

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA**

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

**AS OF AND FOR THE
YEAR ENDED DECEMBER 31, 2012**

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

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Louisiana Society of Certified Public Accountants
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Association of Governmental Accountants
Governmental Audit Quality Control Center

ACCOUNTANTS' COMPILATION REPORT

To the Board Members of the
Louisiana State Board of Barber Examiners
P. O. Box 14029
Baton Rouge, Louisiana 70898-4029

We have compiled the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Louisiana State Board of Barber Examiners, a component unit of the State of Louisiana, as of December 31, 2012, and for the year then ended, which collectively comprise the Board's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

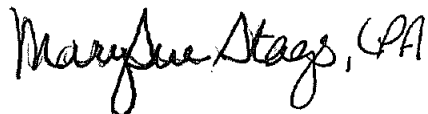
The management of the Louisiana State Board of Barber Examiners is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Louisiana State Board of Barber Examiners in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusion about the Board's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated June 28, 2013, on the results of agreed-upon procedures.

The budgetary comparison information is not a required part of the basic financial statements. We have compiled this supplemental 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 supplemental information.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive style.

Mary Sue Stages, CPA
A Professional Accounting Corporation
Baker, LA
June 28, 2013

BASIC FINANCIAL STATEMENTS

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	Business-type Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 277,808.37
Non-Current Assets	
Investments	91,792.96
Security deposits	950.00
Property and equipment, net	379.95
Total Non-Current Assets	93,122.91
Total Assets	370,931.28
 DEFERRED OUTFLOWS OF RESOURCES	
-	
 LIABILITIES	
Current Liabilities	
Accounts payable	10,291.57
Deferred revenues	55,290.00
Total Current Liabilities	65,581.57
Long-Term Liabilities	
Compensated absences payable	14,408.13
Other post-employment benefits plan payable	247,516.68
Total Long-Term Liabilities	261,924.81
Total Liabilities	327,506.38
 DEFERRED INFLOWS OF RESOURCES	
-	
 NET POSITION	
Net investment in capital assets	379.95
Unrestricted	43,044.95
Total Net Position	43,424.90

See Accountants' Compilation Report

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2012**

	<u>Business-type Activities</u>
OPERATING REVENUES	
Sales	\$ 540.00
Licenses and other fees	512,638.03
Refunds/reimbursements	<u>5,677.69</u>
Total Operating Revenues	518,855.72
 OPERATING EXPENSES	
Salaries and related benefits	302,650.34
Meetings, conferences and travel	68,136.74
Professional services	26,295.98
Depreciation	375.00
General and administrative	<u>51,422.03</u>
Total Operating Expenses	<u>448,880.09</u>
Operating Income	69,975.63
 NON-OPERATING REVENUES (EXPENSES)	
Interest income	<u>635.62</u>
Change in Net Position	70,611.25
Total Net Position (Deficit), beginning	<u>(27,186.35)</u>
Total Net Position, ending	<u><u>43,424.90</u></u>

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012**

	<u>Business-type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 536,965.72
Cash paid to suppliers for goods/services	(145,212.70)
Cash paid to employees for services	<u>(294,935.53)</u>
Net Cash Provided by Operating Activities	96,817.49
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase/maturity of investments	(283.02)
Interest received from investments	<u>635.62</u>
Net Cash Provided by Investing Activities	<u>352.60</u>
Net Increase in Cash and Cash Equivalents	97,170.09
Cash and Cash Equivalents, beginning of year	<u>180,638.28</u>
Cash and Cash Equivalents, end of year	<u><u>277,808.37</u></u>

Continued

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED DECEMBER 31, 2012**

	<u>Business-Type Activities</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	69,975.63
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	375.00
Increase (decrease) in liabilities:	
Accounts payable	642.05
Deferred revenues	18,110.00
Compensated absences payables	(6,801.87)
Other post-employment benefits plan payable	<u>14,516.68</u>
Net Cash Provided by Operating Activities	<u><u>96,817.49</u></u>

See Accountants' Compilation Report

SUPPLEMENTAL SCHEDULES AND INFORMATION

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
BUDGETARY COMPARISON SCHEDULE
ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2012**

