u>202,731</u>           | <u>--</u>                     | <u>202,731</u>                   | <u>725,708</u>    | <u>--</u>    | <u>--</u>    | <u>928,439</u>       |
| Less accumulated depreciation               | (120,891)                | --                            | (120,891)                        | (25,187)          | --           | --           | (146,078)            |
| Capital assets, net                         | <u>\$ 81,840</u>         | <u>\$ --</u>                  | <u>\$ 81,840</u>                 | <u>\$ 700,521</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 782,361</u>    |

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

**E. INVENTORIES N/A**

**F. RESTRICTED ASSETS N/A**

**G. LEAVE**

## 1. COMPENSATED ABSENCES

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

An example disclosure follows:

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

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

## 2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2008 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$141,899. The leave payable is recorded in the accompanying financial statements.

## H. RETIREMENT SYSTEM

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

All full-time (BTA) employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of 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 2007 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\\_07.pdf](http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_07.pdf)

Members are required by state statute to contribute with the single largest group (“regular members”) contributing 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2008, increased to 20.4% of annual covered payroll from the 17.1 required in fiscal years ended June 30, 2007 and 2006. The (BTA) contributions to the System for the years ending June 30, 2008, 2007, and 2006, were \$206,381, \$159,105, and \$133,839, respectively, equal to the required contributions for each year.

**I. OTHER POSTEMPLOYMENT BENEFITS**

**GASB Statement 45 requires Other Postemployment Benefit disclosures. If your only subsidized healthcare and life insurance provider for retirees is OGB, your entity will have no additional note disclosures for OSRAP; however, if your entity issues separately issued financial statements, then you should include the GASB Statement No. 45 note disclosures in your separately issued financial statements. Also, please provide OSRAP with the applicable GASB 45 note disclosures if your entity’s healthcare or life insurance provider for retirees is administered by an entity other than OGB.**

**J. LEASES**

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

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year June 30, 2008, amounted to \$142,731. A schedule of payments for operating leases follows:

| <u>Nature of lease</u> | <u>FY 2009</u>    | <u>FY 2010</u>    | <u>FY 2011</u>   | <u>FY 2012</u> | <u>FY 2013</u> | <u>FY 2014-2018</u> | <u>FY 2019-2023</u> |
|------------------------|-------------------|-------------------|------------------|----------------|----------------|---------------------|---------------------|
| Office Space           | \$ 116,545        | \$ 116,545        | \$ 33,669        | \$             | \$             | \$                  | \$                  |
| Equipment              | 4,236             | 4,236             |                  |                |                |                     |                     |
| Land                   |                   |                   |                  |                |                |                     |                     |
| Other                  |                   |                   |                  |                |                |                     |                     |
|                        |                   |                   |                  |                |                |                     |                     |
|                        |                   |                   |                  |                |                |                     |                     |
| <b>Total</b>           | <b>\$ 120,781</b> | <b>\$ 120,781</b> | <b>\$ 33,669</b> | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ -</b>         | <b>\$ -</b>         |

**2. CAPITAL LEASES**

**3. LESSOR DIRECT FINANCING LEASES**

**4. LESSOR – OPERATING LEASE**

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of \_\_\_\_\_ 20\_\_:

|                 | <u>Cost</u>     | <u>Accumulated depreciation</u> | <u>Carrying amount</u> |
|-----------------|-----------------|---------------------------------|------------------------|
| a. Office space | \$ _____        | \$ _____                        | \$ _____               |
| b. Equipment    | _____           | _____                           | _____                  |
| c. Land         | _____           | _____                           | _____                  |
| <b>Total</b>    | <b>\$ _____</b> | <b>\$ _____</b>                 | <b>\$ _____</b>        |

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of \_\_\_\_\_ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2028, please create additional columns and report these future minimum lease payment receivables in five year increments.)**

| Year Ended<br>June 30, | <u>Office Space</u> | <u>Equipment</u> | <u>Land</u>     | <u>Other</u>    | <u>Total</u>    |
|------------------------|---------------------|------------------|-----------------|-----------------|-----------------|
| 2009                   | \$ _____            | \$ _____         | \$ _____        | \$ _____        | \$ -            |
| 2010                   |                     |                  |                 |                 | -               |
| 2011                   |                     |                  |                 |                 | -               |
| 2012                   |                     |                  |                 |                 | -               |
| 2013                   |                     |                  |                 |                 | -               |
| 2014-2018              |                     |                  |                 |                 | -               |
| 2019-2023              |                     |                  |                 |                 | -               |
| 2024-2028              |                     |                  |                 |                 | -               |
| <b>Total</b>           | <b>\$ _____</b>     | <b>\$ _____</b>  | <b>\$ _____</b> | <b>\$ _____</b> | <b>\$ _____</b> |

Current year lease revenues received in fiscal year \_\_\_\_\_ totaled \$ \_\_\_\_\_. Contingent rentals received from operating leases received for your fiscal year was \$ \_\_\_\_\_ for office space, \$ \_\_\_\_\_ for equipment, and \$ \_\_\_\_\_ for land.

