

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS

DEPARTMENT OF HEALTH AND HOSPITALS

A COMPONENT UNIT OF THE

STATE OF LOUISIANA

FOR THE FISCAL YEAR ENDED

JUNE 30, 2009

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

Release Date 9/30/09

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INDEPENDENT AUDITORS' REPORT

Board Members of
Louisiana State Board of Practical Nurse Examiners
Department of Health and Hospitals
State of Louisiana
Metairie, Louisiana

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2009, on our consideration of the Louisiana State Board of Practical Nurse Examiners' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Louisiana State Board of Practical Nurse Examiners
State of Louisiana
August 28, 2009
Page 2

The Management's Discussion and Analysis, Budgetary Comparison Schedule, and Schedule of Funding Progress of OPEB Plan as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of expressing an opinion on the basic financial statements taken as a whole. All other accompanying financial information listed as supplementary information, or other supplementary information, in the table of contents is presented to comply with the requirements issued by the State of Louisiana, and is not a required part of the financial statements of the Louisiana State Board of Practical Nurse Examiners. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

August 28, 2009



Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

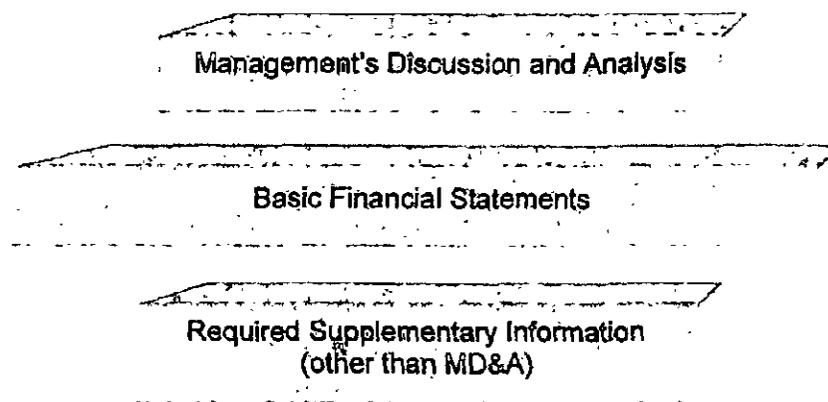
The Management's Discussion and Analysis of the Louisiana State Board of Practical Nurse Examiners' financial performance presents a narrative overview and analysis of the Louisiana State Board of Practical Nurse Examiners' financial activities for the year ended June 30, 2009. This document focuses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

FINANCIAL HIGHLIGHTS

- ☆ The Louisiana State Board of Practical Nurse Examiners' assets exceeded its liabilities at the close of fiscal year 2009 by \$724,908 which represents a 32.50% decrease from last fiscal year. The net assets increased by \$177,791.
- ☆ The Louisiana State Board of Practical Nurse Examiners' revenue increased \$582,276, or 49.61%, and the net results from activities increased by \$492,013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

Basic Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
As of June 30, 2009 and 2008

	2008	2008
Current and other assets	\$ 1,069,102	\$ 747,370
Capital assets	54,630	74,888
Total assets	1,123,732	822,258
Other liabilities	57,642	51,521
Long-term debt outstanding	341,182	223,620
Total liabilities	398,824	275,141
Net assets:		
Invested in capital assets, net of debt	54,630	74,888
Restricted	-	-
Unrestricted	670,278	472,229
Total net assets	\$ 724,908	\$ 547,117

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

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

Net assets of the Louisiana State Board of Practical Nurse Examiners' increased by \$177,791, or 32.50%, from June 30, 2008 to June 30, 2009. The primary reason is due to an increase in fees that the Board is allowed by law to collect.

Statement of Revenues, Expenses, and Changes in Net Assets
For the years ended June 30, 2009 and 2008

	2009	2008
Operating revenues	\$ 1,755,886	\$ 1,173,610
Operating expenses	1,590,676	1,511,860
Operating income (loss)	165,210	(338,250)
Non-operating revenues (expenses)	12,581	24,028
Income (loss) before transfers	177,791	(314,222)
Transfers in	-	-
Transfers out	-	-
Net increase (decrease) in net assets	\$ 177,791	\$ (314,222)

The Louisiana State Board of Practical Nurse Examiners' total revenues increased by \$582,276 or 49.61%. The total cost of all programs and services increased by \$78,816 or 5.2%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year ended June 30, 2009, the Louisiana State Board of Practical Nurse Examiners had \$54,630 invested in a broad range of capital assets, including furniture, fixtures, computer equipment and computer software. (See Table below).

This amount represents a net decrease (including additions and deductions) of \$20,258, or 27.05%, over last year.

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

	2009	2008
Land	\$ -	\$ -
Buildings and improvements	-	-
Equipment	49,784	63,572
Computer software	4,846	11,316
Total	\$ 54,630	\$ 74,888

This year's major additions included:

- \$7,608 in office and computer equipment

Debt

The Louisiana State Board of Practical Nurse Examiners had no bonds or notes outstanding at year-end.