	Budgeted (GAAP Basis)		Actual	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
OPERATING REVENUES				
Sales	\$ 1,000.00	\$ 1,000.00	\$ 540.00	\$ (460.00)
Licenses and other fees	497,500.00	497,500.00	512,638.03	15,138.03
Other	-	-	5,677.69	5,677.69
Total Operating Revenues	498,500.00	498,500.00	518,855.72	20,355.72
OPERATING EXPENSES				
Depreciation	375.00	375.00	375.00	-
Office and supplies	41,483.00	41,483.00	23,787.16	17,695.84
Meetings/conferences	10,500.00	10,500.00	10,780.00	(280.00)
Professional services	31,300.00	31,300.00	26,295.98	5,004.02
Repairs and maintenance	100.00	100.00	75.40	24.60
Rent - equipment	7,790.00	7,790.00	8,185.00	(395.00)
Rent - premises/bldg expense	12,000.00	12,000.00	12,000.00	-
OPEB	15,000.00	15,000.00	14,516.68	483.32
Salaries and related benefits	321,327.00	321,327.00	288,133.66	33,193.34
Telephone	9,000.00	9,000.00	7,374.47	1,625.53
Travel - board members	9,000.00	9,000.00	8,208.88	791.12
Travel - staff	54,000.00	54,000.00	49,147.86	4,852.14
Total Operating Expenses	511,875.00	511,875.00	448,880.09	62,994.91
Operating Income (Loss)	(13,375.00)	(13,375.00)	69,975.63	83,350.63
NON-OPERATING REVENUES (EXPENSES)				
Interest income	1,600.00	1,600.00	635.62	(964.38)
Change in Net Position	(11,775.00)	(11,775.00)	70,611.25	82,386.25
Net Position (Deficit), beginning	(27,186.35)	(27,186.35)	(27,186.35)	-
Net Position, ending	(38,961.35)	(38,961.35)	43,424.90	82,386.25

See Accountant's Compilation Report

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
YEAR ENDED DECEMBER 31, 2012**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem paid to board members is presented for the year ended December 31, 2012.

<u>Name</u>	<u>Amount</u>
Adams, James	\$ 5,125.00
Broussard, Alton	1,125.00
Vice, Scott	3,000.00
Craig Pollard	1,250.00
Rebecca Villeneuve	<u>1,125.00</u>
Total	<u>11,625.00</u>

See Accountants' Compilation Report

**MARY SUE STAGES, CPA
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Association of Governmental Accountants
Governmental Audit Quality Control Center*

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board Members of the
Louisiana State Board of Barber Examiners
P. O. Box 14029
Baton Rouge, Louisiana 70898

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable".

Management of the Louisiana State Board of Barber Examiners, a component unit of the State of Louisiana, is responsible for its financial records, establishing internal controls over financial reporting and compliance with applicable laws and regulations. These procedures were agreed to by management of the Louisiana State Board of Barber Examiners and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Louisiana State Board of Barber Examiners' compliance with certain laws and regulations during the year ended December 31, 2012.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

General

1. Determine if there are adequate written policies and procedures for the primary financial and business functions of the entity.

No exceptions noted.

2. Perform analytical procedures comparing current and prior year financial statements by line item. Identify and obtain explanations for variances of 10% or greater for line items and/or 10% or more of the respective assets, liabilities, equity, revenues and expenses.

No exceptions noted.

Cash

1. Prepare a proof of cash for the period covered by the financial statements.

This was accomplished for each bank account maintained by the Board.

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

No exceptions noted.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal or calendar year agrees to the general ledger.

No exceptions noted.

Credit Cards

1. Obtain from management a listing of all active credit/debit cards for the period under examination, including the card numbers and the names of the persons who maintained possession of the card.

Not applicable.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most activity:

- A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

1. Determine if each purchase is supported by:
 - i. An original itemized receipt;
 - ii. Documentation of the business/public purpose;
 - iii. Other documentation as may be required by policy; and
2. Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law.

- B. Determine if there is evidence of management review of the two selected statements.

Not applicable.

Travel and Expense Reimbursement

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:
 - A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation and choose the largest expense report from each person to review in detail:
 1. Determine if each expenditure is:
 - i. Reimbursed in accordance with written policy and applicable laws;
 - ii. For an appropriate and necessary business purpose relative to the travel; and
 2. Determine if each expenditure is supported by:
 - i. An original itemized receipt;
 - ii. Documentation of the business/public purpose;
 - iii. Other documentation as may be required by policy; and
 3. Determine if each expense report was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exception - The expense reports did not include written evidence of review/approval.

Contracts

1. Review accounting records for the period under examination to identify individuals/businesses being paid for contracted services. Select five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports these services arrangement.

