

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

Basic Financial Statements
and Independent Auditors' Report

As of and for the Year Ended June 30, 2010
With Supplemental Information

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

Release Date 10/6/10

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

GOVERNING BOARD

As of June 30, 2010

Board Member

Dr. Charles T. McCabe, Jr
Dr. Romell J. Madison
Dr. David L. Melancon
Christine M. Guillaume, R.D.H.
Dr. Samuel A. Trinca
Dr. Wilton Guillory, Jr.
Dr. John Taylor
Dr. Dean Manning
Dr. Frank Martello
Dr. H.O. Blackwood, III
Dr. James Moreau
Dr. Conrad P. McVea, III
Dr. Russell Mayer
Dr. Lynn Phillipe

**LOUISIANA STATE BOARD OF DENTISTRY
365 CANAL STREET
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

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

We have audited the accompanying basic financial statements of the Louisiana State Board of Dentistry, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, as listed in the Table of Contents. These basic financial statements are the responsibility of Louisiana State Board of Dentistry management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position and the results of operations and cash flows of the Louisiana State Board of Dentistry, as of June 30, 2010, and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2010, on our consideration of the Louisiana State Board of Dentistry's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. 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.

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

Malcolm M. Dienes, L.L.C.

August 25, 2010

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REQUIRED SUPPLEMENTAL INFORMATION
Management's Discussion and Analysis

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010**

Management's Discussion and Analysis of the Louisiana State Board of Dentistry's financial performance presents a narrative overview and analysis of the Louisiana State Board of Dentistry's financial activities for the year ended June 30, 2010. 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 Accountant's Compilation Report and in the Louisiana State Board of Dentistry's financial statements, which begin with Statement A.

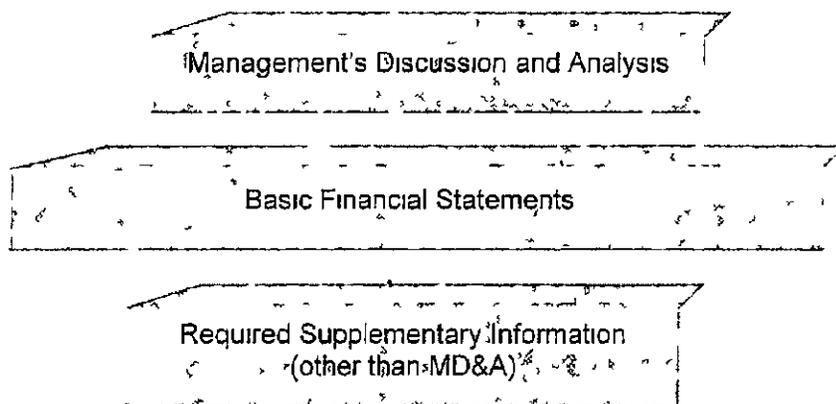
FINANCIAL HIGHLIGHTS

- ★ The Louisiana State Board of Dentistry's liabilities exceeded its assets at the close of fiscal year 2010 by \$104,238, which represents a 65.6% increase from last fiscal year. The net assets decreased by \$41,276 (or 65.6%).
- ★ The Louisiana State Board of Dentistry's revenue increased \$201,685 (or 22.3%) and the net results from activities increased by \$62,608 (or 59.0%).
- ★ The Louisiana State Board of Dentistry (the Board) renews licenses every two calendar years ending December 31st. The Board reports its annual financial statements on a fiscal year basis ending June 30th. Therefore the Board's revenue from license renewals is recognized over three fiscal year periods: 25% in the first fiscal year ending June 30 (January – June of year 1 of the renewal term), 50% in the next fiscal year (July – December of year 1 and January – June of year 2 of the renewal term), and 25% in the following fiscal year (July – December of year 2 of the renewal term). Renewal rates were raised in December 2009. The effect of this rate increase will not be fully reflected in the financial statements until fiscal year ending June 30, 2011. These timing differences between the cash collection of license renewal fees and the recognition of license revenue results in cash reported on the June 30, 2010 Statement of Net Assets that will be recognized as revenue and therefore reflected as an increase in net assets over the next two fiscal years. No significant decline in collections is expected in the future as all Dentists & Hygienists in the state are required to pay the license fee in order to practice.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

Basic Financial Statements

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

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

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

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010**

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

FINANCIAL ANALYSIS OF THE ENTITY

**Statement of Net Assets
as of June 30, 2010
(in thousands)**

	Total	
	2010	2009
Current and other assets	\$ 982	\$ 827
Capital assets	52	24
Total assets	<u>1,034</u>	<u>851</u>
Other liabilities	612	515
Long-term debt outstanding	526	399
Total liabilities	<u>1,138</u>	<u>914</u>
Net assets:		
Invested in capital assets, net of debt	52	24
Restricted	-	-
Unrestricted	<u>(156)</u>	<u>(87)</u>
Total net assets	<u>\$ (104)</u>	<u>\$ (63)</u>

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

Net assets of Louisiana State Board of Dentistry decreased by \$41,276, or 65.6%, from June 30, 2009 to June 30, 2010. Causes of this decrease include an increase in legal and investigation costs due to an increase in disciplinary actions, and an increase in computer support services due to the implementation of a new database and the computer hardware that supports it.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2010
(in thousands)**

	Total	
	2010	2009
Operating revenues	\$ 1,104	\$ 899
Operating expenses	1,147	1,005
Operating income(loss)	(43)	(106)
Non-operating revenues	2	5
Non-operating expenses *	-	-
Income(loss) before transfers	(41)	(101)
Transfers in	-	-
Transfers out	-	-
Net increase(decrease) in net assets	\$ (41)	\$ (101)

The Louisiana State Board of Dentistry's total revenues increased by \$ 201,685 or (22.3%). The total cost of all programs and services increased by \$142,389 or 14.2%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year ended June 30, 2010, the Louisiana State Board of Dentistry had \$51,959 invested in capital assets. (See accompanying Table). This amount represents a net increase (including additions and deductions) of \$27,792, or 115.0%, over last year.

