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, 2011
Issued October 5, 2011

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.

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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 Kerry Fitzgerald, Chief Administrative Officer, at 225-339-3800.

Our procedures at the State Board of Certified Public Accountants of Louisiana for the period July 1, 2009, through June 30, 2011, disclosed the following:

- Based on our audit, the financial statements present fairly, in all material respects, the financial position of the State Board of Certified Public Accountants of Louisiana as of June 30, 2011, and its respective changes in financial position and cash flows for the years ended June 30, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America.

- We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

- 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 a public report and has been distributed to state officials. We appreciate the State Board of Certified Public Accountants of Louisiana's assistance in the successful completion of our work.

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

August 23, 2011

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, 2011, and for the years ended June 30, 2011 and 2010, 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, 2011, and the changes in its financial position and its cash flows for the years ended June 30, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2011, 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 7 through 12 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 35 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

FM:JR:EFS:THC:dl

CPABD 2011

The Management's Discussion and Analysis (MD&A) 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, 2011. 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 13.

FINANCIAL HIGHLIGHTS

- The Board's total net assets (i.e., the amount by which total assets exceed liabilities) were in the amount of $633,811 at the close of fiscal year 2011, which represents a $7,809, or 1.2%, increase in net assets from last fiscal year.

- The Board's operating revenue is generated by fees for applications, licenses and license renewals, and fines, settlements, and cost recoveries from enforcement related activities.

  Total operating revenue decreased by $242,377, or 20.0%. The decrease in operating revenue resulted from a number of factors, but the primary reason was that revenue from enforcement actions in the prior fiscal year, 2009-10, included large settlement payments in a major case.

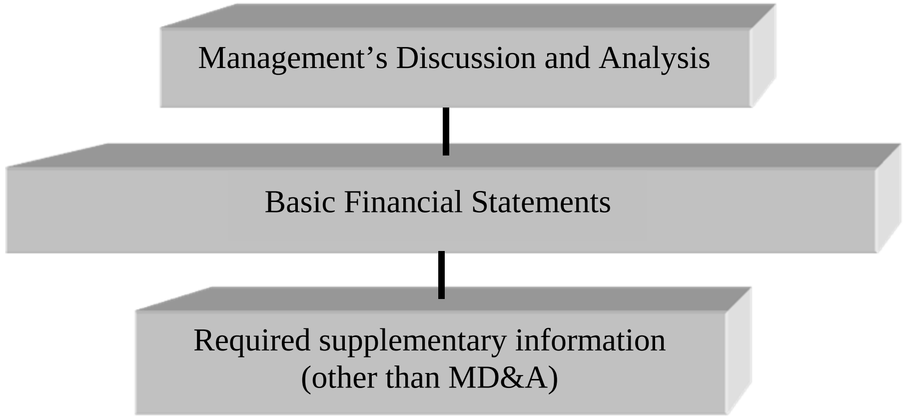
  Revenue related to enforcement activity is subject to wide fluctuation from year to year. Fines and settlements, which include recoveries of enforcement costs, represent $68,007, or 7.0%, of total operating revenues for the fiscal year 2011. Last fiscal year, revenue from enforcement activity was $337,081, or 27.8%, of total operating revenue for fiscal year 2009-10.

- Nonoperating revenue consists of interest on money market checking account. Interest earnings represent less than 0.3% of total revenues for this fiscal year, and this is comparable to last fiscal year when interest income comprised 0.2% of total revenues. Interest rates on bank deposits are at historically low levels.

- Operating expenses increased by $52,697, or 5.8%, from a total of $911,240 last fiscal year to $963,937 this fiscal year. There were higher expenditures this year because of a number of events, such as the acquisition of a computer "back-up server," a statewide increase in the retirement contribution rate due to the Louisiana State Employees Retirement System (LASERS) from state agencies, and having several days of administrative hearings with related travel costs, attorney and court reporter fees, and other costs associated with conducting hearings.

