

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
A COMPONENT UNIT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
FOR THE TWO YEARS ENDED JUNE 30, 2009
ISSUED OCTOBER 7, 2009

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDIT ADVISORY COUNCIL
REPRESENTATIVE NOBLE E. ELLINGTON, CHAIRMAN

SENATOR NICHOLAS “NICK” GAUTREAUX
SENATOR WILLIE L. MOUNT
SENATOR EDWIN R. MURRAY
SENATOR BEN W. NEVERS, SR.
SENATOR JOHN R. SMITH
REPRESENTATIVE NEIL C. ABRAMSON
REPRESENTATIVE CHARLES E. “CHUCK” KLECKLEY
REPRESENTATIVE ANTHONY V. LIGI, JR.
REPRESENTATIVE CEDRIC RICHMOND

LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

DIRECTOR OF FINANCIAL AUDIT
PAUL E. PENDAS, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Five copies of this public document were produced at an approximate cost of \$23.55. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor’s Web site at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 3430 or Report ID No. 80090076 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne “Skip” Irwin, Director of Administration, at 225-339-3800.

	Page
Independent Auditor's Report on the Financial Statements	3
Management's Discussion and Analysis	5
Statement	
Basic Financial Statements:	
Statement of Net Assets..... A	11
Statement of Revenues, Expenses, and Changes in Net Assets	B13
Statement of Cash Flows	C15
Notes to the Financial Statements	17
Schedule	
Required Supplemental Information Schedule:	
Schedule of Funding Progress for the Other Postemployment Benefits Plan	1.....31
Supplemental Information:	
Schedule of Per Diem Paid Board Members	2.....35
Annual Fiscal Report to the Office of the Governor, Division of Administration, Office of Statewide Reporting and Accounting Policy, as of and for the Year Ended June 30, 2009	
Exhibit	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	A



LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

August 26, 2009

Independent Auditor's Report
on the Financial Statements

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA**
New Orleans, Louisiana

We have audited the accompanying basic financial statements of the State Board of Certified Public Accountants of Louisiana, a component unit of the State of Louisiana, as of June 30, 2009, and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of management of the State Board of Certified Public Accountants of Louisiana. Our responsibility is to express an opinion on these 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State Board of Certified Public Accountants of Louisiana's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Board of Certified Public Accountants of Louisiana as of June 30, 2009, and its respective changes in financial position and cash flows for the years ended June 30, 2009 and 2008, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1-J of the basic financial statements, the State Board of Certified Public Accountants of Louisiana implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for the years ended June 30, 2009 and 2008.

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA

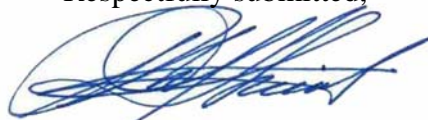
During August and September of 2005, the State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of these two separate events and the resulting losses sustained, it is unknown exactly what economic impact recovery will have on state and local governmental operations in Louisiana. While the State Board of Certified Public Accountants of Louisiana did not directly suffer any major effects of these two hurricanes, the long-term effects of these events directly on the State Board of Certified Public Accountants of Louisiana cannot be determined at this time.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2009, on our consideration of the State Board of Certified Public Accountants of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. 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 considered in assessing the results of our audit.

Management's discussion and analysis on pages 5 through 10 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 31 are not required parts of the basic financial statements but are supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the State Board of Certified Public Accountants of Louisiana's basic financial statements. The accompanying schedule of per diem paid board members and annual fiscal report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

FM:JR:EFS:PEP:dl

CPA09

The Management's Discussion and Analysis of the State Board of Certified Public Accountants of Louisiana's (Board) financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Board's financial statements, which begins on page 11.

FINANCIAL HIGHLIGHTS

- The Board's total net assets (i.e., the amount by which total assets exceed liabilities) were in the amount of \$323,382 at the close of fiscal year 2009, which represents a \$322,063, or 49.9%, decrease in net assets from last fiscal year.
- The Board's operating revenue is generated by fees for applications, licenses and license renewals, and fines and settlements from enforcement related activities.

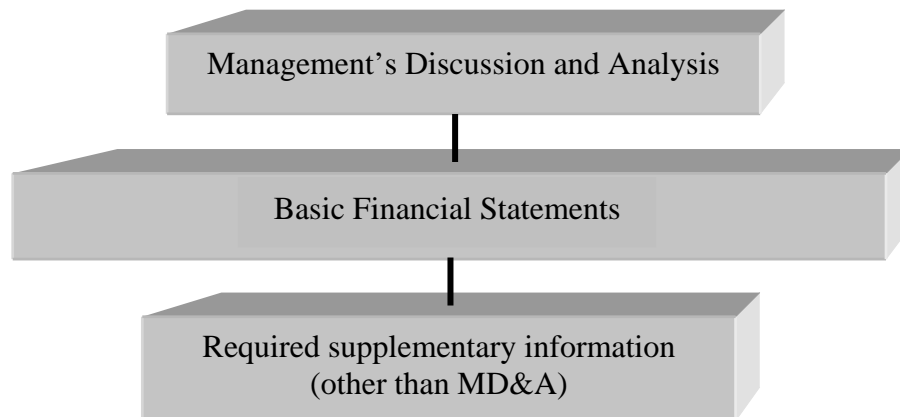
Total operating revenue decreased by \$30,226, or 3.8%. The decrease in operating revenue resulted from a combination of factors. There was a decrease in delinquent and reinstatement fees, which appears attributable to making online license renewal available. There were also decreases in revenue from enforcement actions and in other miscellaneous income (generated from requests for written license verifications and address listings).

Operating revenue related to enforcement activity is subject to fluctuation from year to year. Fines and settlements (which include recoveries of enforcement costs) represent \$8,104, or 1%, of total operating revenues for the fiscal year ended June 30, 2009. Last fiscal year, revenue from enforcement activity was \$15,250, or 1.9%, of total operating revenue for FY 2007-08.

- Nonoperating revenue consists of interest on money market checking account. Interest earnings represent less than 0.7% of total revenues for this fiscal year as compared to last fiscal year when interest income comprised 2.6% of total revenues. Interest rates on bank deposits have decreased to historically low levels.
- Operating expenses increased by \$151,172, or 15.9%, from \$951,301 last fiscal year to \$1,102,473 this fiscal year as there were significant expenditures for acquisition of computers and software to replace the Board's licensee database software and convert to online processing of license and permit renewals.

OVERVIEW OF THE FINANCIAL STATEMENTS

The graphic on the following page illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by GASB in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



This financial report consists of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the related notes to the financial statements), and other supplementary information, as may be applicable. Other than the MD&A, in the Board's case, the Schedule of Funding Progress for the Other Postemployment Benefits Plan is additional GASB required supplementary information applicable this year. The Board includes a supplemental schedule of Board compensation and other information as may be required by the state's Division of Administration.

Basic Financial Statements

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

The Statement of Net Assets (page 11) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 13) presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (page 15) presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

**Statement of Net Assets
As of June 30**

	Total	
	2009	2008
Current and other assets	\$631,178	\$840,401
Capital assets (net)	18,732	5,395
Total assets	649,910	845,796
Current liabilities	19,546	18,407
Long-term obligations	306,982	181,944
Total liabilities	326,528	200,351
Net assets:		
Invested in capital assets	18,732	5,395
Unrestricted	304,650	640,050
Total net assets	\$323,382	\$645,445

Unrestricted net assets are those that do not have any specified limitations on how these amounts may be expended. Net assets of \$304,650 are available for future operations. There are no restricted net assets as of June 30, 2009.

Unrestricted net assets decreased by \$335,400, or 52%, from June 30, 2008, to June 30, 2009.

**Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30**

	Total		
	2009	2008	2007
Operating revenues	\$775,354	\$805,580	\$880,941
Operating expenses	(1,102,473)	(951,301)	(723,946)
Operating income (loss)	(327,119)	(145,721)	156,995
Nonoperating revenues	5,056	21,588	29,916
Increase (decrease) in net assets	(\$322,063)	(\$124,133)	\$186,911

The Board's total revenues decreased by \$46,758, or 5.7%, because of several factors as explained in the financial highlights section previously mentioned. The total cost of all programs and services increased by \$151,172, or 15.9%, from fiscal year 2008 (as is also noted previously) primarily for the acquisition of computers and software, most of which is not capitalized under the state's asset capitalization policy.

CAPITAL ASSETS AND DEBTS

Capital Assets

The Board's investment in capital assets consists of office and computer equipment that is or has been depreciated over periods of five to six years.

Debts

The Board has not financed through external borrowing or incurring debt and thus, does not have any outstanding bonds or notes for this or the previous fiscal year. Other obligations include compensated absences (accrued vacation and compensatory leave) earned and accumulated by employees and other postemployment benefits as described in the notes to the financial statements.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS AND ACTUAL RESULTS

The Board's annual budget is on a modified accrual basis of accounting excluding certain non-exchange revenues and noncash items, such as accrued earnings of compensated absences, other postemployment benefits, and depreciation.

The original budget approved for the year ended June 30, 2009, was amended once during the year. The original budget for the year ended June 30, 2008, was also amended once during FY 2007-08.

For the year ended June 30, 2009, actual revenues were under the final budget amounts by \$19,100, or 2.4%. For the year ended June 30, 2008, actual revenues were over the original budget by \$29,558, or 3.7%.

For the year ended June 30, 2009, expenses were over the final budget by \$32,622, or 3%. For the year ended June 30, 2008, expenses were over the final budget by \$23,992, or 2.6%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND FEES

License and permit fees, the Board's primary source of revenue, are reviewed annually and are set at appropriate levels based on the Board's financial position and anticipated needs. The Board's members (its appointed officials) considered the following factors and indicators when setting next year's budget and fees. These factors and indicators include the following:

- A relatively strong financial position must be maintained for the Board to remain active and flexible in enforcement matters, to handle major cases that can arise unexpectedly and to cover related enforcement and legal costs, and to provide resources for upgrading office technology.
- Under governmental accounting standards, last fiscal year ending June 30, 2008, was the first year that accrued costs for “other postemployment benefits” (OPEB payable and the related expense) were recorded pursuant to GASB Statement No. 45. These calculations are determined annually by an actuary retained by the state and are provided to state agencies for presentation in their annual fiscal report (AFR). This liability is significant in comparison to the board’s total assets and has substantially reduced net assets.
- Candidate volume continues to increase annually from the low levels that were experienced subsequent to the conversion to computer-based testing in April 2004. The number of exam candidates affects the number of new CPA license applications and related fee revenue.
- Overall, the number of licenses and registrants has been fairly stable but has begun to wane apparently from the combined effects of an aging population, the “mobility” of the CPA license (which reduces the need for reciprocal licensing among states), and a state population that has held fairly constant. This is occurring even though Louisiana examination candidate volume has increased gradually over the last five years. The number of licensees and registrants affects the amount of revenue the board generates from annual renewal fees.
- Fees are monitored closely by the Board to balance its responsibilities as a regulator with its interest in keeping fees at levels that are reasonable in relation to operating costs. Renewal fees were last increased for the calendar year 2007.

The Board expects that next fiscal year’s results would improve from the current year in that revenue may increase modestly and expenses will decline overall, but that the FY 2009-10 budget indicates that a net loss is likely. The Board also recognizes that net assets are now at the lowest level they have been in many years due in large part to recognition of the OPEB liability discussed above. Accordingly, the Board plans to increase renewal fees for the forthcoming 2010 year. Factors that the Board considered in reaching this decision are as follows:

- Revenues from enforcement activity usually increase in continuing professional education (CPE) reporting years because of monetary sanctions imposed for reported deficiencies.
- CPA exam candidate volume is expected to gradually increase and level off, but it may not be enough to offset attrition due to age, retirement, and the “mobility” of the CPA license. Thus, although revenue related to new CPA license applications and subsequent renewals by such new licensees may increase, it likely will not be sufficient enough to offset decreases caused by attrition.

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA

- Fiscal year 2009-10 will be a CPE reporting year, which occurs every third calendar year. Revenue from enforcement activity usually increases in CPE reporting years because of monetary sanctions being imposed for deficiencies in CPE. Likewise, because of the additional reporting required to renew, increased revenue from delinquent renewal submissions and reinstatements of expired licenses are expected to increase next fiscal year.
- A large portion of this year's expenses was related to nonrecurring computer hardware and software acquisitions. However, another staff position is expected to be filled next fiscal year increasing personnel costs.

The combined effect of these factors is that revenue may increase by approximately \$25,000. However, budgeted expenses are still expected to exceed budgeted revenue that would cause an operating loss that would further diminish net assets, unless renewal fees were to be increased.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide our residents, taxpayers, licensees, registrants, examination candidates, individuals and organizations served by CPAs, and other users with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Board's executive director at 601 Poydras Street, Suite 1770, New Orleans, Louisiana, 70130.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA**

Statement of Net Assets, June 30, 2009

ASSETS

Current assets:

Cash (note 2)	\$624,238
Receivables	3,830
Prepayments	3,110
Total current assets	<u>631,178</u>

Noncurrent assets:

Capital assets (note 4)	44,582
Less accumulated depreciation (note 4)	<u>(25,850)</u>
Total noncurrent assets	<u>18,732</u>
Total assets	<u>649,910</u>

LIABILITIES

Current liabilities:

Accounts payable	10,618
Deferred revenue	3,400
Current portion of long-term liabilities - compensated absences payable (note 6)	<u>5,528</u>
Total current liabilities	<u>19,546</u>

Noncurrent liabilities:

Compensated absences payable (note 6)	33,674
Other postemployment benefits payable (notes 6 and 7)	<u>273,308</u>
Total noncurrent liabilities	<u>306,982</u>
Total liabilities	<u>326,528</u>

NET ASSETS

Invested in capital assets	18,732
Unrestricted net assets	<u>304,650</u>
Total net assets	<u><u>\$323,382</u></u>

The accompanying notes are an integral part of this statement.

This page is intentionally blank.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA**

**Statement of Revenues, Expenses,
and Changes in Net Assets
For the Years Ended June 30, 2009 and 2008**

	JUNE 30,	
	2009	2008
OPERATING REVENUES		
Licenses, permits, and fees	\$764,060	\$784,695
Fines and settlements	8,104	15,250
Other income	3,190	5,635
Total operating revenues	<u>775,354</u>	<u>805,580</u>
OPERATING EXPENSES		
Personal services	589,499	622,580
Professional and contractual	63,284	74,220
Acquisitions	237,749	55,722
Operating services and supplies	206,921	197,430
Depreciation (note 4)	5,020	1,349
Total operating expenses	<u>1,102,473</u>	<u>951,301</u>
OPERATING LOSS	(327,119)	(145,721)
NONOPERATING REVENUES		
Interest earnings	<u>5,056</u>	<u>21,588</u>
Change in net assets	(322,063)	(124,133)
TOTAL NET ASSETS AT BEGINNING OF YEAR	<u>645,445</u>	<u>769,578</u>
TOTAL NET ASSETS AT END OF YEAR	<u><u>\$323,382</u></u>	<u><u>\$645,445</u></u>

The accompanying notes are an integral part of this statement.