This year's major additions included (in thousands):

- Server, \$14
- Database system, \$41

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010**

Capital assets consisted of the following as of June 30, 2010 and 2009 (in thousands):

	2010	2009
Equipment	\$ 20	\$ 5
Intangible Assets (Software)	32	19
Totals	\$ 52	\$ 24

Debt

The Louisiana State Board of Dentistry's obligations include accrued vacation pay in the amount of \$38,069, other postemployment benefits obligations of \$270,600, and long-term deferred revenues in the amount of \$217,950.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$95,000 over budget, due to higher than anticipated revenues from almost all of the Board's usual revenue sources. Expenditures were approximately equal to budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The Board has authorized the purchase of approximately \$6,000 of new computer hardware and software to upgrade the Board's computer system.
- Starting in late 2010, the Board will accept credit card payment for license renewals. The credit card transaction fees will be an additional expense to the Board, since there are currently no plans to pass these transaction fees on to licensees.

The Louisiana State Board of Dentistry expects that next year's results will be affected by the factors listed above and the following:

- Revenues from anesthesia permits are expected to level off or decrease in comparison to recent years. Revenues from anesthesia permits had increased in recent years due to an additional fee for enteral conscious sedation permits. This trend is not expected to continue since most licensees who intend to use this form of sedation have already received this permit.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010**

CONTACTING THE LOUISIANA STATE BOARD OF DENTISTRY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Dentistry's finances and to show the Louisiana State Board of Dentistry's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Barry Ogden at (504) 568-857.

BASIC FINANCIAL STATEMENTS

LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
PROPRIETARY FUND - ENTERPRISE FUND

Statement of Net Assets
As of June 30, 2010

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 977,450
Prepays	<u>5,231</u>

Total Current Assets	<u>982,681</u>
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Property, Plant & Equipment

Equipment	117,331
Accumulated Depreciation and Amortization	<u>(65,372)</u>

Total Property, Plant, and Equipment	<u>51,959</u>
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TOTAL ASSETS	<u>1,034,640</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	8,309
Deferred Revenue	<u>603,950</u>

Total Current Liabilities	<u>612,259</u>
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Noncurrent Liabilities

Deferred Revenue, Net of Current Portion	217,950
Compensated Absences	38,069
OPEB Payable	<u>270,600</u>

Total Noncurrent Liabilities	<u>526,619</u>
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TOTAL LIABILITIES	<u>1,138,878</u>
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NET ASSETS

Invested in Capital Assets	51,959
Unrestricted	<u>(156,197)</u>

TOTAL NET ASSETS	<u>\$ (104,238)</u>
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The accompanying notes are an integral part of this financial statement.

LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
PROPRIETARY FUND - ENTERPRISE FUND

Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2010

OPERATING REVENUES	
Charges for Services	
Licenses, Permits and Fees	\$ 1,009,750
Sales of Goods and Services	21,500
Enforcement Actions	68,750
Other Revenues	<u>3,782</u>
 Total Operating Revenues	 <u>1,103,782</u>
 OPERATING EXPENSES	
Administrative	680,689
Cost of Sales and Services	131,071
Depreciation and Amortization	15,006
Professional Services	<u>320,128</u>
 Total Operating Expenses	 <u>1,146,894</u>
 Operating Income (Loss)	 <u>(43,112)</u>
 NON-OPERATING REVENUES	
Interest Income	<u>1,836</u>
 Total Non-Operating Revenues	 1,836
 Change in Net Assets	 <u>(41,276)</u>
 Total Net Assets, Beginning	 <u>(62,962)</u>
 Total Net Assets, Ending	 \$ <u><u>(104,238)</u></u>

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

LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
PROPRIETARY FUND - ENTERPRISE FUND

Statement of Cash Flows
For the Year Ended June 30, 2010

Cash Flows From Operating Activities	
Received from Customers	\$ 1,244,881
Payments for Operations	(540,434)
Payments to Employees	<u>(505,970)</u>
Net Cash Provided by Operating Activities	<u>198,477</u>
Cash Flows From Capital and Related Financing Activities	
Purchases of Capital Assets	<u>(42,795)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(42,795)</u>
Cash Flows From Investing Activities	
Receipt of Interest	<u>1,836</u>
Net Cash Provided by Investing Activities	<u>1,836</u>
Net Cash Increase in Cash and Cash Equivalents	157,518
Cash and Cash Equivalents, Beginning of Year	<u>819,932</u>
Cash and Cash Equivalents, End of Year	<u>\$ 977,450</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	\$ (43,112)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation and Amortization	15,006
Decrease in Prepaid Expenses	1,284
Increase in Accounts Payable for Operating Activities	6,591
Increase in Deferred Revenue	141,099
Decrease in Compensated Absences Payable	(5,711)
Increase in OPEB Payable	<u>83,320</u>
Net Cash Provided by Operating Activities	<u>\$ 198,477</u>

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

BASIC FINANCIAL STATEMENTS
Notes to the Financial Statements

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. INTRODUCTION

The Louisiana State Board of Dentistry (the Board) is a state board and component unit of the State of Louisiana reporting entity. The Board was created under the provisions of Louisiana Revised Statutes (R.S.) 37:751-795. The Board, as provided by R.S. 36:259(E), is under the supervision and control of the Louisiana Department of Health and Hospitals. The Board is composed of 14 members, 13 licensed and practicing dentists and one dental hygienist, appointed by the Governor who serve terms of five years. The Board has five employees. The Board is charged with the responsibility of screening applicants, preparing and administering examinations, issuing licenses for dentists and dental hygienists, and investigating complaints in the field of dentistry. Operations of the Board are funded with examination and license fees. As of June 30, 2010, there were 2,495 dentists and 2,037 hygienists licensed in the state.

The accounting and reporting framework and the more significant accounting principles and practices of the Board are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Board's financial activities for the fiscal year ended June 30, 2010.