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 (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: MD&A (this section), the basic financial statements (including the related notes to the financial statements), and other required 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. 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 13) 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 15) 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 17) 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 2011	Total 2010
Current and other assets	$1,107,806	$1,018,492
Capital assets (net)	8,692	13,712
Total assets	1,116,498	1,032,204
Current liabilities	18,559	17,832
Long-term obligations	464,128	388,370
Total liabilities	482,687	406,202
Net assets:		
Invested in capital assets	8,692	13,712
Unrestricted	625,119	612,290
Total net assets	$633,811	$626,002

Unrestricted net assets are those that do not have any specified limitations on how these amounts may be expended. Net assets of $625,119 are available for future operations. There are no restricted net assets as of June 30, 2011.

Net assets increased by $7,809, or 1.2%, from June 30, 2010, to June 30, 2011.

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

	Total 2011	Total 2010	Total 2009
Operating revenues	$969,154	$1,211,531	$775,354
Operating expenses	(963,937)	(911,240)	(1,102,473)
Operating income (loss)	5,217	300,291	(327,119)
Nonoperating revenues	2,592	2,329	5,056
Increase (decrease) in net assets	$7,809	$302,620	($322,063)

The Board's total revenues decreased by $242,114, or 19.95%, because of several factors as explained in the financial highlights section previously mentioned. The total cost of all programs and services increased by $52,697, or 5.8%, from fiscal year 2009-10, as noted in the highlights section. The increase was caused by several items: the acquisition of computer server (not capitalized under our asset capitalization policy); an increase in the state retirement contribution (LASERS) rate, from 18.6% to 22%, which is applied to total payroll; and the costs arising from several days of hearings.

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, 2011, was amended once during the fiscal year. Similarly, the original budget for the year ended June 30, 2010, was also amended once during fiscal year 2009-10.

For the year ended June 30, 2011, actual revenues were over the final budget amounts by $38,373, or 4.1%. For the year ended June 30, 2010, actual revenues were over the original budget by $19,510, or 1.6%.

For the year ended June 30, 2011, actual expenses were under the final budget by $46,055, or 4.6%. For the year ended June 30, 2010, actual expenses were under the final budget by $143,925, or 13.6%.

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 members of the Board (the 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 effective in enforcement matters, handle major cases that may arise unexpectedly, cover related investigative and legal costs, and provide resources for upgrading office technology.

- Candidate volume has continued to gradually increase annually from the low levels that were experienced subsequent to the conversion to computer-based testing in 2004. The number of exam candidates affects the number of new certified public accountant (CPA) license applications and related fee revenue.

- The total number of licenses and registrants has been relatively stable over recent years. The total remains fairly constant even though Louisiana examination candidate volume has increased gradually in the last several years, which results in an increase in the number of new license applicants. However, the number of "CPA inactive" registrants has shown a decreasing trend over the same time period. Factors affecting the total number of registrants include the effects of an aging population, the advent of the "mobility" of the CPA license reducing the need for reciprocal licensing among states, and a state population that has held fairly constant. The number of licensees and registrants directly affects the amount of revenue the board generates from renewal fees.

- License and annual renewal 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.

- The cost of other postemployment benefits (OPEB) was initially recorded in the financial statements in fiscal year 2007-08 pursuant to GASB Statement No. 45. The OPEB expense and accrued liability relate to the obligation to pay the employer share of post-retirement premiums of employees enrolled in the state health plans at the time of retirement from state service. The costs are reported in annual actuarial reports, covering all state agencies, which are prepared and issued by an actuary retained by the State of Louisiana to estimate these costs under the applicable actuarial methods. The Board monitors the OPEB costs when budgeting and considering fee levels.