This page is intentionally blank.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA**

**Statement of Cash Flows
For the Years Ended June 30, 2009 and 2008**

	JUNE 30,	
	2009	2008
Cash flows from operating activities:		
Cash received from licensees and registrants	\$781,392	\$810,717
Cash received from customers	3,190	5,635
Cash paid to suppliers for goods and services	(508,963)	(321,420)
Cash payments to employees for services	(465,097)	(479,677)
Net cash provided (used) by operating activities	<u>(189,478)</u>	<u>15,255</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(18,357)</u>	NONE
Cash flows from investing activities:		
Interest received	<u>5,056</u>	<u>21,588</u>
Net increase (decrease) in cash	(202,779)	36,843
Cash at beginning of year	<u>827,017</u>	<u>790,174</u>
Cash at end of year	<u><u>\$624,238</u></u>	<u><u>\$827,017</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating loss	<u>(\$327,119)</u>	<u>(\$145,721)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	5,020	1,349
Changes in assets and liabilities:		
Decrease in receivables	7,653	10,098
(Increase) decrease in prepayments	(1,209)	1,378
Increase in accounts payable	2,700	3,961
Increase (decrease) in compensated absences payable	335	(5,876)
Increase in OPEB payable	124,067	149,241
(Decrease) increase in deferred revenues	<u>(925)</u>	<u>825</u>
Total adjustments	<u>137,641</u>	<u>160,976</u>
Net cash provided (used) by operating activities	<u><u>(\$189,478)</u></u>	<u><u>\$15,255</u></u>

The accompanying notes are an integral part of this statement.

This page is intentionally blank.

INTRODUCTION

The State Board of Certified Public Accountants of Louisiana (board), a component unit of the State of Louisiana, was created by the Louisiana Legislature in 1908 and is established under the provisions of Louisiana Revised Statute (R.S.) 37:74. The board is a licensing agency of the State of Louisiana. Effective July 1, 2001, the board was among those transferred from the Department of Economic Development to the Office of the Governor by the legislature. The board's enabling legislation, the Louisiana Accountancy Act, is comprised by R.S. 37:71 *et seq.* The board is composed of seven members who are appointed by the governor, five from designated geographic areas and two at-large. The board acts in Louisiana's public interest. The board is charged with the responsibility of regulating the practice of certified public accountants (CPA) and firms in the state by enforcing the accountancy act, promulgating rules, administering examinations of CPA candidates, and issuing and renewing licenses to practice as a CPA or CPA firm. Operations of the board are funded through self-generated revenues primarily derived from fees for the issuance, application, and annual renewal of CPA certificates and licenses. The board has nine full-time authorized employee positions. As of June 30, 2009, there were 6,806 active (licensed) and 3,358 inactive (unlicensed) certified public accountants and 2,199 CPA firms with licenses in Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The board is considered a component unit (enterprise fund) of the State of Louisiana because the state has financial accountability over the board in that the governor appoints the board members and can impose his will on the board. The accompanying financial statements present information only as to the transactions and activities of the board.

Annually, the State of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements. The Louisiana Legislative Auditor audits the basic financial statements of the State of Louisiana.

C. FUND ACCOUNTING

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets.

The board has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The board has elected to not apply FASB pronouncements issued after the applicable date.

The board uses the following practices in recording revenues and expenses:

Revenues

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.

Expenses

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

Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deferred Revenues

Deferred revenues arise when potential revenue is collected or received before being earned.

E. BUDGET PRACTICES

The board submitted its annual budget to the various agencies prescribed by R.S. 39:1331-1342, in accordance with R.S. 36:803. The budget is prepared on a modified accrual basis of accounting. Although budget amounts lapse at year-end, the board retains its unexpended net assets to fund expenses of the succeeding year. Formal budget integration is not employed as a management control device during the year. The original budgets for the years ended June 30, 2009 and 2008 were revised with two amendments as summarized below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
June 30, 2009			
Original approved budget	\$804,820	\$981,531	\$645,442
Amendment 1	(5,310)	88,320	
Excess (deficiency) of revenues over expenditures			(270,341)
	<u>\$799,510</u>	<u>\$1,069,851</u>	<u>\$375,101</u>
June 30, 2008			
Original approved budget	\$762,215	\$819,265	\$769,578
Amendment 1	35,395	108,044	
Excess (deficiency) of revenues over expenditures			(129,699)
	<u>\$797,610</u>	<u>\$927,309</u>	<u>\$639,879</u>

F. CASH AND INVESTMENTS

Cash consists of the amounts in interest-bearing demand deposit accounts, cash on hand, and petty cash. Certificates of deposit with maturities extending beyond 90 days are considered investments. Under state law, the board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in time certificates of deposit of any bank domiciled or having a branch in 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.

G. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital assets consist of office and computer equipment and are capitalized at historical cost. These assets, net of accumulated depreciation, are included on the statement of net assets. The board follows the Louisiana Property Assistance Agency (LPAA) policy for capitalizing and reporting equipment. The LPAA's dollar threshold for capitalizing equipment is \$1,000. However, according to the Office of Statewide Reporting and Accounting Policy's instructions, only equipment valued at or over \$5,000 and computer software valued at or over \$1,000,000 are capitalized and depreciated for financial statement purposes. Depreciation for financial reporting is computed by the straight-line method over an asset's useful life which is five years for computer equipment and six years for office equipment. Equipment, furniture, and software acquisitions with costs less than the above thresholds are charged as an administrative expense.

Long-term obligations at June 30, 2009, include compensated absences and other postemployment benefits (OPEB). A summary of changes in long-term obligations is presented in note 6.

H. EMPLOYEE COMPENSATED ABSENCES

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

Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave (K-time) earned. Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as an expense and a liability in the financial statements in the period in which the leave is earned.

I. NET ASSETS

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net assets are classified in the following three components as applicable:

Invested in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted consists of external constraints placed on net asset use by creditors, grantors, contributors, and laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted consists of all other net assets that are not included in the other categories previously mentioned.

J. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the years ended June 30, 2009 and 2008, the board implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*, and GASB Statement No. 50, *Pension Disclosures - an Amendment of GASB Statements No. 25 and No. 27*. Statement No. 45 affects the reporting of long-term liabilities and is addressed in the financial statements and accompanying notes. The measurement and recognition requirements of this statement have been applied on a prospective basis. The implementation of Statement No. 50 had no significant impact on the financial statements or notes.

K. USE OF ESTIMATES

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

2. CASH

The board has cash (book balance) totaling \$624,238 at June 30, 2009, which consists of the following:

Demand deposits	\$624,138
Petty cash	<u>100</u>
Total	<u><u>\$624,238</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the board’s deposits may not be recovered. The board’s deposit policy conforms to state law. Under state law, the board’s deposits must be secured by federal deposit insurance or similar federal security or the pledge of

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA

securities owned by the fiscal agent bank. The fair 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 securities are held in the name of the board or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2009, the board's total bank balance was \$650,512, of which the amount of \$346,788 was uninsured with collateral held by pledging bank's agent not in the board's name, and therefore exposed to custodial credit risk.

3. INVESTMENTS

At June 30, 2009, the board has no investments.

4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Beginning Balance July 1, 2007	Additions	Deletions	Ending Balance June 30, 2008
Equipment	\$26,225			\$26,225
Less accumulated depreciation	(19,481)	(\$1,349)		(20,830)
Capital assets, net	<u>\$6,744</u>	<u>(\$1,349)</u>	<u>NONE</u>	<u>\$5,395</u>
	Beginning Balance July 1, 2008	Additions	Deletions	Ending Balance June 30, 2009
Equipment	\$26,225	\$18,357		\$44,582
Less accumulated depreciation	(20,830)	(5,020)		(25,850)
Capital assets, net	<u>\$5,395</u>	<u>\$13,337</u>	<u>NONE</u>	<u>\$18,732</u>

5. PENSION PLAN

Substantially all of the employees of the board are members of the Louisiana State Employees Retirement System (LASERS), a cost-sharing, single-employer defined benefit pension plan. LASERS 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. LASERS provides retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

All full-time board employees are eligible to participate in LASERS. Benefits vest with 10 years of service. At 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. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

Employees are required by state statute to contribute 7.5% to 8% of gross salary, and the board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The board's contribution rate for the fiscal year ended June 30, 2009, decreased to 18.5% of annual covered payroll from the 20.4% and 19.1% required in fiscal years ended June 30, 2008 and 2007, respectively. The board's contributions to LASERS for the years ended June 30, 2009, 2008, and 2007, were \$60,618; \$63,341; and \$60,386, respectively, equal to the required contributions for each year.