The Louisiana State Board of Practical Nurse Examiners had one claim and judgment of \$50,000 outstanding at year end for which counsel of the Board has determined that the possibility of damages being assessed is probable, compared with the \$50,000 accrued last year. Other obligations include accrued vacation pay and sick leave of \$65,313 and other post employment benefits payable of \$225,869.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$33,552 over budget and expenditures were more than the budget due in part to an increase in the number of licenses issued by examination and by renewal of license. Nurses who have previously left the work force returned in the fiscal year 2009.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The number of graduates from practical nursing programs will level off and fees from exam licenses will not increase.
- The number of nurses coming out of retirement will increase resulting in an increase in fees collected for license by renewal.
- Salary and retirement benefits from state employees will increase in line with civil service merit increase rules.

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

The Louisiana State Board of Practical Nurse Examiners expects that next year's results will decline based on the following:

- Costs will continue to increase, but revenue will remain the same or decline slightly. The Board will be using part of the fund balance to finance routine operations.

CONTACTING THE LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS' MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Practical Nurse Examiners' finances and to show the Louisiana State Board of Practical Nurse Examiners' accountability for the money it receives. If you have questions about this report or need additional financial information, contact Claire D. Glaviano, Executive Director at (504) 838-5791.

BASIC FINANCIAL STATEMENTS

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2009

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 248,816
Certificates of deposit	816,603
Receivable - interest	<u>3,683</u>
Total current assets	<u>1,069,102</u>

NONCURRENT ASSETS:

Equipment	169,584
Accumulated depreciation	<u>(114,954)</u>
Total noncurrent assets	<u>54,630</u>
Total assets	<u>1,123,732</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	22,327
Payroll deductions and accruals	<u>35,315</u>
Total current liabilities	<u>57,642</u>

NONCURRENT LIABILITIES:

Accrued legal claims	50,000
Compensated absences	65,313
Other post employment benefits	<u>225,869</u>
Net assets at beginning of year	<u>341,182</u>
Total liabilities	<u>398,824</u>

NET ASSETS:

Investment in capital assets	54,630
Unrestricted	<u>670,278</u>
Total net assets	<u>\$ 724,908</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

OPERATING REVENUES:

Charges for services -	
Licenses	\$ 1,608,276
Enforcement actions	127,714
Sales of commodities and services	17,711
Other	<u>2,185</u>
 Total operating revenues	 <u>1,755,886</u>

OPERATING EXPENSES:

Personal services -	
Commissioners per diem	10,575
Salaries	728,065
Employee benefits	340,171
Travel	35,789
Operating services	197,844
Supplies	13,705
Professional services	236,660
Depreciation expense	<u>27,867</u>
 Total operating expenses	 <u>1,590,676</u>

Operating income	<u>165,210</u>
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NON-OPERATING REVENUES AND (EXPENSES):

Interest income	<u>12,581</u>
 Total non-operating revenues and (expenses)	 <u>12,581</u>
 Change in net assets	 177,791
Net assets at beginning of year	<u>547,117</u>
Net assets at end of year	<u>\$ 724,908</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:

Cash received from customers	\$ 1,755,886
Cash payments to employees for services	(957,801)
Cash payments to suppliers for goods and services	<u>(481,322)</u>
Net cash from operating activities	<u>316,763</u>

CASH FLOWS FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition of capital assets	<u>(7,609)</u>
Net cash (used for) capital and related financing activities	<u>(7,609)</u>

CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:

Interest on investments	17,835
Purchases of certificates of deposit	(1,635,895)
Maturities of certificates of deposit	<u>1,401,808</u>
Net cash (used for) investing activities	<u>(216,252)</u>

Net increase in cash and cash equivalents	92,902
Cash and cash equivalents at beginning of year	<u>155,914</u>
Cash and cash equivalents at end of year	<u>\$ 248,816</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH FROM (USED FOR) OPERATING ACTIVITIES:

Operating income	\$ 165,210
Adjustments to reconcile operating income to net cash:	
Depreciation	27,867
Changes in assets and liabilities:	
Increase (decrease):	
Accounts payable	2,678
Payroll liabilities	3,446
Accrued annual leave - non-current	654
Pension obligation	<u>116,908</u>
Net cash from operating activities	<u>\$ 316,763</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

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

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Introduction

The Louisiana State Board of Practical Nurse Examiners (the Board) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:962. The Board is under the control of the Department of Health and Hospitals and is a component unit of the State of Louisiana and an integral part of such reporting entity. The Board is composed of thirteen (13) members appointed by the Governor of Louisiana for a term of six years. The Board elects from its members a president, vice president and such other officers as it considers necessary to carry out the duties and functions of the Board.

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

The Board is charged with the responsibility of licensing and regulating practical nurses in the State of Louisiana.

The Board's office is located in Metairie, Louisiana, and employs 11 classified and 2 unclassified employees. The Board's operations are funded entirely through annual self-generated revenues.

Financial Reporting Entity

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

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

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Proprietary Fund Financial Statements

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

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

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

Assets, Liabilities and Net Assets

Cash and Cash Equivalents

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

Investments

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

Receivables

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

Prepays

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

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities and Net Assets (continued)

Capital Assets

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

Depreciation

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

Equipment	5-7 years
Computer Software	3 years

Compensated Absences

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

The liability for these compensated absences is recorded as long-term debt in the proprietary fund statements. The current portion of this debt can not be estimated and accordingly, it is reported as a noncurrent liability.

Equity Classifications

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

Investment in Capital Assets - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Assets, Liabilities and Net Assets (continued)

Equity Classifications (continued)

Restricted Net Assets - Consists of net assets with constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - All other net assets that do not meet the definition of "restricted" or "investment in capital assets".