The Board initially expected, at the time of preparing its budget for fiscal year 2011-12, that it would likely incur an operating loss next fiscal year. However, the fiscal year 2011-12 budget was prepared before the agency experienced a recent decrease in staff levels (from unanticipated resignations) and also before receiving notice that the statewide merit increase freeze would continue. Both of these events will reduce operating costs from what has been budgeted. Depending on revenues from enforcement activity, which is budgeted conservatively, the Board may only experience a small change in the balance of its net assets next fiscal year. The Board also recognized that net assets are now at a low level due in large part to recognition of OPEB liability. The Board plans to hold renewal fees at the current level for the forthcoming 2011 year. Factors that the Board considered in reaching this decision are as follows:

- CPA exam candidate volume, which gradually increased since the 2004 implementation of computer-based testing is expected to level off at a saturation point. The AICPA, which prepares and grades the CPA exam, has indicated that the national volume candidate levels appear to have reached the highest anticipated projected volume levels.

- At some future point, the pool of potential new license applicants 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 have increased, it might not be enough to offset decreases in revenue caused by attrition.

- Fiscal year 2011-12 will not be a continuing professional education (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.)

- The Louisiana Department of Civil Service and the Governor implemented suspensions of merit increases for state employees for fiscal year 2009-10 for classified and unclassified positions, respectively, which continued into fiscal year 2010-11 for classified employees. The Board will not grant merit increases until such time as this freeze is lifted.

- Net assets are at a relatively low level, compared with years before 2008, due in large part to the recognition of the OPEB liability.

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, 2011

ASSETS	
Current assets:	
Cash (note 2)	$1,055,655
Receivables	41,971
Prepayments	10,180
Total current assets	1,107,806
Noncurrent assets:	
Capital assets (note 4)	44,582
Less accumulated depreciation (note 4)	(35,890)
Total noncurrent assets	8,692
Total assets	1,116,498
LIABILITIES	
Current liabilities:	
Accounts payable	14,982
Deferred revenue	2,500
Current portion of long-term liabilities - compensated absences payable (note 6)	1,077
Total current liabilities	18,559
Noncurrent liabilities:	
Compensated absences payable (note 6)	36,267
Other postemployment benefits payable (notes 6 and 7)	427,861
Total noncurrent liabilities	464,128
Total liabilities	482,687
NET ASSETS	
Invested in capital assets	8,692
Unrestricted net assets	625,119
Total net assets	$633,811

The accompanying notes are an integral part of this statement.

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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, 2011 and 2010

	JUNE 30,	
	2011	2010
OPERATING REVENUES		
Licenses, permits, and fees	$897,492	$868,995
Fines and settlements	68,007	337,081
Other income	3,655	5,455
Total operating revenues	969,154	1,211,531
OPERATING EXPENSES		
Personal services	575,202	562,656
Professional and contractual	151,515	141,328
Operating services and supplies	232,200	202,236
Depreciation (note 4)	5,020	5,020
Total operating expenses	963,937	911,240
OPERATING INCOME	5,217	300,291
NONOPERATING REVENUES		
Interest earnings	2,592	2,329
Change in net assets	7,809	302,620
TOTAL NET ASSETS AT BEGINNING OF YEAR	626,002	323,382
TOTAL NET ASSETS AT END OF YEAR	$633,811	$626,002

The accompanying notes are an integral part of this statement.

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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, 2011 and 2010

	JUNE 30, 2011	JUNE 30, 2010
Cash flows from operating activities:		
Cash received from licensees and registrants	$950,974	$1,179,058
Cash received from customers	3,655	5,455
Cash payments to suppliers for goods and services	(383,976)	(351,419)
Cash payments to employees for services	(496,137)	(481,114)
Net cash provided (used) by operating activities	74,516	351,980
Cash flows from capital and related financing activities:		
Acquisition of capital assets	NONE	NONE
Cash flows from investing activities:		
Interest received	2,592	2,329
Net increase in cash	77,108	354,309
Cash at beginning of year	978,547	624,238
Cash at end of year	$1,055,655	$978,547
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income	$5,217	$300,291
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	5,020	5,020
Changes in assets and liabilities:		
(Increase) in receivables	(10,961)	(27,180)
(Increase) in prepayments	(1,245)	(5,825)
Increase (decrease) in accounts payable	8,285	(3,921)
(Decrease) in compensated absences payable	(298)	(1,560)
Increase in OPEB payable	71,423	83,130
(Decrease) increase in deferred revenues	(2,925)	2,025
Total adjustments	69,299	51,689
Net cash provided by operating activities	$74,516	$351,980

The accompanying notes are an integral part of this statement.