**6. CHANGES IN LONG-TERM LIABILITIES
(CURRENT AND NONCURRENT PORTION)**

The following is a summary of long-term liability transactions of the board for the two years ended June 30, 2009:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Amounts Due Within One Year
Compensated absences payable	\$44,744	\$25,615	\$31,492	\$38,867	\$6,164
OPEB payable		164,600	15,359	149,241	
Total long-term liabilities	<u>\$44,744</u>	<u>\$190,215</u>	<u>\$46,851</u>	<u>\$188,108</u>	<u>\$6,164</u>
	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Compensated absences payable	\$38,867	\$18,007	\$17,672	\$39,202	\$5,528
OPEB payable	149,241	140,867	16,800	273,308	
Total long-term liabilities	<u>\$188,108</u>	<u>\$158,874</u>	<u>\$34,472</u>	<u>\$312,510</u>	<u>\$5,528</u>

The liability for accrued compensatory leave payable at June 30, 2009, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60, is estimated to be \$5,598. Compensatory leave payable is recorded in the accompanying financial statements as a portion of the compensated absences liability.

7. OTHER POSTEMPLOYMENT BENEFITS

Plan Description--Employees of the board voluntarily participate in the State of Louisiana's health insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's Web site at www.doa.la.gov/osrap.

Funding Policy--The contribution requirements of plan members and the board are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to 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. OGB 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. In addition, all plan members are offered the Medical Home HMO plan. Retired employees who have Medicare Part A and Part B coverage also have access to five OGB Medicare Advantage plans--three HMO plans and two private fee-for-service (PFFS) plans. The three HMO plans are Humana Regional HMO Plan, Peoples Health Regional HMO Plan, and Vantage Statewide HMO-Point-of-Service Plan. The two private fee-for-service plans are Humana Statewide PFFS Plan and Secure Horizons Medicare Direct PFFS Plan. Depending upon the plan selected, during fiscal year 2009, employee premiums for a single member receiving benefits may range from \$34 to \$218 per month for retiree-only coverage with Medicare or from \$130 to \$176 per month for retiree-only coverage without Medicare. Depending on the plan, the fiscal year 2009 employee premiums for a retiree with spouse, children, or family coverage range from \$69 to \$468 per month for those with Medicare and from \$187 to \$514 per month for those without Medicare. Depending upon the plan selected, during fiscal year 2008, employee premiums for a single member receiving benefits ranged from \$34 to \$92 per month for retiree-only coverage with Medicare or from \$126 to \$170 per month for retiree-only coverage without Medicare. The fiscal year 2008 employee premiums for a retiree with spouse, children, or family coverage ranged from \$69 to \$452 per month for those with Medicare and from \$181 to \$496 per month for those without Medicare.

NOTES TO THE FINANCIAL STATEMENTS

The board's plan is financed on a pay-as-you-go basis with the board contributing monthly amounts. For retirees with Medicare and retiree-only coverage, the board contributed \$103 and \$107 during fiscal year 2009 and 2008, respectively. For retirees with Medicare and retiree with spouse coverage, the board contributed \$425 and \$409 during fiscal year 2009 and 2008, respectively. The board contributed \$838 and \$809 during fiscal year 2009 and 2008, respectively, for retiree-only coverage without Medicare.

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

Annual Other Postemployment Benefit Cost and Liability--The board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45, which was implemented prospectively beginning with the year ended June 30, 2008. 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 accrued liability (UAAL) over a period of 30 years. A 30-year, closed amortization period had been used. The total ARC for fiscal year 2009 and 2008 of \$140,600 and 164,600, respectively, are set forth below:

	<u>2009</u>	<u>2008</u>
Normal cost	\$81,700	\$103,300
30-year UAAL amortization amount	53,492	54,969
Interest	<u>5,408</u>	<u>6,331</u>
Annual required contribution (ARC)	<u><u>\$140,600</u></u>	<u><u>\$164,600</u></u>

The following schedule presents the board's OPEB obligation for fiscal year 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Annual required contribution	\$140,600	\$164,600
Interest on net OPEB obligation	5,970	NONE
ARC adjustment	<u>(5,703)</u>	<u>NONE</u>
OPEB cost	140,867	164,600
Contributions made - current year retiree premiums	<u>(16,800)</u>	<u>(15,359)</u>
Change in net OPEB obligation	124,067	149,241
Beginning net OPEB obligations at July 1, 2008	<u>149,241</u>	<u>NONE</u>
Ending net OPEB obligation at June 30, 2009	<u><u>\$273,308</u></u>	<u><u>\$149,241</u></u>

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA

Using the pay-as-you-go method, the board contributed 11.9% and 9.3% of the annual postemployment benefits cost for the years ended 2009 and 2008, respectively.

Funded Status and Funding Progress--During fiscal year 2009 and 2008, neither the board nor the State of Louisiana made contributions to a postemployment benefits plan trust. A trust was established July 1, 2008. Hence, the funded ratio is zero. Since the plan was not funded, the board's entire actuarial accrued liability of \$1,401,400 was unfunded for fiscal year 2009.

The funded status of the plan, as determined by an actuary as of July 1, 2008 and 2007, was as follows:

	2009	2008
Actuarial accrued liability (AAL)	\$1,401,400	\$1,440,000
Actuarial value of plan assets	NONE	NONE
Unfunded actuarial accrued liability (UAAL)	<u>\$1,401,400</u>	<u>\$1,440,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll	\$327,662	\$310,493
UAAL as a percentage of covered payroll	428%	464%

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 multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial 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, 2007 and July 1, 2008, OGB actuarial valuations, the projected unit credit actuarial cost method was used. For the July 1, 2008, valuation, the actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 9% and 10.1% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. For the July 1, 2007, valuation, the actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year.

The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over an open amortization period of 30 years. The remaining amortization period at June 30, 2009, is 28 years. Annual per capita medical claims costs were updated to reflect an additional year of actual experience. There were no other changes in assumptions.

8. OPERATING LEASE

The board's total rental and lease expense for June 30, 2009 and 2008, were \$90,849 and \$87,836, respectively, which includes an operating lease for office space with a monthly rental of \$5,342 for a five-year term, which ends August 31, 2011, with an option for an additional five years. The board has no capital leases. Future minimum operating lease payments under this operating lease for the years ending June 30 are as follows:

Nature of Operating Lease	Fiscal Year		
	2010	2011	2012
Office space	\$64,106	\$64,106	\$10,684

9. RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by General Fund appropriation.

There is no pending litigation or claims against the board at June 30, 2009, which if asserted, in the opinion of the board's legal advisors, would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements.

10. DEFERRED COMPENSATION PLAN

Employees of the board may participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Disclosures relating to this plan are available in the Plan's separate audit report, which is available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

This page is intentionally blank.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the
Other Postemployment Benefits Plan

The schedule of funding progress (Schedule 1) is required supplementary information that presents certain specific data regarding the funding progress of the Other Postemployment Benefits Plan, including the unfunded actuarial accrued liability.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA**

**Schedule of Funding Progress for the
Other Postemployment Benefits Plan
Fiscal Year Ended June 30, 2009 and 2008**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2007	NONE	\$1,440,000	\$1,440,000	0.0%	\$310,493	464%
July 1, 2008	NONE	\$1,401,400	\$1,401,400	0.0%	\$327,662	428%

This page is intentionally blank.

**PER DIEM PAID BOARD MEMBERS
For the Years Ended June 30, 2009 and 2008**

The schedule of per diem paid board members (Schedule 2) is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Officers of the board receive compensation of \$150 per month, and other members receive \$100 per month in accordance with Act 473 of 1999.