Revenues and Expenses

Operating Revenues and Expenses

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

Estimates

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

(2) **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

Fund Accounting Requirements

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

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Deposits and Investments Laws and Regulations

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

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

(3) DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

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

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(3) DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

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

	<u>Cash</u>	<u>Certificates of Deposits</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books	\$ 248,816	\$ 816,603	\$ _____	\$1,065,419
Deposit in bank accounts per bank	\$ 258,768	\$ 816,603	\$ _____	\$1,075,371

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 agent but not in the entity's name.	\$ 8,768	\$ 114,354	\$ _____	\$ 123,122

(4) ACCOUNTS RECEIVABLE

Receivables detail at June 30, 2009, is as follows:

Accrued interest	\$ 3,683
Total receivable	<u>\$ 3,683</u>

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(5) CAPITAL ASSETS

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

	Balance at June 30, 2008	<u>Additions</u>	<u>Disposals</u>	Balance at June 30, 2009
Capital assets, being depreciated:				
Equipment	\$ 148,404	\$ 7,609	\$ (5,839)	\$ 150,174
Computer Software	19,410	-	-	19,410
Less: accumulated depreciation	<u>(92,926)</u>	<u>(27,867)</u>	<u>5,839</u>	<u>(114,954)</u>
Net capital assets, being depreciated	<u>\$ 74,888</u>	<u>\$ (20,258)</u>	<u>\$ -</u>	<u>\$ 54,630</u>

(6) LONG-TERM DEBT

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

Accrued legal claims	\$ 50,000
Accrued other postemployment benefits	225,869
Accrued compensated absences:	
Noncurrent portion	<u>65,313</u>
Total long-term debt	<u>\$ 341,182</u>

Changes in Long Term Debt

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

<u>Type of Debt</u>	Balance June 30, 2008	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2009
Accrued legal claims	\$ 50,000	\$ -	\$ -	\$ 50,000
Accrued other post employment benefits	108,961	162,100	(45,192)	225,869
Accrued compensated absences	<u>64,659</u>	<u>3,899</u>	<u>(3,245)</u>	<u>65,313</u>
Total long-term debt	<u>\$ 223,620</u>	<u>\$ 165,999</u>	<u>\$ (48,437)</u>	<u>\$ 341,182</u>

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(7) OPERATING LEASE

The Board entered into a 5 year lease for office space. The terms of the lease require payments of \$8,075.53 for sixty months ending on January 6, 2014.

Future minimum lease payments under operating lease are as follows:

Year Ending June 30	
2010	\$ 96,906
2011	96,906
2012	96,906
2013	96,906
2014	<u>56,529</u>
Total minimum lease payments	<u>\$ 444,153</u>

(8) EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Pension Plan

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

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

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

Members are required by state statute to contribute at 7.5% of gross salary. The Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for fiscal year ended June 30, 2009 was 18.5% of annual covered payroll and 20.4% and 19.1% in fiscal years ended June 30, 2008 and 2007 respectively.

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(8) EMPLOYEE PENSION AND OTHER BENEFIT PLANS (CONTINUED)

Pension Plan (Continued)

The board contribution, to the System for the year ending June 30, 2009, 2008 and 2007 are \$117,697, \$120,407, and \$91,490 respectively, equal to the required contributions for that year.

Post Employment Health Care and Life Insurance Benefits

Plan Description

Louisiana State Board of Practical Nurse Examiners employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for FY 2008) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The contribution requirements of plan members and the Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) plan and the Health Maintenance Organization (HMO) Plan. Retired employees who have Medicare Part A and Part B and one private fee-for-service (PFFS) plan. Depending upon the plan selected, during fiscal year 2009, employee premiums for a single member receiving benefits range from \$78 to \$95 per month for retiree-only coverage with Medicare or from \$130 to \$175 per month for retiree-only coverage without Medicare. The fiscal year 2009 premiums for a retiree and spouse range from \$142 to \$171 per month for those with Medicare or from \$423 to \$512 per month for those without Medicare.

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(8) EMPLOYEE PENSION AND OTHER BENEFIT PLANS (CONTINUED)

Postemployment Health Care and Life Insurance Benefits (continued)

Funding Policy (continued)

The Plan is currently financed on a pay as you go basis, with the Board contributing anywhere from \$236 to \$246 per month for retiree-only coverage with Medicare or from \$838 to \$873 per month for retiree-only coverage without Medicare during fiscal year 2009. Also, the Board's contributions range from \$424 to \$442 per month for retiree and spouse with Medicare of \$1,287 to \$1,341 for retiree and spouse without Medicare.

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

Effective with the Fiscal Year beginning July 1, 2007, the Board prospectively implemented Government Auditing Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45).

Annual OPEB Cost

The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2008 is \$162,100 as set forth below.

Normal cost	\$ 75,700
30-year UAL amortization amount	86,400
Interest on the above	<u>-</u>
Annual required contribution (ARC)	<u>\$ 162,100</u>

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009

(8) EMPLOYEE PENSION AND OTHER BENEFIT PLANS (CONTINUED)

Postemployment Health Care and Life Insurance Benefits (continued)

Annual OPEB Cost (continued)

The following table presents the Board's OPEB Obligation for the fiscal year 2009:

Beginning net OPEB obligation, July 1, 2008	\$ 108,961
Annual required contribution	162,100
Interest on net OPEB obligation	<u>-</u>
OPEB Cost	271,061
Contributions made (retiree cost)	<u>(45,192)</u>
Change in net OPEB obligation	<u>225,869</u>
Ending net OPEB obligation, June 30, 2009	<u>\$ 225,869</u>

Utilizing the pay-as-you-go method, the Board contributed 27.9% of the annual post employment benefits costs during 2009.