1.B. FINANCIAL REPORTING ENTITY

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

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

1.C. BASIS OF PRESENTATION

Proprietary Fund Financial Statements

These financial statements are presented in conformance with GASB Statement No. 34, "Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments." Statement No. 34 establishes standards for financial reporting, with presentation requirements including a statement of net assets (or balance sheet), a statement of activities and changes in net

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.C. BASIS OF PRESENTATION (CONTINUED)

Proprietary Fund Financial Statements (Continued)

assets, and a statement of cash flows.

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.

1.D. ASSETS, LIABILITIES AND NET ASSETS

Cash and Cash Equivalents, Investments

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

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

Receivables

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

Prepays

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

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.D. ASSETS, LIABILITIES AND NET ASSETS (CONTINUED)

Capital Assets and Depreciation

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

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

<u>Type of Asset</u>	<u>Useful Lives</u>
Computer Software	3 - 5
Equipment	5 - 20
Improvements	10 - 50

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 liability in the proprietary fund statements. The current portion of this liability has historically been immaterial to the financial statements taken as a whole, and, as such, the entire balance at June 30, 2010 has been reported as a noncurrent liability.

Equity Classifications

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

- a. Investment in Capital Assets – Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.D. ASSETS, LIABILITIES AND NET ASSETS (CONTINUED)

Equity Classifications (Continued)

any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted Net Assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Assets – All other net assets that do not meet the definition of “restricted” or “investment in capital assets.”

1.E. REVENUES AND EXPENSES

Operating Revenues and Expenses

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

2.A. FUND ACCOUNTING REQUIREMENTS

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

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of the Board in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain 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),

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

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

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS (CONTINUED)

all financial institutions pledging collateral to the Board must have a written collateral agreement approved by the Board of Directors or loan committee. As reflected in Note 3.A., all deposits were fully insured or collateralized.

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

NOTE 3 - DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS

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

3.A. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

At June 30, 2010, the Board had cash and cash equivalents (book balances) as follows:

Petty Cash	\$ 200
Unrestricted Cash	<u>977,250</u>
	<u>\$ 977,450</u>

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 DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 3 - DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

3.A. DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

The deposits at June 30, 2010, consisted of the following:

	Cash	Certificates of Deposit	Total
Deposits at June 30, 2010 (bank balances)	\$ 997,687	\$ -	\$ 997,687
Bank Balances Insured by FDIC	250,000	-	250,000
Bank Balances of Deposits Exposed to Custodial Credit Risk			
a. Uninsured and Uncollateralized	-	-	-
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent but not in the Entity's Name	747,687	-	747,687
Total Bank Balances - All Deposits	\$ 997,687	\$ -	\$ 997,687

3.B. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Disposals	Balance June 30, 2010
Furniture and Equipment	\$ 55,158	\$ 19,640	\$ -	\$ 74,798
Software	19,375	23,158		42,533
Accumulated Depreciation and Amortization	(50,365)	(15,007)	-	(65,372)
Total Furniture and Equipment	\$ 24,168	\$ 27,791	\$ -	\$ 51,959

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 3 - DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS (CONTINUED)

3.C. ACCOUNTS PAYABLE

Payables are composed of payables to vendors in the amount of \$8,309.

3.D. NON-CURRENT LIABILITIES

As of June 30, 2010, the Non-Current Liabilities of the Board consisted of the following:

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Totals</u>
Deferred Revenue	\$ 603,950	\$ 217,950	\$ 821,900
Compensated Absences:			
Current Portion (Not Determinable)	-	-	-
Noncurrent Portion	-	38,069	38,069
OPEB Payable	-	270,600	270,600
Total Non-Current Liabilities	<u>\$ 603,950</u>	<u>\$ 526,619</u>	<u>\$ 1,130,569</u>

Changes in Non-Current Liabilities

The following is a summary of changes in Non-Current Liabilities for the year ended June 30, 2010:

Type of Debt	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Deferred Revenue	\$ 680,800	\$ 654,063	\$ (512,963)	\$ 821,900
Accrued Compensated Absences	43,780	14,732	(20,443)	38,069
OPEB Payable	187,280	83,320	-	270,600
Total Non-Current Liabilities	<u>\$ 911,860</u>	<u>\$ 752,115</u>	<u>\$ (533,406)</u>	<u>\$ 1,130,569</u>

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 4 - OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Pension Plan

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

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

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

Members are required by state statute to contribute at 7.5% of gross salary for those hired before July 1, 2006, and 8.0% of gross salary for those hired after July 1, 2006. 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, 2010 was 18.6% of annual covered payroll. The board contribution to the System for the years ending June 30, 2010, 2009, and 2008 were \$36,614, \$44,078, and \$62,549, respectively, which were equal to the required contributions for each year, respectively.

Post Employment Health Care and Life Insurance Benefits

Substantially all Board employees become eligible for post employment health care, dental, and life insurance benefits once they reach normal retirement age while working for the Board. These benefits for retirees and similar benefits for active employees are provided through the insurance company whose premiums are paid jointly by the employee and the Board. The Board recognizes the cost of providing these benefits as an expenditure when paid during the year. For the years ended June 30, 2010, 2009 and 2008, there was no cost of providing these benefits since there were no retirees.

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 4 - OTHER NOTES (CONTINUED)

4.A. 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. The cost was \$13,484 and \$9,166 for the employer for the years ended June 30, 2010 and 2009, respectively.

4.B. ESTIMATES

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

4.C. RISK MANAGEMENT

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

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

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

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 4 - OTHER NOTES (CONTINUED)

4.C. RISK MANAGEMENT (CONTINUED)

Public Entity Risk Pool

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

4.D. COMMITMENTS AND CONTINGENCIES

Contingencies

Litigation

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

4.E. OPERATING LEASE

Effective September 1, 2009, the Board entered into a 10 year lease for office space at 365 Canal Street, Suite 2680, New Orleans, LA. The terms of the lease require monthly payments ending in August, 2019. The current year expense is \$51,279.