**ANNUAL FISCAL REPORT TO THE OFFICE OF
THE GOVERNOR, DIVISION OF ADMINISTRATION,
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY
As of and for the Year Ended June 30, 2009**

The annual fiscal report presents the financial position of the State Board of Certified Public Accountants of Louisiana as of June 30, 2009, and the results of its operations (including cash flows) for the year then ended. The information is presented in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA**

**Schedule of Per Diem Paid Board Members
For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Carol T. Barnes, CPA - Secretary (July 2007)		
Treasurer (August 2007 - June 2008)		\$1,800
Treasurer (July 2008)	\$150	
Michael D. Bergeron - Member (August 2008 - June 2009)	1,100	
Michael B. Bruno, CPA - Treasurer (July 2007)		
Member (August 2007 - June 2008)		1,250
Member (July 2008 - June 2009)	1,200	
Susan C. Cochran, CPA - Member (July 2007 - June 2008)		1,200
Member (July 2008 - October 2008)		
Secretary (November 2008 - June 2009)	1,600	
Mark P. Harris, CPA - Member (August 2007 - June 2008)		1,200
Member (July 2008 - June 2009)	1,200	
Desiree W. Honore, CPA - Member (July 2007)		
Secretary (August 2007 - June 2008)		1,750
Secretary (July 2008)		
Treasurer (August 2008 - June 2009)	1,800	
Lynn V. Hutchinson - Member (August 2008 - June 2009)	1,100	
Letti Lowe-Ardoin, CPA - Member (July 2007 - June 2008)		1,200
Member (July 2008)	100	
Michael A. Tham, CPA - Chairman (July 2007 - June 2008)		1,800
Chairman (July 2008 - June 2009)	1,800	
	<u>1,800</u>	<u>1,800</u>
Total	<u>\$10,050</u>	<u>\$10,200</u>

This page is intentionally blank.

**STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS
OF LOUISIANA**

STATE OF LOUISIANA

Annual Financial Report

June 30, 2009

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2009

C O N T E N T S

	Statement	Page No.
TRANSMITTAL LETTER		1
AFFIDAVIT		2
Management's Discussion and Analysis		3 - 8
Balance Sheet	A	9
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B	10
Statement of Activities	C	11
Statement of Cash Flows	D	12
Notes to the Financial Statements		13-20
A. Summary of Significant Accounting Policies		
B. Budgetary Accounting		
C. Deposits with Financial Institutions and Investments		
D. Capital Assets		
E. Inventories – n/a		
F. Restricted Assets – n/a		
G. Leave		
H. Retirement System		
I. Other Postemployment Benefits		
J. Leases		
K. Long-Term Liabilities		
L. Contingent Liabilities – n/a		
M. Related Party Transactions – n/a		
N. Accounting Changes – n/a		
O. In-Kind Contributions – n/a		
P. Defeased Issues – n/a		
Q. Revenues or Receivables – Pledged or Sold – n/a		
R. Government-Mandated Nonexchange Transactions (Grants) – n/a		
S. Violations of Finance-Related Legal or Contractual Provisions – n/a		
T. Short-Term Debt – n/a		
U. Disaggregation of Receivable Balances		
V. Disaggregation of Payable Balances		
W. Subsequent Events – n/a		
X. Segment Information – n/a		
Y. Due to/Due from and Transfers – n/a		
Z. Liabilities Payable from Restricted Assets – n/a		
AA. Prior-Year Restatement of Net Assets – n/a		
BB. Net Assets Restricted by Enabling Legislation – n/a		
CC. Impairment of Capital Assets – n/a		
DD. Employee Termination Benefits		
EE. Pollution Remediation Obligations – n/a		

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA

STATE OF LOUISIANA
Annual Financial Statements
June 30, 2009

CONTENTS (cont')

Schedules		Page No.
1	Schedule of Per Diem Paid to Board Members	21
2	- n/a -	
3	Schedules of Long-Term Debt – n/a	
4	Schedules of Long-Term Debt Amortization – n/a	
5	Schedule of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non GAAP Basis – n/a	
15	Schedule of Comparison Figures	22
16	Schedule of Cooperative Endeavors – n/a	



**STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANTS
OF LOUISIANA**

601 Poydras Street, Suite 1770
New Orleans, LA 70130

Phone: (504) 566-1244
Fax: (504) 566-1252
www.cpaboard.state.la.us

TRANSMITTAL LETTER

August 26, 2009

Daryl G. Purpera, CPA, CFE
First Assistant Legislative Auditor
Office of the Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

In accordance with R.S. 24:514, enclosed are the annual financial statements of the State Board of Certified Public Accountants of Louisiana as of, and for the fiscal year ended, June 30, 2009 prepared 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.

If you have any questions concerning the information submitted, please contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "MAH", written over a light blue horizontal line.

Michael A. Henderson
Executive Director

Enclosure

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

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA

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

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397


AFFIDAVIT

Personally came and appeared before the undersigned authority, **Michael A. Henderson**, Executive Director of the State Board of Certified Public Accountants of Louisiana who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the State Board of Certified Public Accountants of Louisiana at June 30, 2009 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 26th day of AUGUST, 2009.

STATE OF LOUISIANA
PARISH OF ORLEANS



Signature of Agency Official



NOTARY PUBLIC

Prepared by: Michael A. Henderson
Title: Executive Director
Telephone No.: 504-566-1244
Date: August 26, 2009

CHARLES J. NUNEZ
Attorney-at-Law, Bar # 10130
Notary Public, Parish of
Jefferson, State of Louisiana
My Commission is for Life

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2009**

Management's Discussion and Analysis (MD&A)

The Management's Discussion and Analysis of the State Board of Certified Public Accountants of Louisiana's (the "Board") financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Board's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The Board's total net assets (that is, the amount by which total assets exceed liabilities) was in the amount of \$323,382 at the close of fiscal year 2009, which represents a \$322,063 (or 49.9%) decrease in net assets from last fiscal year.
- The Board's operating revenue is generated by fees for applications, licenses and license renewals and by fines and settlements from enforcement related activities.

Total operating revenue decreased by \$30,226 (or 3.8%). The decrease in operating revenue resulted from a combination of factors. There was a decrease in delinquent and reinstatement fees, which appears attributable to making online license renewal available. There were also decreases in revenue from enforcement actions and in other miscellaneous income (generated from requests for written license verifications and address listings).

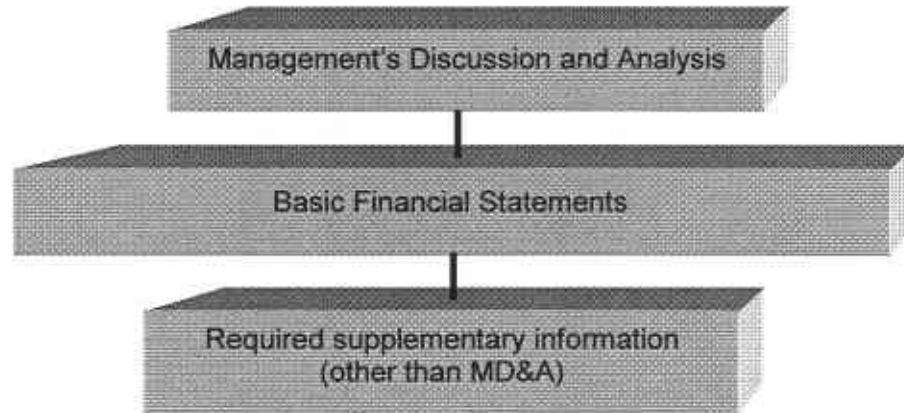
Operating revenue that relates to enforcement activity is subject to fluctuation from year to year. Fines and settlements (which include recoveries of enforcement costs) represent \$8,104 (or 1%) of total operating revenues for the fiscal year ended June 30, 2009. Last fiscal year, revenue from enforcement activity was \$15,250 (or 1.8%) of total operating revenue for FY 07-08.

- Nonoperating revenue consists of interest on money market checking account. Interest earnings represent less than 0.7% of total revenues for this fiscal year as compared to last fiscal year when interest income comprised 2.6% of total revenues. Interest rates on bank deposits have decreased to historically low levels.
- Operating expenses increased by \$151,169 (or 15.9%) from \$951,304 last fiscal year to \$1,102,473 this fiscal year as there were significant expenditures for acquisition of computers and software to replace the Board's licensee database software and convert to online processing of license and permit renewals.