Funded Status and Funding Progress

As of June 30, 2009, the Board did not have an OPEB trust. A trust was established with an effective date of July 1, 2008, but was not funded at all, has no assets, and hence has funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of \$2,097,800 was unfunded.

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

Actuarial accrued liability (AAL)	\$ 2,097,800
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,097,800</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	365,900
UAAL as a percentage of covered payroll	573%

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(8) EMPLOYEE PENSION AND OTHER BENEFIT PLANS (CONTINUED)

Postemployment Health Care and Life Insurance Benefits (continued)

Actuarial Methods and Assumptions

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

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

In the July 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2008 was thirty years.

Schedule of Funding Progress for OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
6/30/2008	\$ -	\$ 2,097,800	\$ 2,097,800	-	\$ 365,900	573%

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(8) EMPLOYEE PENSION AND OTHER BENEFIT PLANS (CONTINUED)

Deferred Compensation Plan

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

(9) RISK MANAGEMENT

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

The Board manages these various risks of loss as follows:

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

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

Public Entity Risk Pool

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

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2009**

(10) COMMITMENTS AND CONTINGENCIES

Litigation

The Board was sued for an alleged violation of the Louisiana Open Meetings Law. The Board appealed, but on May 22, 2009, the appeal was denied. In the June 30, 2009 financial statements, the Board accrued \$50,000 for this matter which is recorded as accrued legal expenses. On May 27, 2009, the attorney for the plaintiff contacted the Board's counsel and indicated that he would be amenable to settling the matter of attorney's fees owed. The settlement overtures by counsel for the plaintiff are being considered by the Board.

Other Matters

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

(11) COMPENSATION PAID TO BOARD MEMBERS

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

<u>Commissioner</u>	<u>Meetings / Official Business</u>	<u>Amount</u>
Chancellor, Ruby	3	\$ 225
Dunn, Gwendolyn	6	450
Fore, Sharron	2	150
Fulmer, Bobby	5	375
Hebert, Kellie	3	225
Juneau, Patricia	109	8,175
LeBlanc, Brian	5	375
Passantino, Rose	4	300
St. Martin, Eugene	4	300
	<u>141</u>	<u>\$ 10,575</u>

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Licenses	\$ 996,515	\$ 1,600,715	\$ 1,608,276	\$ 7,561
Enforcement actions	109,000	119,000	127,714	8,714
Sales of commodities and services	-	-	17,711	17,711
Other	2,000	2,000	2,185	185
Interest income	10,200	13,200	12,581	(619)
Total revenues	<u>1,117,715</u>	<u>1,734,915</u>	<u>1,768,467</u>	<u>33,552</u>
<u>EXPENDITURES:</u>				
Personal services -				
Commissioners per diem	18,000	16,000	10,575	5,425
Salaries	769,363	729,140	728,065	1,075
Employee benefits	226,435	226,560	340,171	(113,611)
Travel	44,000	42,000	35,789	6,211
Operating services	220,700	200,800	197,844	2,956
Supplies	12,000	14,000	13,705	295
Professional services	283,500	245,000	236,660	8,340
Depreciation expense	10,000	10,000	27,867	(17,867)
Total expenditures	<u>1,583,998</u>	<u>1,483,500</u>	<u>1,590,676</u>	<u>(107,176)</u>
Net change in net assets	(466,283)	251,415	177,791	(73,624)
Net assets at beginning of year	<u>547,117</u>	<u>547,117</u>	<u>547,117</u>	
Net assets at end of year	<u>\$ 80,834</u>	<u>\$ 798,532</u>	<u>\$ 724,908</u>	

See Auditors' Report

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF FUNDING PROGRESS FOR OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2009

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Projected Unit Cost</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
6/30/2008	\$ -	\$ 2,097,800	\$ 2,097,800	\$ -	\$ 365,900	573%

See Auditors' Report

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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*PROFESSIONAL CORPORATION
*LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board Members of
Louisiana State Board of Practical Nurse Examiners
Department of Health and Hospitals
State of Louisiana
Metairie, Louisiana

We have audited the basic financial statements of Louisiana State Board of Practical Nurse Examiners, a component unit of the State of Louisiana, as of and for the year ended June 30, 2009, and have issued our report thereon dated August 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana State Board of Practical Nurse Examiners' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Boards of Practical Nurse Examiners' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 control deficiencies, that adversely affects the Board'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 Board's financial statements that is more than inconsequential will not be prevented or detected by the Board'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 Board's internal control.

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Louisiana State Board of Practical Nurse Examiners
Department of Health and Hospitals
State of Louisiana
August 28, 2009

Our 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana State Board of Practical Nurse Examiners' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

August 28, 2009



Certified Public Accountants

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

We have audited the financial statements of Louisiana State Board of Practical Nurse Examiners as of and for the year ended June 30, 2009, and have issued our report thereon dated August 28, 2009. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2009 resulted in an unqualified opinion.