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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, 2011, there were 6,918 active (licensed) and 3,308 inactive (unlicensed) CPAs and 2,191 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, 2011 and 2010, were revised with two amendments as summarized below:

	Revenues	Expenditures	Fund Balance
June 30, 2011			
Original approved budget	$924,450	$1,022,475	$626,002
Amendment 1	8,923	(12,483)	
Excess (deficiency) of revenues over expenditures			(76,619)
Final approved budget	$933,373	$1,009,992	$549,383
June 30, 2010			
Original approved budget	$824,860	$898,250	$323,382
Amendment 1	369,490	156,915	
Excess (deficiency) of revenues over expenditures			139,185
Final approved budget	$1,194,350	$1,055,165	$462,567

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, 2011, 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. 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 $1,055,655 at June 30, 2011, which consists of the following:

Demand deposits	$1,055,555
Petty cash	100
Total	$1,055,655

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 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, 2011, the board's total bank balance was $1,070,687, of which $765,564 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, 2011, the board has no investments.

4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Beginning Balance July 1, 2009	Additions	Deletions	Ending Balance June 30, 2010
Equipment	$44,582			$44,582
Less accumulated depreciation	(25,850)	($5,020)		(30,870)
Capital assets, net	$18,732	($5,020)	NONE	$13,712

	Beginning Balance July 1, 2010	Additions	Deletions	Ending Balance June 30, 2011
Equipment	$44,582			$44,582
Less accumulated depreciation	(30,870)	($5,020)		(35,890)
Capital assets, net	$13,712	($5,020)	NONE	$8,692

5. PENSION PLAN

Plan Description. 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 LASERS. 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) 922-0600.

Funding Policy. Employees are required by state statute to contribute 7.5% (8% for employees hired on or after July 1, 2006) of covered 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, 2011, increased to 22% of annual covered payroll from the 18.6% and 18.5% required in fiscal years ended June 30, 2010 and 2009, respectively. The board's contributions to LASERS for the years ended June 30, 2011, 2010, and 2009, were $76,647; $61,651; and $60,618; 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, 2011:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Compensated absences payable	$39,202	$18,489	$20,049	$37,642	$5,710
OPEB payable	273,308	100,400	17,270	356,438	
Total long-term liabilities	$312,510	$118,889	$37,319	$394,080	$5,710

	Balance July 1, 2,010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Compensated absences payable	$37,642	$13,675	$13,973	$37,344	$1,077
OPEB payable	356,438	88,000	16,577	427,861	
Total long-term liabilities	$394,080	$101,675	$30,550	$465,205	$1,077

The liability for accrued compensatory leave payable at June 30, 2011, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards, Section C60*, is estimated to be $1,077. 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 before 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 plan is currently financed on a pay-as-you-go basis. 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 offered two standard plans for both active and retired employees for fiscal years 2010 and 2011: the Preferred Provider Organization (PPO) plan, and the Health Maintenance Organization (HMO) plan. For fiscal year 2010, the Exclusive Provider Organization (EPO) plan was offered for both active and retired employees. 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 Medicare Advantage plans, which are offered on a calendar-year basis. During calendar years 2010 and 2011, there were three HMO plans and two private fee-for-service (PFFS) plans offered by four companies.