K. LONG-TERM LIABILITIES N/A

L. CONTINGENT LIABILITIES N/A

M. RELATED PARTY TRANSACTIONS N/A

N. ACCOUNTING CHANGES N/A

O. IN-KIND CONTRIBUTIONS N/A

P. DEFEASED ISSUES N/A

Q. REVENUES – PLEDGED OR SOLD (GASB 48) N/A

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

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

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

**T. SHORT-TERM DEBT N/A**

**U. DISAGGREGATION OF RECEIVABLE BALANCES N/A**

**V. DISAGGREGATION OF PAYABLE BALANCES N/A**

**W. SUBSEQUENT EVENTS N/A**

**X. SEGMENT INFORMATION N/A**

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

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS N/A**

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

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) N/A**

**CC. IMPAIRMENT OF CAPITAL ASSETS N/A**

**DD. EMPLOYEE TERMINATION BENEFITS N/A**







STATE OF LOUISIANA N/A  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
 For The Year Ended June 30, 20\_\_

| Fiscal Year<br>Ending: | <u>Payment</u>             | <u>Interest</u>            | <u>Principal</u>            | <u>Balance</u>              |
|------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| 2009                   | \$ _____                   | \$ _____                   | \$ _____                    | \$ --                       |
| 2010                   | _____                      | _____                      | _____                       | --                          |
| 2011                   | _____                      | _____                      | _____                       | --                          |
| 2012                   | _____                      | _____                      | _____                       | --                          |
| 2013                   | _____                      | _____                      | _____                       | --                          |
| 2014-2018              | _____                      | _____                      | _____                       | --                          |
| 2019-2023              | _____                      | _____                      | _____                       | --                          |
| 2024-2028              | _____                      | _____                      | _____                       | --                          |
| 2029-2033              | _____                      | _____                      | _____                       | --                          |
| <b>Total</b>           | <b>\$ <u>    -    </u></b> | <b>\$ <u>    -    </u></b> | <b>\$ <u>    --    </u></b> | <b>\$ <u>    --    </u></b> |



STATE OF LOUISIANA N/A  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF BONDS PAYABLE AMORTIZATION**  
 For The Year Ended June 30, 20\_\_

| Fiscal Year<br>Ending: | <u>Principal</u> | <u>Interest</u> |
|------------------------|------------------|-----------------|
| 2009                   | \$ _____         | \$ _____        |
| 2010                   | _____            | _____           |
| 2011                   | _____            | _____           |
| 2012                   | _____            | _____           |
| 2013                   | _____            | _____           |
| 2014                   | _____            | _____           |
| 2015                   | _____            | _____           |
| 2016                   | _____            | _____           |
| 2017                   | _____            | _____           |
| 2018                   | _____            | _____           |
| 2019                   | _____            | _____           |
| 2020                   | _____            | _____           |
| 2021                   | _____            | _____           |
| 2022                   | _____            | _____           |
| 2023                   | _____            | _____           |
| 2024                   | _____            | _____           |
| 2025                   | _____            | _____           |
| 2026                   | _____            | _____           |
| 2027                   | _____            | _____           |
| 2028                   | _____            | _____           |
| 2029                   | _____            | _____           |
| 2030                   | _____            | _____           |
| 2031                   | _____            | _____           |
| 2032                   | _____            | _____           |
| 2033                   | _____            | _____           |
| Total                  | \$ _____ -       | \$ _____ -      |

STATE OF LOUISIANA N/A

(BTA)

SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES  
 BUDGETARY COMPARISON OF CURRENT APPROPRIATION  
 NON-GAAP BASIS  
 JUNE 30, 2008

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

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

STATE OF LOUISIANA

(BTA)

SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES  
BUDGETARY COMPARISON OF CURRENT APPROPRIATION

NON-GAAP BASIS

June 30, 2008

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

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

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**COMPARISON FIGURES**

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

|                   | <u>2008</u>  | <u>2007</u>  | <u>Difference</u> | <u>Percentage<br/>Change</u> |
|-------------------|--------------|--------------|-------------------|------------------------------|
| 1) Revenues       | \$ 2,531,325 | \$ 2,176,667 | \$ 354,658        | 16.29%                       |
| Expenses          | 1,984,276    | 1,841,596    | 142,680           | 7.75%                        |
| 2) Capital assets | 928,439      | 202,732      | 725,707           | 357.96%                      |
| Long-term debt    |              |              | -                 |                              |
| Net Assets        | 2,750,128    | 2,077,236    | 672,894           | 32.39%                       |

Explanation for change: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