SECTION I SUMMARY OF AUDITORS' REPORTS

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ Yes X No

Control Deficiency ___ Yes X No

Compliance

Compliance Material to Financial Statements ___ Yes X No

b. Federal Awards **Not Applicable**

Internal Control

Material Weaknesses ___ Yes ___ No

Significant Deficiency ___ Yes ___ No

Type of Opinion on Compliance Unqualified ___ Qualified ___
for Major Programs Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

___ Yes ___ No

c. Identification of Major Programs: **Not Applicable**

CFDA Number(s)	Name of Federal Program (or Cluster)

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009**

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

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

Not Applicable

SECTION II FINANCIAL STATEMENT FINDINGS

Not applicable

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

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

Not Applicable

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

Not Applicable

SECTION III MANAGEMENT LETTER

Not Applicable

**OTHER SUPPLEMENTARY INFORMATION
REQUIRED BY LOUISIANA LAW**

**BOARD OF PRACTICAL NURSE EXAMINERS
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2009**

C O N T E N T S

Statements

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Statement of Cash Flows	D

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

Schedule
Number

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

Louisiana State Board of Practical Nurse Examiners
3421 North Causeway Boulevard, Suite 505
Metairie, Louisiana 70002-5791

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

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

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Claire D. Glaviano, Executive Director of the Louisiana State Board of Practical Nurse Examiners, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana State Board of Practical Nurse Examiners at June 30, 2009 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 27th day of August, 2009.

Claire D. Glaviano
Signature of Agency Official

[Signature]
NOTARY PUBLIC
LA Bar # 17502

Prepared by: Claire D. Glaviano

Title: Executive Director

Telephone No.: (504) 838-5791

Date: August 27, 2009
Email Address: claire@lsbpne.com

**STATE OF LOUISIANA
BOARD OF PRACTICAL NURSE EXAMINERS
BALANCE SHEET
AS OF JUNE 30, 2009**

Statement A

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	<u>248,818</u>
Investments		<u>816,603</u>
Receivables (net of allowance for doubtful accounts)(Note U)		<u>3,683</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		<u>1,069,102</u>

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		<u>49,784</u>
Computer Software		<u>4,846</u>
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		<u>54,630</u>
Total assets	\$	<u>1,123,732</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>57,642</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		<u>57,642</u>

NON-CURRENT LIABILITIES:

Contracts payable		
Compensated absences payable (Note K)		<u>65,313</u>
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		<u>50,000</u>
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other post employment benefits (Note I)		<u>225,869</u>
Other long-term liabilities		
Total long-term liabilities		<u>341,192</u>
Total liabilities		<u>398,824</u>

NET ASSETS

Invested in capital assets, net of related debt		<u>54,630</u>
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>670,278</u>
Total net assets		<u>724,908</u>
Total liabilities and net assets	\$	<u>1,123,732</u>

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

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

Statement B

OPERATING REVENUES	
Sales of commodities and services	\$ 17,711
Assessments	127,714
Use of money and property	
Licenses, permits, and fees	1,608,276
Other	2,185
Total operating revenues	1,755,886
OPERATING EXPENSES	
Cost of sales and services	
Administrative	1,562,809
Depreciation	21,397
Amortization	6,470
Total operating expenses	1,590,676
Operating income(loss)	165,210
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	
Use of money and property	12,581
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)	12,581
Income(loss) before contributions, extraordinary items & transfers	177,791
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	177,791
Total net assets – beginning	547,117
Total net assets – ending	\$ 724,908

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

**STATE OF LOUISIANA
 BOARD OF PRACTICAL NURSE EXAMINERS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009**

Statement C

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
LA St Bd of Prac Nurse	\$ 1,590,676	\$ 1,753,701	\$	\$
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				12,581
Miscellaneous				2,185
Special items				
Extraordinary Item - Loss on Impairment of Capital Assets				
Transfers				
Total general revenues, special items, extraordinary losses, and transfers				14,766
Change in net assets				177,791
Net assets - beginning				547,117
Net assets - ending				\$ 724,908

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

Statement D

Cash flows from operating activities	
Cash received from customers	\$ <u>1,755,886</u>
Cash payments to suppliers for goods and services	<u>(481,322)</u>
Cash payments to employees for services	<u>(957,801)</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>316,763</u>
Cash flows from non-capital financing activities	
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>
Cash flows from capital and related financing activities	
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>(7,609)</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>(7,609)</u>
Cash flows from investing activities	
Purchases of investment securities	<u>(1,635,895)</u>
Proceeds from sale of investment securities	<u>1,401,808</u>
Interest and dividends earned on investment securities	<u>17,835</u>
Net cash provided(used) by investing activities	<u>(216,252)</u>
Net increase(decrease) in cash and cash equivalents	<u>92,902</u>
Cash and cash equivalents at beginning of year	<u>155,914</u>
Cash and cash equivalents at end of year	\$ <u><u>248,816</u></u>

The accompanying notes are an integral part of this statement.