Future minimum lease payments under capital lease are as follows:

Year Ending June 30,	Minimum Lease Payment
2011	\$ 51,521
2012	52,739
2013	52,983
2014	54,201
2015	54,445
2016 to 2020	235,573
Total minimum lease payments	<u>\$ 501,462</u>

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 4 - OTHER NOTES (CONTINUED)

4.F. COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$150 for each day and actual reimbursement for travel expense while they are engaged in the discharge of their duties. In addition, the president shall receive a salary in connection with his duties as set by the Board, as authorized by R.S. 37:755.

<u>Commissioner</u>	<u>No. of Days</u>	<u>Amount</u>
H.O. Blackwood, III	10	\$ 1,500
Charles T. McCabe, Jr., D.M.D.***	17	6,150
Christine M Guillaume	12	1,800
Dean Manning	24	3,600
Francis Martello	9	1,350
James Moreau	6	900
Conrad P. McVea, Jr.	22	3,300
Romell J. Madison	22	3,300
Samuel A. Trinca	34	5,100
John Taylor	5	750
Lynn Philippe**	11	5,250
David Melancon	5	750
Wilton Guillory	10	1,500
Marija LaSalle	17	2,550
Total		<u>\$ 37,800</u>

**Board President from June 2009 to December 2009.

***Board President from January 2010 to June 2010.

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

4.G POST EMPLOYMENT HEALTH CARE PLAN

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

Substantially all Board employees become eligible for post-employment health care and life insurance benefits if they reach normal retirement age while working for the Board. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Board. At June 30, 2010, no retirees were receiving post-employment benefits.

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 4 - OTHER NOTES (CONTINUED)

4.G POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Plan Description

The Board's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for fiscal year 2010) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan through the Office of Group Benefits. LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana's Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The contribution requirements of plan members and the Board are established and may be amended by LRS 42:801-883. The Plan is currently funded on a pay as you go basis through a combination of retiree and Board contributions. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Exclusive Provider Organization (EPO) Plan, and the Health Maintenance Organization (HMO) Plan. Retired employees who have Medicare Part A and Part B coverage also have access to two OGB Medicare Advantage plans which includes one HMO plan and one private fee-for-service (PFF) plan. The following is a summary of Plan provisions

Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

<u>Service</u>	<u>Employer Percentage</u>	<u>Employee Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 4 - OTHER NOTES (CONTINUED)

4.G POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Funding Policy (Continued)

Total monthly per capita premium equivalent rates for the year ended June 30, 2010 were as follows:

	<u>PPO</u>	<u>HMO</u>	<u>EPO</u>
Single Active	\$ 558.64	\$ 536.36	\$ 581.04
Retired without Medicare			
Single	1,039.28	997.72	1,080.80
With Spouse	1,835.20	1,761.72	1,908.56
Retired with 1 Medicare			
Single	337.96	324.44	351.48
With Spouse	1,248.72	1,198.68	1,298.64
Retired with 2 Medicare			
Single	337.96	324.44	351.48
With Spouse	607.48	583.16	631.72

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

The monthly premium rates for Medicare Supplement Plans are:

	Retired With	
	<u>1 Medicare</u>	<u>2 Medicare</u>
Humana FFS	\$ 165.00	\$ 330.00
HumanaHMO	149.00	298.00
Peoples Health	142.00	284.00
Secure Horizons	198.00	396.00
Vantage	165.00	330.00

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 4 - OTHER NOTES (CONTINUED)

4.G POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Funding Policy (Continued)

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

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

Additional supplemental life insurance based on pay at retirement is available. Spouse life insurance amounts of \$1,000, \$2,000 or \$4,000 are available. Retirees pay \$0.50 for each \$1,000 of life insurance coverage and \$0.88 for each \$1,000 of spouse life insurance coverage.

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, 2009, is \$83,200 as set forth below:

Normal Cost	\$	47,000
30-Year UAL Amortization Amount		33,200
Interest on the Above		3,000
Annual Required Contribution (ARC)	<u>\$</u>	<u>83,200</u>

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 4 - OTHER NOTES (CONTINUED)

4.G POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

Annual OPEB Cost (Continued)

The following table presents the Board's OPEB Obligation for the year ended June 30, 2010:

Beginning Net OPEB Obligation July 1, 2009 (NOO)	\$ 187,280
Annual Required Contribution	83,200
Interest on NOO	7,500
ARC Adjustment	(7,100)
Current Annual OPEB Cost	<u>83,600</u>
Contributions Made	-
Claim Costs	-
Ending Net OPEB Obligation June 30, 2010	<u>\$ 270,880</u>

Utilizing the pay-as-you-go method, the Board contributed 0.00% of the annual post employment benefits cost during the years ended June 30, 2010, 2009, and 2008, respectively. The annual OPEB costs for the years ended June 30, 2009 and 2008 amounted to \$86,780 and \$93,273, respectively. The Ending Net OPEB Obligation for the years ended June 30, 2009 and 2008 amounted to \$187,280 and \$93,273, respectively.

Funded Status and Funding Progress

In the year ended June 30, 2010, the Board made no contributions to its post employment benefits plan trust. A trust was established during the year ended June 30, 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial liability of \$869,600 was unfunded.

The funded status of the plan as of July 1, 2009, was as follows:

Actuarial Accrued Liability (AAL)	\$ 869,600
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 869,600</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Annual Payroll of Active Employee Covered by the Plan)	\$ 224,000
UAAL as a Percentage of Covered Payroll	388%

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

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2010**

NOTE 4 - OTHER NOTES (CONTINUED)

4.G POST EMPLOYMENT HEALTH CARE PLAN (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 far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8.5% and 9.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2009, was twenty-five years.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the basic financial statements of the Louisiana State Board of Dentistry (the Board), a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, and have issued our report thereon dated August 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Malcolm M. Dienes, L.L.C.