No exceptions noted.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period - (1) services; (2) materials and supplies; and (3) public works.
 - A. Obtain the selected contract and the related paid invoices and:
 1. Determine if the contract is a related party transaction by obtaining management's representation; and
 2. Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:
 - i. If yes, determine if the entity complied with all requirements; and
 - ii. If no, determine if the entity provided an open and competitive atmosphere for the transaction/work; and

3. Determine if the contract was amended:
 - i. If so, determine whether the original contract contemplated or provided for such an amendment; and
 - ii. Determine if the amendment is outside of the scope of the original contract:
 - A. If so, whether it should have been separately bid and contracted; and
4. Select the largest payment from each of the three largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract; and
5. Determine if there is documentation of board approval, if required.

No exceptions noted.

Payroll and Personnel

1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:
 - A. Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure; and
 - B. Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

No exceptions noted.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:
 - A. Determine if all employees are documenting their daily attendance and leave; and
 - B. Determine if supervisors are approving, in writing, the attendance and leave of all employees; and
 - C. Determine if the entity is maintaining accurate written leave records on all eligible employees.

Exception - There is in written evidence of supervisory approval of attendance and leave records.

3. Select the two largest termination payments made during the period under examination. Determine if the payments were supported by adequate documentation made in strict accordance with policy and/or contract and properly approved.

Not applicable.

Budget

1. Obtain a copy of the legally adopted budget and all amendments.

Copies were obtained.

2. Trace the budget adoption and amendments to the minute book.

The adoption was traced to the minute book. There were no amendments.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

No exceptions noted.

Debt

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

Not applicable.

2. Determine compliance with applicable debt covenants.

Not applicable.

Corrective Action

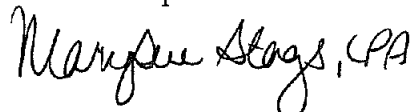
1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Please refer to Management's Corrective Action Plan later in this report.

The prior year's report, issued on June 29, 2012, did not include any exceptions.

We were not engaged to perform, and did not perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Louisiana State Board of Barber Examiners and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:515, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA
A Professional Accounting Corporation
Baker, LA
June 28, 2013

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2012**

2012.01 Travel/Expense Reimbursement

Criteria. Management is responsible for implementing an effective internal control system to safeguard the public assets in which its governmental agency has been entrusted.

Condition. Travel/expense reimbursement requests from employees did not include written evidence of supervisory review and approval.

Effect. Policies and procedures in place for strong internal controls are compromised thus allowing fraud and/or abuse to possibly go undetected or not detected in a timely manner.

Recommendation. We recommend that supervisory review and approval be made evident by signing/dating all travel/expense reimbursement requests.

Management's Response. While the travel/expense reimbursement requests are reviewed, management failed to follow-up with signatures. This finding will be remedied immediately.

2012.02 Attendance/Leave Records

Criteria. Management is responsible for implementing an effective internal control system to safeguard the public assets in which its governmental agency has been entrusted.

Condition. Attendance and Leave Records from employees did not include written evidence of supervisory review and approval.

Effect. Policies and procedures in place for strong internal controls are compromised thus allowing fraud and/or abuse to possibly go undetected or not detected in a timely manner.

Recommendation. We recommend that supervisory review and approval be made evident by signing/dating all timesheets (attendance records) and applications for leave.

Management's Response. While these are reviewed, management failed to follow-up with signatures. This finding will be remedied immediately.

**LOUISIANA STATE BOARD OF BARBER EXAMINERS
STATE OF LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2012**

2012.01 Travel/Expense Reimbursement

Finding. Travel/expense reimbursement requests did not include written evidence of supervisory review and approval.

Recommendation. Such review and approval be made evident by signing/dating all requests.

Actions Taken/Intended. Please refer to management's response in the schedule of findings and responses on page 16.

Responsibility/Anticipated Date of Action. The Director or board chair (for approval of the Director's records) is responsible. This will be accomplished immediately.

2012.02 Attendance/Leave Records

Finding. Attendance and leave records did not include written evidence of supervisory review and approval.

Recommendation. Such review and approval be made evident by signing/dating all requests.

Actions Taken/Intended. Please refer to management's response in the schedule of findings and responses on page 16.

Responsibility/Anticipated Date of Action. The Director or board chair (for approval of the Director's records) is responsible. This will be accomplished immediately.