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

**Statement D
 (concluded)**

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

Operating income(loss)	\$	<u>165,210</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>27,867</u>	
Provision for uncollectible accounts	<u> </u>	
Other	<u> </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u> </u>	
(Increase)decrease in due from other funds	<u> </u>	
(Increase)decrease in prepayments	<u> </u>	
(Increase)decrease in inventories	<u> </u>	
(Increase)decrease in other assets	<u> </u>	
Increase(decrease) in accounts payables and accruals	<u>6,124</u>	
Increase(decrease) in compensated absences payable	<u>654</u>	
Increase(decrease) in pension obligation	<u>116,908</u>	
Increase(decrease) in due to other funds	<u> </u>	
Increase(decrease) in deferred revenues	<u> </u>	
Increase(decrease) in other liabilities	<u> </u>	
 Net cash provided(used) by operating activities	 \$	 <u><u>316,763</u></u>

Schedule of noncash investing, capital, and financing activities:

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

The accompanying notes are an integral part of this statement.

INTRODUCTION

The Louisiana State Board of Practical Nurse Examiners was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:962. The following is a brief description of the operations of the Louisiana State Board of Practical Nurse Examiners which includes the parish/parishes in which the Louisiana State Board of Practical Nurse Examiners is located: Jefferson Parish.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

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

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

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

The accounts of the Louisiana State Board of Practical Nurse Examiners 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 State Board of Practical Nurse Examiners 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 Budget Committee, 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 include the original appropriation plus subsequent amendments as follows:

<u>APPROPRIATIONS</u>	
Original approved budget	\$ <u>(466,283)</u>
Amendments:	
06-Mar-09	<u>570,190</u>
26-Jun-09	<u>147,508</u>
Final approved budget	\$ <u><u>251,415</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

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

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

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books	\$ 248,816	\$ 816,803	\$	\$ 1,065,419
Deposits in bank accounts per bank	\$ 258,768	\$ 816,603	\$	\$ 1,075,371
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 agent <u>but not in the entity's name.</u>	\$ 8,788	\$ 114,354	\$	\$ 123,122

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. <u>Whitney National Bank-Certificate of Deposit</u>	<u>Licensing-#2103241094</u>	<u>\$ 114,354</u>
2. <u>Capital One Bank - Certificate of Deposit</u>	<u>Licensing-#1240936988</u>	<u>101,065</u>
3. <u>First NBC Bank - Certificate of Deposit</u>	<u>Licensing-#13466</u>	<u>100,000</u>
4. <u>Bank of New Orleans - Certificate of Deposit</u>	<u>Licensing-#640219424</u>	<u>100,000</u>
5. <u>Omni Bank - Certificate of Deposit</u>	<u>Licensing-#9103100146</u>	<u>151,031</u>
6. <u>First NBC Bank - Certificate of Deposit</u>	<u>Licensing-#16971</u>	<u>100,000</u>
7. <u>Gulf Coast Bank & Trust - Certificate of Deposit</u>	<u>Licensing-#457413</u>	<u>150,000</u>
8. <u>Whitney National Bank - Operating Account</u>	<u>Licensing-#071051977</u>	<u>18,201</u>
9. <u>Whitney National Bank- Savings Account</u>	<u>Licensing-#0710150598</u>	<u>240,720</u>
Total		\$ <u>1,075,371</u>

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

Cash in State Treasury	\$	<u> </u>
Petty cash	\$	<u>25</u>

2. INVESTMENTS

The Louisiana State Board of Practical Nurse Examiners maintains investment accounts as authorized by Louisiana Revised Statute 33:2955.

Custodial Credit Risk

	Balance 6/30/2008	Prior Period Adjustment	Adjusted Balance 6/30/2008	Additions	Transfers*	Retirements	Balance 6/30/2009
Capital assets not being depreciated							
Land	\$	\$	\$	\$	\$	\$	\$
Non-depreciable land improvements			--				--
Capitalized collections			--				--
Construction in progress			--				--
Total capital assets not being depreciated	\$	\$	\$	\$	\$	\$	\$
	--	--	--	--	--	--	--
Other capital assets							
Furniture, fixtures, and equipment	\$ 148,405	\$	\$ 148,405	\$ 7,608	\$	\$ (5,839)	\$ 150,174
Less accumulated depreciation	(84,833)		(84,833)	(21,396)		5,839	(100,390)
Total furniture, fixtures, and equipment	63,572	--	63,572	(13,788)	--	--	49,784
Buildings and improvements			--				--
Less accumulated depreciation			--				--
Total buildings and improvements	--	--	--	--	--	--	--
Depreciable land improvements			--				--
Less accumulated depreciation			--				--
Total depreciable land improvements	--	--	--	--	--	--	--
Computer Software	19,410		19,410				19,410
Less accumulated amortization	(8,094)		(8,094)	(6,470)			(14,564)
Total infrastructure	11,316	--	11,316	(6,470)	--	--	4,846
Total other capital assets	\$ 74,888	\$ --	\$ 74,888	\$ (20,258)	\$ --	\$ --	\$ 54,630
Capital Asset Summary:							
Capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other capital assets, at cost	167,815	--	167,815	7,608	--	(5,839)	169,584
Total cost of capital assets	167,815	--	167,815	7,608	--	(5,839)	169,584
Less accumulated depreciation	(92,927)	--	(92,927)	(27,866)	--	5,839	(114,954)
Capital assets, net	\$ 74,888	\$ --	\$ 74,888	\$ (20,258)	\$ --	\$ --	\$ 54,630

* 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

The Louisiana State Board of Practical Nurse Examiners did not maintain inventories at June 30, 2009.

F. RESTRICTED ASSETS

The Louisiana State Board of Practical Nurse Examiners did not have any restricted assets at June 30, 2009.