August 25, 2010

LOUISIANA STATE BOARD OF DENTISTRY

Schedule of Findings and Responses
For the Year Ended June 30, 2010

We have audited the basic financial statements of the Louisiana State Board of Dentistry as of and for the year ended June 30, 2010, and have issued our report thereon dated August 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2010, 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 Significant Deficiencies [] Yes [X] No

Compliance

Compliance Material to Financial Statements [] Yes [X] No

B. Federal Awards [X] Not Applicable

Internal Control

Material Weaknesses [] Yes [] No Reportable Conditions [] Yes [] No

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

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

Was a management letter issued? [] Yes [X] No

C. Identification of Major Programs:

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

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

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

LOUISIANA STATE BOARD OF DENTISTRY

**Schedule of Findings and Responses (Continued)
For the Year Ended June 30, 2010**

Section II Financial Statement Findings

NONE

Section III Federal Award Findings and Questioned Costs

NONE

LOUISIANA STATE BOARD OF DENTISTRY

**Schedule of Prior Year Findings
For the Year Ended June 30, 2010**

Section I Internal Control and Compliance Material to Financial Statements

<u>Prior Year Finding Number</u>	<u>Description</u>	<u>Status at June 30, 2010</u>
2009-1	Professional Services Contracts	In compliance

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

N/A



August 25, 2010

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

We have audited the financial statements of the business-type activities of the Louisiana State Board of Dentistry (the Board) for the year ended June 30, 2010, and have issued our report thereon dated August 25, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 29, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statement was:

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has determined that the effects of the uncorrected trivial misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 25, 2010.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Very truly yours,

Malcolm M. Dienes, L.L.C.

August 25, 2010

SUPPLEMENTAL INFORMATION REQUIRED BY

**STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF STATEWIDE REPORTING
AND ACCOUNTING POLICY**

LOUISIANA STATE BOARD OF DENTISTRY

ANNUAL FISCAL REPORT

JUNE 30, 2010

LOUISIANA STATE BOARD OF DENTISTRY
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2010

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SHARP & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL ACCOUNTING CORPORATION

401 WHITNEY AVENUE SUITE 100
GRETNA, LOUISIANA 70056
Telephone (504) 362-5340 Fax (504) 362-5843

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
LOUISIANA STATE BOARD OF DENTISTRY
New Orleans, Louisiana

We have compiled the accompanying financial statements of the business-type activities of the LOUISIANA STATE BOARD OF DENTISTRY, component unit of the State of Louisiana – Department of Health and Hospitals, as of and for the year ended June 30, 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

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

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

SHARP & COMPANY, CPAs

A Professional Accounting Corporation

Gretna, Louisiana
August 16, 2010

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2010

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

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
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1600 N. Third Street
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AFFIDAVIT

Personally came and appeared before the undersigned authority, C. BARRY OWEN (Name)
(Title) of the Louisiana State Board of Dentistry who duly sworn, deposes and says, that the financial statements
herewith given present fairly the financial position of the Louisiana State Board of Dentistry at June 30, 2010 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 30th day of

August, 20 10
C. A.
Signature of Agency Official

Marian Beane
NOTARY PUBLIC
MARIAN BEANE N.P. NO. 9423
BAR NO. 08693
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Prepared by: _____
Title: _____
Telephone No.: _____
Date: _____
Email Address: _____

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010**

Management's Discussion and Analysis of the Louisiana State Board of Dentistry's financial performance presents a narrative overview and analysis of the Louisiana State Board of Dentistry's financial activities for the year ended June 30, 2010. 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 Accountant's Compilation Report and in the Louisiana State Board of Dentistry's financial statements, which begin with Statement A.

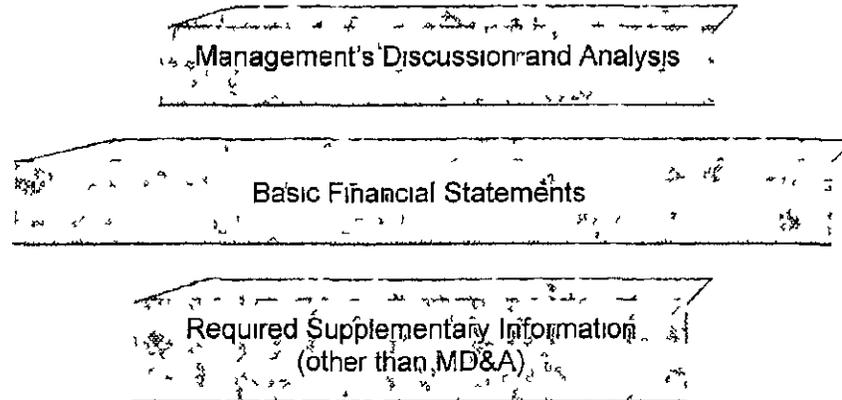
FINANCIAL HIGHLIGHTS

- ★ The Louisiana State Board of Dentistry's liabilities exceeded its assets at the close of fiscal year 2010 by \$104,238, which represents a 65.6% increase from last fiscal year. The net assets decreased by \$41,276 (or 65.6%).
- ★ The Louisiana State Board of Dentistry's revenue increased \$201,685 (or 22.3%) and the net results from activities increased by \$62,605 (or 59.2%).
- ★ The Louisiana State Board of Dentistry (the Board) renews licenses every two calendar years ending December 31st. The Board reports its annual financial statements on a fiscal year basis ending June 30th. Therefore the Board's revenue from license renewals is recognized over three fiscal year periods: 25% in the first fiscal year ending June 30 (January – June of year 1 of the renewal term), 50% in the next fiscal year (July – December of year 1 and January – June of year 2 of the renewal term), and 25% in the following fiscal year (July – December of year 2 of the renewal term). Renewal rates were raised in December 2009. The effect of this rate increase will not be fully reflected in the financial statements until fiscal year ending June 30, 2011. These timing differences between the cash collection of license renewal fees and the recognition of license revenue results in cash reported on the June 30, 2010 Statement of Net Assets that will be recognized as revenue and therefore reflected as an increase in net assets over the next two fiscal years. No significant decline in collections is expected in the future as all Dentists & Hygienists in the state are required to pay the license fee in order to practice.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