Employees with an OGB medical participation start date before January 1, 2002, pay approximately 25% of the cost of medical coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees with an OGB medical participation start date after December 31, 2001, pay a percentage of the total contribution based on the following schedule:

Service	Retiree Share	State Share
Under 10 years	81%	19%
10 - 14 years	62%	38%
15 - 19 years	44%	56%
20+ years	25%	75%

The total monthly premium rates in effect for the plan year 2010-11 are as follows:

	PPO	HMO	Medical Home Health Plan
Active			
Single	$559	$528	$532
With Spouse	1,187	1,121	1,130
With Children	681	644	649
Family	1,251	1,182	1,192
Retired No Medicare & Re-employed Retirees			
Single	$1,039	$985	$990
With Spouse	1,835	1,739	1,748
With Children	1,158	1,097	1,102
Family	1,826	1,731	1,739
*Retired with 1 Medicare			
Single	$338	$326	$322
With Spouse	1,249	1,191	1,189
With Children	585	561	557
Family	1,664	1,585	1,584
*Retired with 2 Medicare			
With Spouse	$607	$584	$578
Family	752	723	716

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

The total monthly premium rates in effect for the plan year 2009-10 are as follows:

	PPO	EPO	HMO	Medical Home Health Plan
Active				
Single	$559	$581	$536	$532
With Spouse	1,187	1,234	1,139	1,130
With Children	681	709	654	649
Family	1,251	1,301	1,201	1,192
Retired No Medicare & Re-employed Retirees				
Single	$1,039	$1,081	$998	$990
With Spouse	1,835	1,909	1,762	1,748
With Children	1,158	1,204	1,111	1,102
Family	1,826	1,899	1,753	1,739
*Retired with 1 Medicare				
Single	$338	$351	$324	$322
With Spouse	1,249	1,299	1,199	1,189
With Children	585	608	562	557
Family	1,664	1,730	1,597	1,584
*Retired with 2 Medicare				
With Spouse	$607	$632	$583	$578
Family	752	782	722	716

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

	Medicare Advantage Plans - Calendar Year 2009				
	HMO			Private Fee-for-Service Plans	
	Humana	People's Health	Vantage	Humana	Secure Horizons
Retired, with 1 Medicare Single	$137	$142	$178	$174	$270
Retired, with 2 Medicare With Spouse	$274	$284	$356	$348	$539

	Medicare Advantage Plans - Calendar Year 2010				
	HMO			Private Fee-for-Service Plans	
	Humana	People's Health	Vantage	Humana	Secure Horizons
Retired, with 1 Medicare Single	$149	$142	$198	$165	$199
Retired, with 2 Medicare With Spouse	$298	$284	$396	$330	$397

	Medicare Advantage Plans - Calendar Year 2011				
	HMO			Private Fee-for-Service Plans	
	Humana	People's Health	Vantage	Humana	United Healthcare
Retired, with 1 Medicare Single	$145	$115	$258	$149	$199
Retired, with 2 Medicare With Spouse	$290	$230	$516	$298	$397

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life, and Employee Accidental Death and Dismemberment coverage, which is underwritten by the Prudential Insurance Company of America. The total premium is approximately $1 per thousand dollars of coverage of which the employer pays one-half of the premiums. 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 OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45, which was initially implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liability (UAAL).

The following schedule presents the components of the board's annual OPEB cost for the fiscal years ended June 30, 2011 and 2010, the amount actually contributed to the plan, and changes in the board's net OPEB obligation to the OPEB plan:

	2011	2010
ARC	$87,300	$99,900
Interest on net OPEB obligation	14,300	10,900
ARC adjustment	(13,600)	(10,400)
Annual OPEB cost	88,000	100,400
Contributions made	(16,577)	(17,270)
Increase in net OPEB obligation	71,423	83,130
Beginning net OPEB obligations at July 1	356,438	273,308
Ending net OPEB obligation at June 30	$427,861	$356,438

The board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2011, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$140,867	11.9%	$273,308
June 30, 2010	100,400	17.2%	356,438
June 30, 2011	88,000	18.8%	427,861

Funded Status and Funding Progress--Act 910 of the 2008 Regular Session established the Postemployment Benefits Trust Fund effective July 1, 2008; however, neither the board nor the State of Louisiana has ever made any contributions to it. Since no contributions were made, the board's entire actuarial accrued liability (AAL) of $1,031,800 and $1,081,200 was unfunded, respectively, for fiscal years 2011 and 2010.