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana State Board of Practical Nurse Examiners has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours 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 when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2009 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$-0-

H. RETIREMENT SYSTEM

Substantially all of the employees of the Louisiana State Board of Practical Nurse Examiners are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Louisiana State Board of Practical Nurse Examiners' 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. 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 being 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, within qualifications and amounts define by statute. The System issues an annual publicly available 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 2009 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 online at :

[http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_09.pdf](http://www.lasers.state.la.us/PDFs/Publications%20and%20Reports/Fiscal%20Documents/Comprehensive%20Financial%20Reports%2009.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing at 7.5% of gross salary. The Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for fiscal year ended June 30, 2009 was 18.5% of annual covered payroll and 20.4% and 19.1% in fiscal years ended June 30, 2008 and 2007 respectively. The board contribution, to the System for the year ending June 30, 2009, 2008 and 2007 are \$117,697, \$120,407, and \$91,490 respectively, equal to the required contributions for that year.

One employee of the Louisiana State Board of Practical Nurse Examiners is a member of the Teachers' Retirement System of Louisiana (TRSL), a cost-sharing multiple-employer defined benefit pension plan. The TRSL is a statewide public employee retirement system (PERS) which provides pension benefits to employees who meet the legal definition of a "teacher" and is administered and controlled by a separate board of trustees.

All full-time Board employees who qualify as teachers are eligible to participate in the System. Benefits vest with 5 years of service. At retirement age, employees are entitled to annual benefits equal to 2% of 2.5% of final average salary for each year of credited service. Final average salary is based upon the member's highest successive thirty-six months of salary.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The TRSL also provides disability and survivor benefits. Benefits are established or amended by state statute. The TRSL issues an annual publicly available financial report that includes financial statement and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, LA 70804-9123 or by calling (225) 602-6446.

Members are required by statute to contribute 8% of gross salary, and the Board is required to contribute at an actuarially determined rate as required by Louisiana Revised Statute 11:885. The contribution rate for the fiscal year ended June 30, 2009 was 15.5% of annual covered payroll. The Board's contributions to the System for the year ended June 30, 2009 was \$13,004, equal to the required contribution for the year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – NOT APPLICABLE BECAUSE OGB IS PROVIDER

GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.

1. Calculation of Net OPEB Obligation

1. ARC (broken down by agency on pages 29-33 of the actuarial valuation report)	\$162,100.0
2. *NOO, beginning of year (see OPEB Liability Spreadsheet of FYE 6/30/08 on OSRAP's website)	108961
3. Amortization factor	26.17
4. Interest on NOO (4% x 2.)	\$0.0
5. ARC adjustment (2./3.)	
6. Annual OPEB expense (1. + 4. - 5.)	\$271,061.0
7. Contributions (payments to OGB for retiree's cost of group insurance 2009 premiums)	(\$45,192.0)
8. Adjustment to OGB billings for retirees' insurance 2009 premiums	
9. **NOO, end of year (2. + 6. - 7 +or-8.)	\$225,869.0

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

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

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

2. Note Disclosures-NOT APPLICABLE ADMINISTERED BY OGB

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

I. Plan Description

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

II. Funding Policy

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

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

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

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

postretirement benefit increases if applicable, projected salary increases if relevant to determination of the level of benefits, and, for postemployment healthcare plans, the healthcare cost trend rate. If the economic assumptions contemplate different rates for successive years (year-based or select and ultimate rates), the rates that should be disclosed are the initial and ultimate rates.

- (d) The amortization method (level dollar or level percentage of projected payroll) and the amortization period (equivalent single amortization period, for plans that use multiple periods) for the most recent actuarial valuation and whether the period is closed or open. Employers that use the aggregate actuarial cost method should disclose that because the method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to approximate the funding progress of the plan.

IV. Required Supplementary Information:

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

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

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

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

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year ended June 30, 2009 amounted to \$90,734.

A schedule of payments for operating leases follows:

Nature of lease	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015- 2019	FY 2020- 2024
Office Space	\$ 96,906	\$ 96,906	\$ 96,906	\$ 96,906	\$ 58,529		
Equipment							
Land							
Other							
Total	\$ 96,906	\$ 96,906	\$ 96,906	\$ 96,906	\$ 58,529	\$ -	\$ -

K. LONG-TERM LIABILITIES

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

	Balance June 30, 2008	Year ended June 30, 2009		Balance June 30, 2009	Amounts due withi one year
		Additions	Reductions		
Bonds and notes payable:					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursement contracts payable	-	-	-	-	-
Bonds payable	-	-	-	-	-
Total notes and bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other liabilities:					
Contracts payable	-	-	-	-	-
Compensated absences payable	64,659	3,899	3,245	65,313	-
Capital lease obligations	-	-	-	-	-
Claims and litigation	50,000	-	-	50,000	-
Liabilities payable from restricted assets	-	-	-	-	-
Other long-term liabilities-OPEB	<u>108,961</u>	<u>162,100</u>	<u>45,192</u>	<u>225,869</u>	-
Total other liabilities	<u>223,620</u>	<u>165,999</u>	<u>48,437</u>	<u>341,182</u>	<u>-</u>
Total long-term liabilities	\$ <u>223,620</u>	\$ <u>165,999</u>	\$ <u>48,437</u>	\$ <u>341,182</u>	\$ <u>-</u>

L. CONTINGENT LIABILITIES

The Board was sued for an alleged violation of the Louisiana Open Meetings Law. The Board appealed, but on May 22, 2009, the appeal was denied. In the June 30, 2009 financial statements, the Board accrued \$50,000 for this matter which is recorded as accrued legal expenses. On May 27, 2009, the attorney for the plaintiff contacted the Board's counsel and indicated that he would be amenable to settling the matter of attorney's fees owed. The settlement overtures by counsel for the plaintiff are being considered by the Board.