Basic Financial Statements

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

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

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

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

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF DENTISTRY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2010

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
 as of June 30, 2010
 (in thousands)

	Total	
	2010	2009
Current and other assets	\$ 982	\$ 827
Capital assets	52	24
Total assets	<u>1,034</u>	<u>851</u>
Other liabilities	612	515
Long-term debt outstanding	526	399
Total liabilities	<u>1,138</u>	<u>914</u>
Net assets		
Invested in capital assets, net of debt	52	24
Restricted	-	-
Unrestricted	(156)	(87)
Total net assets	<u>\$ (104)</u>	<u>\$ (63)</u>

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

Net assets of Louisiana State Board of Dentistry decreased by \$41,276, or 65.6%, from June 30, 2009 to June 30, 2010. Causes of this decrease include an increase in legal and investigation costs due to an increase in disciplinary actions, and an increase in computer support services due to the implementation of a new database and the computer hardware that supports it.

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF DENTISTRY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2010

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 for the years ended June 30, 2010
 (in thousands)

	Total	
	2010	2009
Operating revenues	\$ 1,104	\$ 899
Operating expenses †	1,147	1,005
Operating income(loss)	<u>(43)</u>	<u>(106)</u>
Non-operating revenues	2	5
Non operating expenses	-	-
Income(loss) before transfers	<u>(41)</u>	<u>(101)</u>
Transfers in	-	-
Transfers out	-	-
Net increase(decrease) in net assets	<u>\$ (41)</u>	<u>\$ (101)</u>

The Louisiana State Board of Dentistry's total revenues increased by \$ 201,685 or (22.3%) The total cost of all programs and services increased by \$142,392 or 14.2%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year ended June 30, 2010 the Louisiana State Board of Dentistry had \$51,959 invested in capital assets (See accompanying Table) This amount represents a net increase (including additions and deductions) of \$27,792, or 115.0%, over last year

This year's major additions included (in thousands)

- o Server, \$14
- o Database system, \$41

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2010**

Capital assets consisted of the following as of June 30, 2010 and 2009 (in thousands):

	<u>2010</u>	<u>2009</u>
Equipment	\$ 20	\$ 5
Intangible Assets (Software)	<u>32</u>	<u>19</u>
Totals	\$ <u>52</u>	\$ <u>24</u>

Debt

The Louisiana State Board of Dentistry's obligations include accrued vacation pay in the amount of \$38,069, other postemployment benefits obligations of \$270,600, and long-term deferred revenues in the amount of \$217,950.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$95,000 over budget due to higher than anticipated revenues from anesthesia permits, expanded duty dental assistant licensing fees, and several other sources. Expenditures were approximately equal to budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The Board has authorized the purchase of approximately \$6,000 of new computer hardware and software to upgrade the Board's computer system.
- Starting in late 2010, the Board will accept credit card payment for license renewals. The credit card transaction fees will be an additional expense to the Board, since there are currently no plans to pass these transaction fees on to licensees.

The Louisiana State Board of Dentistry expects that next year's results will be affected by the factors listed above and the following:

- Revenues from anesthesia permits are expected to level off or decrease in comparison to recent years. Revenues from anesthesia permits had increased in recent years due to an additional fee for enteral conscious sedation permits. This trend is not expected to continue since most licensees who intend to use this form of sedation have already received this permit.

CONTACTING THE LOUISIANA STATE BOARD OF DENTISTRY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Dentistry's finances and to show the Louisiana State Board of Dentistry's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Barry Ogden at (504) 568-8574.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

Statement A

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 977,450
Restricted Cash and Cash Equivalents	
Investments	
Derivative instrument	
Deferred outflow of resources	
Receivables (net of allowance for doubtful accounts)	
Due from other funds	
Due from federal government	
Inventories	
Prepayments	5,231
Notes receivable	
Other current assets	
Total current assets	982,681

NONCURRENT ASSETS:

Restricted assets:	
Cash	
Investments	
Receivables	
Investments	
Notes receivable	
Capital assets, net of depreciation	
Land and non-depreciable easements	
Buildings and improvements	
Machinery and equipment	20,207
Infrastructure	
Intangible assets	31,752
Construction/Development-in-progress	
Other noncurrent assets	
Total noncurrent assets	51,959
Total assets	\$ 1,034,640

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals	\$ 8,309
Derivative instrument	
Deferred inflow of resources	
Due to other funds	
Due to federal government	
Deferred revenues	603,950
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities:	
Contracts payable	
Compensated absences payable	
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	612,259

NONCURRENT LIABILITIES:

Contracts payable	
Compensated absences payable	38,069
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Deferred revenues	217,950
OPEB payable	270,600
Other long-term liabilities	
Total noncurrent liabilities	526,619
Total liabilities	1,138,878

NET ASSETS

Invested in capital assets, net of related debt	51,959
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	(156,197)
Total net assets	(104,238)
Total liabilities and net assets	\$ 1,034,640

See Accountant's Compilation Report and Notes to the Financial Statements.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

Statement B

OPERATING REVENUE	
Sales of commodities and services	\$ 21,500
Assessments	68,750
Use of money and property	
Licenses, permits, and fees	1,013,532
Other	
Total operating revenues	1,103,782
OPERATING EXPENSES	
Cost of sales and services	891,912
Administrative	239,976
Depreciation	4,225
Amortization	10,781
Total operating expenses	1,146,894
Operating income(loss)	(43,112)
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue - Interest income	1,836
Other expense	
Total non-operating revenues(expenses)	1,836
Income(loss) before contributions, extraordinary items, & transfers	(41,276)
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	(41,276)
Total net assets – beginning	(62,962)
Total net assets – ending	\$ (104,238)

See Accountant's Compilation Report and Notes to the Financial Statements.