OVERVIEW OF THE FINANCIAL STATEMENTS

The graphic on the following page illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by the Governmental Accounting Standards Board in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2009**



This financial report consists 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, as may be applicable. Other than the MD&A, in the Board's case there is no additional GASB required supplementary information applicable this year. The Board includes a supplemental schedule of Board compensation and other information as may be required by the State's Division of Administration.

Basic Financial Statements

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

The Balance Sheet (page 9) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (page 10) presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (page 12) presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method, and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2009

FINANCIAL ANALYSIS

	Total	
	2009	2008
Current and other assets	\$ 631,178	\$ 840,401
Capital assets	18,732	5,395
Total assets	\$ 649,910	\$ 845,796
Current liabilities	19,546	18,407
Long-term obligations	306,982	181,944
Total liabilities	326,528	200,351
Net assets:		
Invested in capital assets	18,732	5,395
Unrestricted	304,650	640,050
Total net assets	323,382	645,445
Total liabilities and net assets	\$ 649,910	\$ 845,796

Unrestricted net assets are those that do not have any specified limitations on how these amounts may be expended. Net assets of \$304,650 are available for future operations. There are no restricted net assets as of June 30, 2009.

Net assets decreased by \$322,063 (or 50%) from June 30, 2008 to June 30, 2009.

	Total	
	2009	2008
Operating revenues	\$ 775,354	\$ 805,580
Operating expenses	(1,102,473)	(951,304)
Operating income (loss)	(327,119)	(145,724)
Non-operating revenues	5,056	21,588
Increase (decrease) in net assets	\$ (322,063)	\$ (124,136)

The Board's total revenues decreased by \$46,758 (or 5.7%) because of several factors as explained in the financial highlights section above. The total cost of all programs and services increased by \$151,169 (or 15.8%) from fiscal year 2008 (as is also noted above) primarily for the acquisition of computers and software, most of which is not capitalized under the state's asset capitalization policy.

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2009**

STATEMENT OF CASH FLOWS

Another way to assess the financial health of the Board is to look at the Statement of Cash Flows. The Statement of Cash Flows assists readers of this statement to assess:

- The ability to generate future cash flows
- The ability to meet obligations as they come due
- A need for external financing

	2009	2008
Cash and cash equivalents provided (used) by:		
Operating activities	\$ (189,478)	\$ 15,255
Capital and financing activities	(18,357)	-
Investing activities	5,056	21,588
Net increase (decrease) in cash and cash equivalents	(202,779)	36,843
Cash and cash equivalents		
Beginning of year	827,017	790,174
End of year	\$ 624,238	\$ 827,017

Cash provided by investing activities is derived from interest income on bank deposits.

CAPITAL ASSETS AND DEBTS

Capital Assets

The Board's investment in capital assets consists of office and computer equipment that is or has been depreciated over periods of 5 to 6 years.

Debts

The Board has not financed through external borrowing or incurring debt, and thus does not have any outstanding bonds or notes for this or the previous fiscal year. Other obligations include compensated absences (accrued vacation and compensatory leave) earned and accumulated by employees and other postemployment benefits (OPEB) as described in the notes to the financial statements.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS, AND ACTUAL RESULTS

The Board's annual budget is on a modified accrual basis of accounting excluding certain non-exchange revenues and other non-cash items, such as, accrued earnings of compensated absences, other postemployment benefits, and depreciation.

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2009**

The original budget approved for the year ended June 30, 2009 was amended once during the year. The original budget for the year ended June 30, 2008 was also amended once during FY 07-08.

For the year ended June 30, 2009, actual revenues were under the final budget amounts by \$19,100 (or 2.4%). For year ended June 30, 2008, actual revenues were over the original budget by \$29,558 (or 3.7%).

For the year ended June 30, 2009, expenses were over the final budget by \$32,622 (or 3%). For the year ended June 30, 2008, expenses were over the final budget by \$23,995 (or 2.6%).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND FEES

License and permit fees, the Board's primary source of revenue, are reviewed annually and are set at appropriate levels based on the Board's financial position and anticipated needs. The Board's members (its appointed officials) considered the following factors and indicators when setting next year's budget and fees. These factors and indicators include:

- A relatively strong financial position must be maintained, in order for the Board to remain active and flexible in enforcement matters, to handle major cases that can arise unexpectedly and to cover related enforcement and legal costs, and to provide resources for upgrading office technology.
- Under governmental accounting standards, last fiscal year ending June 30, 2008, was the first year that accrued costs for "other postemployment benefits" (OPEB payable and the related expense) were recorded pursuant to the Governmental Accounting Standards Board's (GASB) statement no. 45. These calculations are determined annually by an actuary retained by the state, and are provided to state agencies for presentation in their annual financial report (AFR). This liability is significant in comparison to the board's total assets and has substantially reduced net assets.
- Candidate volume continues to increase annually from the low levels that were experienced subsequent to the conversion to computer based testing in April 2004. The number of exam candidates affects the number of new CPA license applications and related fee revenue.
- Overall the number of licensees and registrants has been fairly stable, but has begun to wane apparently from the combined effects of an aging population, the 'mobility' of the CPA license (which reduces the need for reciprocal licensing among states), and a state population that has held fairly constant. This is occurring even though Louisiana examination candidate volume has increased gradually over the last five years. The number of licensees and registrants affects the amount of revenue the board generates from annual renewal fees.
- Fees are monitored closely by the Board in order to balance its responsibilities as a regulator with its interest in keeping fees at levels that are reasonable in relation to operating costs. Renewal fees were last increased for the calendar year 2007.

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2009**

The Board expects that next fiscal year's results would improve from the current year, in that revenues may increase modestly and expenses will decline overall, but that the FY 09-10 budget indicates that a net loss is likely. The Board also recognizes that net assets are now at the lowest level they have been in many years due in large part to recognition of the OPEB liability discussed above. Accordingly, the Board plans to increase renewal fees for the forthcoming 2010 year. Factors that the Board considered in reaching this decision are as follows:

- Revenue from enforcement activity usually increases in continuing professional education (CPE) reporting years due to monetary sanctions imposed for reported deficiencies.
- CPA exam candidate volume is expected to gradually increase and level off, but it may not be enough to offset attrition due to age, retirement, and the "mobility" of the CPA license. Thus, although revenue related to new CPA license applications and subsequent renewals by such new licensees may increase, it likely will not be sufficient enough to offset decreases caused by attrition.
- Fiscal year 2009-10 will be a continuing professional education (CPE) reporting year, which occurs every third calendar year. Revenue from enforcement activity usually increases in CPE reporting years due to monetary sanctions being imposed for deficiencies in CPE. Likewise, because of the additional reporting required to renew, increased revenue from delinquent renewal submissions and reinstatements of expired licenses are expected to increase next fiscal year.
- A large portion of this year's expenses was related to non-recurring computer hardware and software acquisitions. However, another staff position is expected to be filled next fiscal year which will increase personnel costs.

The combined effect of these factors is that revenue may increase by approximately \$25,000. However, budgeted expenses are still expected to exceed budgeted revenue that would cause an operating loss that would further diminish net assets, unless renewal fees were to be increased.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, licensees, registrants, examination candidates, individuals and organizations served by CPAs, and other users with a general overview of the Board's finances and to show the Board's accountability for the money it receives.

If you have questions about this report or need additional financial information, please contact the Board's Executive Director at 601 Poydras Street, Suite 1770, New Orleans, Louisiana, 70130.