Date of Action	Description of Litigation and Probable outcome (reasonably possible or probable)	Estimated Settlement Amt. for Claims & Litigation (opinion of legal counsel)	Insurance Coverage
Various	Judith Sandifer v. LSBPNE et al Probable outcome	\$ 50,000	\$ 0
Totals		\$ <u>50,000</u>	\$ <u>0</u>

M. RELATED PARTY TRANSACTIONS

The Louisiana State Board of Practical Nurse Examiners did not engage in any related party transactions during the year ended June 30, 2009.

N. ACCOUNTING CHANGES

There were no accounting changes made during the year ended June 30, 2009.

O. IN-KIND CONTRIBUTIONS

The Louisiana State Board of Practical Nurse Examiners did not have any in-kind

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
Total	\$ _____

contributions during the year ended June 30, 2009.

P. DEFEASED ISSUES

The Louisiana State Board of Practical Nurse Examiners did not have any defeased issues of taxable bonds during the year ended June 30, 2009.

Q. REVENUES – PLEDGED OR SOLD (GASB 48)

The Louisiana State Board of Practical Nurse Examiners did not have any pledged or sold revenues at June 30, 2009.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The Louisiana State Board of Practical Nurse Examiners did not engage in any government-mandated nonexchange transactions (grants) during fiscal year 2008-2009.

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

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

At June 30, 2009, the Louisiana State Board of Practical Nurse Examiners was not in violation of any of the Bond Reserve Covenants

T. SHORT-TERM DEBT

The Louisiana State Board of Practical Nurse Examiners has no issues of short-term debt for the year ended June 30, 2009.

U. DISAGGREGATION OF RECEIVABLE BALANCES

Fund (gen. fund, gas tax fund, etc.)	Customer		Receivables from other	Other	Total
	Receivables	Taxes	Governments	Receivables	Receivables
Licensing-General Fund	\$	\$	\$	3,683.00	\$ 3,683.00
Gross receivables	\$ -	\$ -	\$ -	\$ 3,683.00	\$ 3,683.00
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ -	\$ -	\$ 3,683.00	\$ 3,683.00
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2009 were as follows:

Fund (gen. fund, gas tax fund, etc.)	Vendors	Salaries and	Accrued Interest	Other Payables	Total Payables
		Benefits			
Licensing-General Fund	\$ 22,327	\$ 35,315	\$	\$	\$ 57,642
Total payables	\$ 22,327	\$ 35,315	\$ -	\$ -	\$ 57,642

W. SUBSEQUENT EVENTS

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

X. SEGMENT INFORMATION

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

Y. DUE TO/DUE FROM AND TRANSFERS

1. The Board did not have any amounts due from other funds at June 30, 2009.
2. The Board did not have any amounts due to other funds at June 30, 2009.
3. The Board did not have any transfers from other funds for the year ended June 30, 2009.
4. The Board did not have any transfers from other funds for the year ended June 30, 2009.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The Louisiana State Board of Practical Nurse Examiners did not have any liabilities payable from restricted assets at June 30, 2009.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

There were no adjustments made to restate beginning net assets for June 30, 2009.

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

Of the total net assets reported on Statement A June 30, 2009, there were no assets restricted by enabling legislation

CC. IMPAIRMENT OF CAPITAL ASSETS

There were no capital assets that were considered impaired at June 30, 2009.

DD. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The Board recognizes the cost of providing these benefits as expenditures when paid during the year. For 2009, \$5,681.45 was paid for compensated absences.

Schedule 1
STATE OF LOUISIANA
Louisiana State Board of Practical Nurse Examiners
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2009

Name	Amount
<u>Chancellor, Ruby R.</u>	\$ <u>225</u>
<u>Dunn, Gwendolyn</u>	<u>450</u>
<u>Fore, Sharron K.</u>	<u>150</u>
<u>Fulmer, Bobby G.</u>	<u>375</u>
<u>Hebert, Kellie M.</u>	<u>225</u>
<u>Juneau, Patricia G.</u>	<u>8,175</u>
<u>LeBlanc, Brian J.</u>	<u>375</u>
<u>Passentino, Rosemary S.</u>	<u>300</u>
<u>St. Martin, Eugene C.</u>	<u>300</u>
Total	\$ <u><u>10,575</u></u>

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

**Schedule 2
State of Louisiana
Louisiana State Board of Practical Nurse Examiners
Schedule of Comparison Figures
For the year ended June 30, 2009**

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 1,768,467	\$ 1,197,638	\$ 570,829	47.66%
Expenses	1,590,676	1,511,860	78,816	5.21%
2) Capital assets	54,360	74,888	(20,528)	(27.41%)
Long-term debt	341,182	223,620	117,562	52.57%
Net Assets	724,908	547,114	177,794	32.50%
Explanation for change:	_____			