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF DENTISTRY
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2010

Statement C

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Entity	\$ 1,146,894	\$ 1,103,782	\$ _____	\$ _____	\$ (43,112)
General revenues:					
Taxes					_____
State appropriations					_____
Grants and contributions not restricted to specific programs					_____
Interest					1,836
Miscellaneous					_____
Special items					_____
Extraordinary item - Loss on impairment of capital assets					_____
Transfers					_____
Total general revenues, special items, and transfers					1,836
Change in net assets					(41,276)
Net assets - beginning					(62,962)
Net assets - ending					\$ (104,238)

See Accountant's Compilation Report and Notes to the Financial Statements.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

Statement D

Cash flows from operating activities		
Cash received from customers	\$ 1,244,881	
Cash payments to suppliers for goods and services	(540,432)	
Cash payments to employees for services	(505,969)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>198,480</u>
Cash flows from non-capital financing activities		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		<u> </u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(42,798)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(42,798)</u>
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	1,836	
Net cash provided(used) by investing activities		<u>1,836</u>
Net increase(decrease) in cash and cash equivalents		<u>157,518</u>
Cash and cash equivalents at beginning of year		<u>819,932</u>
Cash and cash equivalents at end of year	\$	<u><u>977,450</u></u>

See Accountant's Compilation Report and Notes to the Financial Statements.

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF DENTISTRY
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2010**

**Statement D
 (concluded)**

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

Operating income(loss)	\$	<u>(43,112)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	<u>15,006</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>1,285</u>	
(Increase)decrease in inventories	<u> </u>	
(Increase)decrease in other assets	<u> </u>	
Increase(decrease) in accounts payable and accruals	<u>6,592</u>	
Increase(decrease) in compensated absences payable	<u>(5,711)</u>	
Increase(decrease) in due to other funds	<u> </u>	
Increase(decrease) in deferred revenues	<u>141,100</u>	
Increase(decrease) in OPEB payable	<u>83,320</u>	
Increase(decrease) in other liabilities	<u> </u>	
Net cash provided(used) by operating activities	\$	<u>198,480</u>

Schedule of noncash investing, capital, and financing activities:

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

See Accountant's Compilation Report and Notes to the Financial Statements.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
Notes to the Financial Statements
As of and for the year ended June 30, 2010**

INTRODUCTION

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

The Board is charged with the responsibility of screening applicants, preparing and administering examinations, issuing licenses for dentists and dental hygienists, and investigating complaints in the field of dentistry in the state of Louisiana. Operations of the Board are funded with examination and license fees. The Board is composed of 14 members: 13 licensed and practicing dentists and one dental hygienist. Board members serve terms of five years and are appointed by the Governor. The Board has five employees.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

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

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

Revenue Recognition

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

Expense Recognition

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

Since the Board is a proprietary fund, only proprietary fund financial statements are presented here. As a proprietary fund, the Board's accounting is maintained using the economic resources measurement focus and the accrual basis of accounting.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
Notes to the Financial Statements
As of and for the year ended June 30, 2010

Operating revenues in 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.

Proprietary fund net assets are divided into three components:

Invested in capital assets, net of related debt

Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net assets

Consist of net assets that are restricted by the entity's creditors, grantors, or contributors, by the state enabling legislation, or by the laws or regulations of other governments. The Board has no restricted net assets.

Unrestricted

All other net assets are reported in this category.

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

B. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

DEPOSITS WITH FINANCIAL INSTITUTIONS

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

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

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

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
Notes to the Financial Statements
As of and for the year ended June 30, 2010

the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

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

The deposits at June 30, 2010, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 977,250			\$ 977,250
Deposits in bank accounts per bank	\$ 997,688			\$ 997,688
Bank balances insured by FDIC	\$ 250,000			\$ 250,000
Bank balances exposed to custodial credit risk:				
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name	\$ 747,688			\$ 747,688

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

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

Banking Institution	Program	Amount
1. Capital One - Operating	Dentistry Licensing & Oversight	\$ 45,000
2. Capital One - Investment	Dentistry Licensing & Oversight	952,688
3.		
4.		
Total		\$ 997,688

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	\$ -0-
Petty cash	\$ 200

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF DENTISTRY
 Notes to the Financial Statements
 As of and for the year ended June 30, 2010

C. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

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

	Year ended June 30, 2010							
	Prior Period Adjustments			Adjusted Balance 6/30/2009	Additions	Transfers*	Retirements	Balance 6/30/2010
	Balance 6/30/2009	Adj. after submitted to OSRAP (+/-)	Restatements (+/-)					
Capital assets not being depreciated								
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-depreciable land improvements	-	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-	-
Software Development in Progress	-	-	-	-	-	-	-	-
Construction in progress (CIP)	-	-	-	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-	-	-	-
Other capital assets								
Machinery and equipment	55,158	-	-	55,158	19,640	-	-	74,798
Less accumulated depreciation	(50,366)	-	-	(50,366)	(4,225)	-	-	(54,591)
Total Machinery and equipment	4,792	-	-	4,792	15,415	-	-	20,207
Buildings and improvements	-	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-	-
Total buildings and improvements	-	-	-	-	-	-	-	-
Depreciable land improvements	-	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-	-
Software (internally generated and purchased)	19,375	-	-	19,375	23,158	-	-	42,533
Other intangibles	-	-	-	-	-	-	-	-
Less accumulated amortization - software	-	-	-	-	(10,781)	-	-	(10,781)
Less accumulated amortization - other intangibles	-	-	-	-	-	-	-	-
Total intangibles	19,375	-	-	19,375	12,377	-	-	31,752
Total other capital assets	24,167	-	-	24,167	27,792	-	-	51,959
Capital assets not being depreciated	-	-	-	-	-	-	-	-
Other capital assets, at cost	74,533	-	-	74,533	42,798	-	-	117,331
Total cost of capital assets	74,533	-	-	74,533	42,798	-	-	117,331
Less accumulated depreciation and amortization	(50,366)	-	-	(50,366)	(15,006)	-	-	(65,372)
Capital assets, net	\$ 24,167	\$ -	\$ -	\$ 24,167	\$ 27,792	\$ -	\$ -	\$ 51,959

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

** Enter a negative number with the exception of accumulated depreciation in the retirement and prior period adjustment column.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
Notes to the Financial Statements
As of and for the year ended June 30, 2010**

D. LEAVE

COMPENSATED ABSENCES

The Board has the following policy on annual and sick leave:

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the financial statements when earned. At June 30, 2010, employees of the Board had accumulated and vested \$38,069 of employee leave benefits. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

E. RETIREMENT SYSTEM

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

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

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

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
Notes to the Financial Statements
As of and for the year ended June 30, 2010

obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

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

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2010, was 17% of annual covered payroll, similar to the 18% and 20% required in fiscal years ended June 30, 2009 and 2008 respectively. The Board contributions to the System for the years ending June 30, 2010, 2009, and 2008, were \$36,613, \$44,078, and \$65,189, respectively, equal to the required contributions for each year.

F. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

CONTINUING HEALTH CARE AND LIFE INSURANCE BENEFITS

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

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

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

The OPEB obligation of \$270,600 at June 30, 2010, was determined using estimates prepared by an actuary employed by management of the State of Louisiana.

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF DENTISTRY
 Notes to the Financial Statements
 As of and for the year ended June 30, 2010

Annual OPEB expense and net OPEB Obligation

Fiscal year ending	6/30/2010
1. ARC	\$ 83,200
2. Interest on NOO (4%)	7,500
3. ARC adjustment	(7,100)
4. Annual OPEB Expense (1. + 2. - 3.)	83,600
5. Contributions (employer pmts. to OGB for retirees' cost of 2010 insurance premiums)	-
6. Increase in Net OPEB Obligation (4. - 5.)	83,600
7. NOO, beginning of year	<u>187,000</u>
8. NOO, end of year (6. + 7.)	<u>\$ 270,600</u>

OPEB expense and obligation of \$83,600, \$86,780, and \$93,273 were recognized in the fiscal years ended June 30, 2010, 2009, and 2008, respectively. No contributions to OPEB were made during the years ended June 30, 2010, 2009, and 2008 since the Board had no retirees during those periods.

DEFERRED COMPENSATION PLAN

Employees of the Board participate in the Louisiana Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana. The costs to the employer were \$11,400 and \$11,000 for 2010 and 2009, respectively.

G. LEASES

OPERATING LEASES

The total payments for operating leases during fiscal year ended June 30, 2010 amounted to \$51,279. A schedule of payments for operating leases follows:

Nature of lease	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016- 2020
Office Space	\$ 51,521	\$ 52,739	\$ 52,983	\$ 54,201	\$ 54,445	\$ 235,573
Equipment	-	-	-	-	-	-
Land	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	<u>\$ 51,521</u>	<u>\$ 52,739</u>	<u>\$ 52,983</u>	<u>\$ 54,201</u>	<u>\$ 54,445</u>	<u>\$ 235,573</u>

H. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2010, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Operating	\$ 4,507	\$ 3,802	\$ -	\$ -	\$ 8,309
Total payables	<u>\$ 4,507</u>	<u>\$ 3,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,309</u>

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
Notes to the Financial Statements
As of and for the year ended June 30, 2010**

I. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2010:

	<u>Year ended June 30, 2010</u>			Balance June 30, 2010	Amounts due within one year
	Balance June 30, 2009	Additions	Reductions		
Notes and bonds payable:					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total notes and bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other liabilities:					
Contracts payable	-	-	-	-	-
Compensated absences payable	43,780	14,732	20,443	38,069	-
Capital lease obligations	-	-	-	-	-
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	187,280	83,320	-	270,600	-
Deferred revenues	680,800	654,063	512,963	821,900	603,950
Other long-term liabilities					
Total other liabilities	<u>911,860</u>	<u>752,115</u>	<u>533,406</u>	<u>1,130,569</u>	<u>603,950</u>
Total long-term liabilities	<u>\$ 911,860</u>	<u>\$ 752,115</u>	<u>\$ 533,406</u>	<u>\$ 1,130,569</u>	<u>\$ 603,950</u>

J. LITIGATION

The Board participates in the Louisiana State Office of Risk Management (public entity risk pool), which is responsible for negotiating, compromising, and settling all claims including all tort claims against the Board. The Board's legal advisors estimate that potential claims not covered by insurance would not affect the financial statements. For the year ended June 30, 2010, there were no contingent liabilities included in the financial statements.

Claims and litigation costs of \$154,346 were incurred in the current year and are reflected in the accompanying financial statement. These costs resulted from lawsuits and investigations against dentists.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2010**

Name	Amount
<u>H. O. Blackwood, III</u>	\$ <u>1,500</u>
<u>Christine M. Guillaume</u>	<u>1,800</u>
<u>Wilton Guillory</u>	<u>1,500</u>
<u>Marija LaSalle</u>	<u>2,550</u>
<u>Romall J. Madison</u>	<u>3,300</u>
<u>Dean Manning</u>	<u>3,600</u>
<u>Francis Martello</u>	<u>1,350</u>
<u>Charles T. Mc Cabe, Jr.</u>	<u>6,150</u>
<u>Conrad P. Mc Vea, Jr.</u>	<u>3,300</u>
<u>David L. Melancon</u>	<u>750</u>
<u>James Moreau</u>	<u>900</u>
<u>Lynn Philippe</u>	<u>5,250</u>
<u>John Taylor</u>	<u>750</u>
<u>Samuel A. Trinca</u>	<u>5,100</u>
 Total	 \$ <u><u>37,800</u></u>

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

SCHEDULE 1

See Accountant's Compilation Report.

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

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 1,105,618	\$ 903,933	\$ 201,685	\$ 22.3%
Expenses	1,146,894	1,004,502	142,392	14.2%
2) Capital assets	51,959	24,167	27,792	115.0%
Long-term debt	526,619	398,897	127,722	32.0%
Net Assets	(104,238)	(62,962)	(41,276)	(65.6%)
Explanation for change:	<hr/> <hr/> <hr/> <hr/>			

SCHEDULE 2

See Accountant's Compilation Report.