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
BALANCE SHEET
AS OF JUNE 30, 2009

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C)	\$ 624,238
Receivables (Note U)	3,830
Prepayments	3,110
Total current assets	<u>631,178</u>

NONCURRENT ASSETS:

Capital assets (Note D):	
Equipment	44,582
Less accumulated depreciation	(25,850)
Total noncurrent assets	<u>18,732</u>
Total assets	<u>\$ 649,910</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable (Note V)	\$ 8,118
Deferred revenue	3,400
Other accrued liabilities	2,500
Current portion of long-term liabilities (Note K):	
Compensated absences payable	5,528
Total current liabilities	<u>19,546</u>

NONCURRENT LIABILITIES:

Compensated absences payable (Note K)	33,674
OPEB Payable	273,308
Total long-term liabilities	<u>306,982</u>
Total liabilities	<u>326,528</u>

NET ASSETS

Invested in capital assets	18,732
Unrestricted net assets	304,650
Total net assets	<u>323,382</u>
Total liabilities and net assets	<u>\$ 649,910</u>

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

Statement A

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

OPERATING REVENUES

Licenses, permits and fees	\$ 764,060
Fines and settlements	8,104
Other Income	3,190
Total operating revenues	<u>775,354</u>

OPERATING EXPENSES

Administrative:

Personal services	589,499
Professional and contractual	63,284
Operating services and supplies	206,920
Acquisitions	<u>237,750</u>

1,097,453

Depreciation	5,020
Total operating expenses	<u>1,102,473</u>

Operating loss	<u>(327,119)</u>
----------------	------------------

NONOPERATING REVENUES

Interest earnings	5,056
Total nonoperating revenues	<u>5,056</u>

Change in net assets	(322,063)
----------------------	-----------

Total net assets - beginning	<u>645,445</u>
------------------------------	----------------

Total net assets - ending	<u>\$ 323,382</u>
---------------------------	-------------------

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

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Component Unit:					
State Board of CPAs	\$ <u>1,102,473</u>	\$ <u>775,354</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>(327,119)</u>
General Revenues:					
Taxes					--
State appropriations					--
Grants and contributions not restricted to specific programs					--
Interest					5,056
Miscellaneous					--
Special Items					--
Transfers					--
Total general revenues, special items, and transfer					<u>5,056</u>
Change in net assets					<u>(322,063)</u>
Net assets - beginning					<u>645,445</u>
Net assets - ending					\$ <u><u>323,382</u></u>

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

Statement C

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

Cash flows from operating activities		
Cash received from licensees and registrants	\$ 781,392	
Cash received from customers	3,190	
Cash payments to suppliers for goods and services	(508,963)	
Cash payments to employees for services	<u>(465,097)</u>	
Net cash used by operating activities		\$ (189,478)
Cash flows from noncapital financing activities		
Cash flows from capital and related financing activities		
Acquisition of capital assets	<u>(18,357)</u>	
Net cash used by capital activities		(18,357)
Cash flows from investing activities		
Interest earned on money market deposit accounts	<u>5,056</u>	
Net cash provided by investing activities		<u>5,056</u>
Net decrease in cash and cash equivalents		(202,779)
Cash and cash equivalents at beginning of year		<u>827,017</u>
Cash and cash equivalents at end of year		\$ <u><u>624,238</u></u>
Reconciliation of operating income to net cash used by operating activities:		
Operating loss		\$ (327,119)
Adjustments to reconcile operating loss to net cash:		
Depreciation	5,020	
Changes in assets and liabilities:		
Decrease in receivables	7,653	
Increase in prepayments	(1,209)	
Increase in accounts payable and accruals	2,700	
Decrease in compensated absences payable	335	
Increase in OPEB payable	124,067	
Decrease in deferred revenues	<u>(925)</u>	
Total adjustments		<u>137,641</u>
Net cash used by operating activities		\$ <u><u>(189,478)</u></u>

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

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
Notes to the Financial Statements
As of and for the year ended June 30, 2009**

INTRODUCTION

The State Board of Certified Public Accountants of Louisiana (Board) was created by the Louisiana Legislature in 1908 and is established under the provisions of Louisiana Revised Statute (R.S.) 37:74. The Board is a licensing agency of the State of Louisiana. The Board's enabling legislation, the Louisiana Accountancy Act, is comprised by R.S. 37:71-et seq. The Board is composed of seven members who are appointed by the governor, five from designated geographic areas and two at large. The Board acts in the Louisiana public interest. The Board is charged with the responsibility of regulating the practice of certified public accountants and firms in the State by enforcing the accountancy act, promulgating rules, administering examinations of CPA candidates, and issuing and renewing licenses to practice as a CPA or CPA firm. Operations of the Board are funded through self-generated revenues primarily derived from fees for the issuance, application, and annual renewal of CPA certificates and licenses. The Board has nine full time authorized employee positions. As of June 30, 2009, there were 6,806 active (licensed), 3,358 inactive (unlicensed) certified public accountants, and 2,199 CPA firms with licenses in Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

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

The accompanying financial statements of the 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.

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
Notes to the Financial Statements
As of and for the year ended June 30, 2009**

Expense Recognition

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

Deferred Revenues

Deferred revenues arise when potential revenue is collected prior to being earned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating items generally result from providing services and benefits in connection the fund's principal ongoing operations. The Board's principal operating revenues are application, renewal and related fees paid by the holders of CPA certificates and firm permits. Operating expenses include the cost of services, administrative costs, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating items. Revenue from interest bearing demand deposits is reported as nonoperating revenue.

2. EQUIPMENT AND CAPITAL ASSET POLICY

Equipment purchased by the Board may be recorded as a capital asset and capitalized at historical cost. In accordance with the State's (OSRAP) accounting policy, the threshold level of \$5,000 is used for capitalizing movable property and \$1,000,000 for computer software. Depreciation for financial reporting is computed by the straight-line method over an asset's useful life which is five years for computer equipment and six years for office equipment. No salvage value is taken into consideration for depreciation purposes. Capital assets and accumulated depreciation are recorded on the Balance Sheet. Equipment, furniture, and software acquisitions with costs less than the above thresholds are charged as an administrative expense.

B. BUDGETARY ACCOUNTING

The Board prepares its budget in accordance with the Louisiana Licensing Agency Budget Act, R.S. 39:1331-1342. The budget is prepared on a modified accrual basis of accounting. The Board retains its unexpended fund balance to fund future expenses. The budget for fiscal year ended June 30, 2009 was formally adopted by the Board on January 21, 2008.

The budget process is conducted annually and is valid for one year. The Board revises the budget if there are planned transfers of 10% or more of an expense category, or to change the total budget by 5% or more. The Board may also make less significant revisions if deemed appropriate. The budget and any revisions are reviewed by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. The original budget and amendment for the year ended June 30, 2008 is summarized below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Excess(Deficiency)</u>
Original approved budget:	\$ 804,820	\$ 981,531	(\$ 176,711)
Amendment - January 26, 2009	<u>(5,310)</u>	<u>88,320</u>	<u>(93,630)</u>
Final approved budget:	<u>\$ 799,510</u>	<u>\$1,069,851</u>	<u>(\$ 270,341)</u>

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
Notes to the Financial Statements
As of and for the year ended June 30, 2009**

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

For reporting purposes, deposits with financial institutions include demand deposits. 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; savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments, are considered to be cash equivalents. Interest received is considered a cash flow from investing activities.

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 as collateral in a holding or custodial bank. The board has cash (book balance) totaling \$624,238 at June 30, 2009 which consists of cash in bank accounts and petty cash, totaling \$624,138 and \$100 respectively.

The following is a breakdown by banking institution, account no. and amount of the bank balances shown above:

<u>Banking Institution</u>	<u>Account Number</u>	<u>Amount</u>
Chase	xxxxx 9607	\$ 444
Capital One	xxxxx 6047	53,180
Iberia	xxxxx 1519	<u>596,888</u>
	Total	<u>\$ 650,512</u>

As of June 30, 2009, an amount of \$346,788 of the board's bank balances was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's agent not in Board's name	<u>\$ 346,788</u>
---	--------------------------

D. CAPITAL ASSETS

Capital assets used by the Board consist of office and computer equipment. These are included on the balance sheet and are capitalized at cost. Depreciation of all exhaustible fixed assets 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.