The funded status of the plan, as determined by an actuary, was as follows:

	July 1, 2010	July 1, 2009
AAL	$1,031,800	$1,081,200
Actuarial value of plan assets	NONE	NONE
Unfunded actuarial accrued liability (UAAL)	$1,031,800	$1,081,200
Funded ratio	0%	0%
Covered payroll (active plan members)	$227,000	$257,800
UAAL as a percentage of covered payroll	455%	419%

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

In the July 1, 2009 and July 1, 2010, OGB actuarial valuations, the projected unit credit actuarial cost method was used. For the July 1, 2010, valuation, the actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 8% and 9.1% for pre-Medicare and Medicare eligible employees, respectively, scaling down to ultimate rates of 5% per year. For the July 1, 2009, valuation, the actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 8.5% and 9.6% for pre-Medicare and Medicare eligible employees, 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 over 30 years as a level percentage of projected payroll on an open basis. 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 expenses for June 30, 2011 and 2010, were $89,871 and $87,853, 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, which was renewed on February 17, 2011, to extend the term to August 31, 2016. 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	Fiscal Year				
Operating Lease	2012	2013	2014	2015	2016
Office space	$64,104	$64,104	$64,104	$64,104	$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, 2011, 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's Web site at www.lla.la.gov.

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

The schedule of funding progress (Schedule 1) is required supplemental 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
Three Fiscal Years Ended June 30, 2011

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, 2008	NONE	$1,401,400	$1,401,400	0.0%	$327,662	428%
July 1, 2009	NONE	$1,081,200	$1,081,200	0.0%	$257,800	419%
July 1, 2010	NONE	$1,031,800	$1,031,800	0.0%	$227,000	455%

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PER DIEM PAID BOARD MEMBERS
For the Years Ended June 30, 2011 and 2010

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, 2011

The annual fiscal report presents the financial position of the State Board of Certified Public Accountants of Louisiana as of June 30, 2011, 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, 2011 and 2010

	2011	2010
Michael D. Bergeron - Member (July 2009), Secretary (August 2009 - June 2010)		$1,750
Secretary (July 2010), Treasurer (August 2010 - June 2011)	$1,800	
Michael B. Bruno, CPA - Member (July 2009 - June 2010)		1,200
Member (July 2010 - June 2011)	1,200	
Susan C. Cochran, CPA - Secretary (July 2009), Treasurer (August 2009 - June 2010)		1,800
Treasurer (July 2010), Member (August 2010 - June 2011)	1,250	
Mark P. Harris, CPA - Member (July 2009 - June 2010)		1,200
Member (July 2010 - June 2011)	1,200	
Desiree W. Honore', CPA - Treasurer (July 2009), Member (August 2009 - June 2010)		1,250
Member (July 2010 - June 2011)	1,200	
Lynn V. Hutchinson - Member (July 2009 - June 2010)		1,200
Member (July 2010), Secretary (August 2010 - June 2011)	1,750	
Michael A. Tham, CPA - Chairman	1,800	1,800
Total	$10,200	$10,200

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STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA

STATE OF LOUISIANA

Annual Financial Report

June 30, 2011

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STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA

601 Poydras Street, Suite 1770
New Orleans, LA 70130

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www.cpaboard.state.la.us

TRANSMITTAL LETTER

August 23, 2011

Daryl G. Purpera, CPA, CFE
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, 2011 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,

Michael A. Henderson
Executive Director

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2011

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
601 Poydras Street, Suite 1770, New Orleans, LA 70130

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

Legislative_Auditor_-_Fileroom.LLA@lla.state.la.us

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, 2011 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 23rd day of August, 2011.

State of Louisiana
Parish of Orleans

Signature of Agency Official

NOTARY PUBLIC

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

Prepared by: Michael A. Henderson

Title: Executive Director

Phone No.: 504-566-1244

Date: August 23, 2011

Email: sitemaster@cpaboard.state.la.us

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, 2011. 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 $633,811 at the close of fiscal year 2011, which represents a $7,809 (or 1.2%) increase 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, settlements, and cost recoveries from enforcement related activities.