	<u>Year Ended June 30, 2009</u>			<u>Balance 6/30/2009</u>
	<u>Balance 6/30/2008</u>	<u>Additions</u>	<u>Retirements</u>	
Equipment	\$ 26,225	\$ 18,357	\$ --	\$ 44,582
Less accum. depreciation	<u>20,830</u>	<u>5,020</u>	<u>--</u>	<u>25,850</u>
Capital assets, net	<u>\$ 5,395</u>	<u>\$ 13,337</u>	<u>\$ --</u>	<u>\$ 18,732</u>

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
Notes to the Financial Statements
As of and for the year ended June 30, 2009**

E. INVENTORIES – N/A

F. RESTRICTED ASSETS – N/A

G. LEAVE

1. COMPENSATED ABSENCES

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

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

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

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2009 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$5,598. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

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 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. 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

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
Notes to the Financial Statements
As of and for the year ended June 30, 2009**

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 7/1/2006 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 option, within qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. For the full description of the LASERS defined benefit plan, please refer to LASERS 2005 Financial Statements, specifically footnotes A-Plan Description and C-Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at: [http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports 05.pdf](http://www.lasers.state.la.us/PDFs/Publications%20and%20Reports/Fiscal%20Documents/Comprehensive%20Financial%20Reports/Comprehensive%20Financial%20Reports%2005.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% or 8% of gross salary, and the Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2009, decreased to 18.5% of annual covered payroll from the 20.4% and 19.1% required in fiscal years ended June 30, 2008 and 2007 respectively. The Board's contributions to the System for the years ending June 30, 2009, 2008, and 2007, were \$60,618, \$63,341, and \$60,386, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS

The following calculation of the Net OPEB Obligation (NOO) is related to the state's Office of Group Benefits group insurance which is available to eligible retirees.

Fiscal year ending	6/30/2009
1. ARC	\$ 140,600
2. NOO, beginning of year *	149,241
3. Amortization factor	26.17
4. Interest on NOO (4% x 2.)	5,970
5. ARC adjustment (2./3.)	5,703
6. Annual OPEB expense (1. + 4. - 5.)	140,867
7. Contributions (payments to OGB for employer cost of retirees' FY08-09 group insurance)	16,800
8. Adjustment to OGB billings for retirees' insurance 2009 premiums	-
9. NOO, end of year (2. + 6. - 7 +or-8.)**	\$ 273,308

* Obtained from OSRAP's spreadsheet "OPEB Liability Spreadsheet for FYE June 30, 2008"

** Balance sheet amount for the year ended June 30, 2009. The Board's only OPEB is administered by the Office of Group Benefits.

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
Notes to the Financial Statements
As of and for the year ended June 30, 2009

J. OPERATING LEASES

The Board's total rental and lease expense for June 30, 2009 were \$90,849, which includes an operating lease for office space with a monthly rental of \$5,342 for a five-year term with an option for an additional five years. The Board also has an operating lease for a copier and parking spaces, but has no capital leases. Future minimum operating lease payments under the current and proposed operating leases for the years ending June 30 are:

<u>Nature of lease</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>
Office space	<u>\$64,106</u>	<u>\$64,106</u>	<u>\$10,684</u>

K. LONG-TERM LIABILITIES

Changes in long-term obligations for the year ended June 30, 2009 are as follows:

	<u>Year Ended June 30, 2009</u>				
	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Amounts due within one year</u>
Compensated absences payable	\$ 38,867	\$ 18,007	\$ 17,672	\$ 39,202	\$ 5,528
OPEB payable	<u>149,241</u>	<u>140,867</u>	<u>16,800</u>	<u>273,308</u>	
Total long-term liabilities	<u>\$ 188,108</u>	<u>\$ 158,874</u>	<u>\$ 34,472</u>	<u>\$ 312,510</u>	<u>\$ 5,528</u>

L. CONTINGENT LIABILITIES – N/A

M. RELATED PARTY TRANSACTIONS – N/A

N. ACCOUNTING CHANGES – N/A

O. IN-KIND CONTRIBUTIONS – N/A

P. DEFEASED ISSUES – N/A

Q. REVENUES OR RECEIVABLES– PLEDGED OR SOLD – N/A

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

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

T. SHORT-TERM DEBT – N/A

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
Notes to the Financial Statements
As of and for the year ended June 30, 2009**

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2009, were as follows:

<u>Activity</u>	<u>Other Receivables</u>	<u>Total Receivables</u>
Enforcement – fines, cost recovery, settlements	\$ 3,637	\$ 3,637
Other	193	193
Gross receivables	<u>3,830</u>	<u>3,830</u>
Less allowance for uncollectible accounts	0	0
Receivables, net	<u>\$ 3,830</u>	<u>\$ 3,830</u>

Amounts not scheduled for collection during the subsequent year

\$	<u>0</u>	\$	<u>0</u>
----	----------	----	----------

V. DISAGGREGATION OF PAYABLE BALANCES

Accounts Payable at June 30, 2009 were as follows:

<u>Activity</u>	<u>Personal Services</u>	<u>Legal</u>	<u>Services and Supplies</u>	<u>Total Payables</u>
Operating	\$ 3,066	\$ 2,660	\$ 2,392	\$ 8,118
Total	<u>\$ 3,066</u>	<u>\$ 2,660</u>	<u>\$ 2,392</u>	<u>\$ 8,118</u>

W. SUBSEQUENT EVENTS – N/A

X. SEGMENT INFORMATION – N/A

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

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – N/A

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

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION – N/A

CC. IMPAIRMENT OF CAPITAL ASSETS (INFORMATION IN APPENDIX D) – N/A

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
Notes to the Financial Statements
As of and for the year ended June 30, 2009**

DD. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The board recognizes the cost of providing these benefits as expenses when paid during the year. For the fiscal year ending June 30, 2009, the cost of providing those benefits for one involuntary termination totaled \$2,205. There is no liability for accrued termination benefits payable at June 30, 2009.

EE. POLLUTION REMEDIATION OBLIGATIONS – N/A

**STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2009**

<u>Name</u>	<u>Title</u>	<u>Amount</u>
Michael A. Tham, CPA	Chairman (July 2008 – June 2009)	\$1,800
Susan C. Cochran, CPA	Member (July 2008 – October 2008) Secretary (Nov. 2008 – June 2009)	1,600
Desireé W. Honoré, CPA	Secretary (July 2008) Treasurer (August 2008 – June 2009)	1,800
Michael B. Bruno, CPA	Member (July 2008 – June 2009)	1,200
Mark P. Harris, CPA	Member (July 2008 -June 2009)	1,200
Michael D. Bergeron	Member (August 2008 -June 2009)	1,100
Lynn V. Hutchinson	Member (August 2008 -June 2009)	1,100
Carol T. Barnes, CPA	Treasurer (July 2008)	150
Letti Lowe-Ardoin, CPA	Member (July 2008)	<u>100</u>
Total		<u>\$10,050</u>

The schedule of compensation paid to Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Officers of the Board receive compensation of \$150 per month, and other members receive \$100 per month in accordance with Act no. 473 of 1999.

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
SCHEDULE OF COMPARISON FIGURES
For the year ended JUNE 30, 2009

	<u>2009</u>	<u>2008</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 780,410	\$ 827,168	\$ (46,758)	(5.65) %
Expenses	1,102,473	951,304	151,169	15.89 %
Capital assets	44,582	26,225	18,357	70.00 %
Long-term liabilities	306,982	181,944	125,038	68.72 %
Net Assets	323,382	645,445	(322,063)	(49.90) %

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA



LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

August 26, 2009

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of the Basic Financial Statements
Performed in Accordance With *Government Auditing Standards*

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA**
New Orleans, Louisiana

We have audited the basic financial statements of the State Board of Certified Public Accountants of Louisiana, a component unit of the State of Louisiana, as of June 30, 2009, and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated August 26, 2009. Our report was modified to include an emphasis of a matter regarding the implementation of a new accounting standard and the impact of hurricanes Katrina and Rita. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State Board of Certified Public Accountants of Louisiana'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 State Board of Certified Public Accountants of Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State Board of Certified Public Accountants of Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the board's

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA

financial statements that is more than inconsequential will not be prevented or detected by the board's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 State Board of Certified Public Accountants of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

FM:JR:EFS:PEP:dl

CPA09