  Total operating revenue decreased by $242,377 (or 20.0%). The decrease in operating revenue resulted from a number of factors but the primary reason was that revenue from enforcement actions in the prior fiscal year, FY 09-10, included large settlement payments in a major case.

  Revenue related to enforcement activity is subject to wide fluctuation from year to year. Fines and settlements, which include recoveries of enforcement costs, represent $68,007 (or 7.0%) of total operating revenues for the fiscal year 2011. Last fiscal year, revenue from enforcement activity was $337,081 (or 27.8%) of total operating revenue for FY 09-10.

- Non-operating revenue consists of interest on a money market checking account. Interest earnings represent less than 0.3% of total revenues for this fiscal year, and this is comparable to last fiscal year when interest comprised 0.2% of total revenues. Interest rates on bank deposits are at historically low levels.

- Operating expenses increased by $52,697 (or 5.8%) from a total of $911,240 last fiscal year to $963,937 this fiscal year. There were higher expenditures this year because of a number of events, such as, the acquisition of a computer "back-up server", a statewide increase in the retirement contribution rate due to LASERS from state agencies, and having several days of administrative hearings with related travel costs, attorney and court reporter fees, and other costs associated with conducting hearings.

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.*

Management's Discussion and Analysis

Basic Financial Statements

Required supplementary information
(other than MD&A)

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.

FINANCIAL ANALYSIS

Balance Sheet
as of June 30

	Total	
	2011	2010
Current and other assets	$ 1,107,806	$ 1,018,492
Capital assets	8,692	13,712
Total assets	$ 1,116,498	$ 1,032,204
Current liabilities	18,559	17,832
Long-term obligations	464,128	388,370
Total liabilities	482,687	406,202
Net assets:		
Invested in capital assets	8,692	13,712
Unrestricted	625,119	612,290
Total net assets	633,811	626,002
Total liabilities and net assets	$ 1,116,498	$ 1,032,204

Unrestricted net assets are those that do not have any specified limitations on how these amounts may be expended. Net assets of $625,119 are available for future operations. There are no restricted net assets as of June 30, 2011.

Net assets increased by $7,809 (or 1.2%) from June 30, 2010 to June 30, 2011.

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

	Total	
	2011	2010
Operating revenues	$ 969,154	$ 1,211,531
Operating expenses	(963,937)	(911,240)
Operating income	5,217	300,291
Non-operating revenues	2,592	2,329
Increase in net assets	$ 7,809	$ 302,620

The Board's total revenues decreased by $242,114 (or 19.95%) because of several factors as explained in the financial highlights section above. The total cost of all programs and services increased by $52,697 (or 5.8%) from fiscal year 2009-10, as noted in the highlights section, the increase was caused by several items: the acquisition of computer server (not capitalized our asset capitalization policy); an increase in the (LASERS) state retirement contribution rate, from 18.6% to 22%, which is applied to total payroll; and, the costs arising from several days of hearings.

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

Statement of Cash Flows
for the years ended June 30

	2011	2010
Cash and cash equivalents provided by:		
Operating activities	$ 74,516	$ 351,980
Capital and financing activities	-	-
Investing activities	2,592	2,329
Net increase in cash and cash equivalents	77,108	354,309
Cash and cash equivalents		
Beginning of year	978,547	624,238
End of year	$ 1,055,655	$ 978,547

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.

The original budget approved for the year ended June 30, 2011 was amended once during the fiscal year. Similarly, the original budget for the year ended June 30, 2010 was also amended once during FY 09-10.

For the year ended June 30, 2011, actual revenues were over the final budget amounts by $38,374 (or 4.1%). For year ended June 30, 2010, actual revenues were over the original budget by $19,510 (or 1.6%).

For the year ended June 30, 2011, actual expenses were under the final budget by $46,056 (or 4.6%). For the year ended June 30, 2010, actual expenses were under the final budget by $143,925 (or 13.6%).

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 member of the Board (the 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 effective in enforcement matters, to handle major cases that may arise unexpectedly, and to cover the related investigative and legal costs, and to provide resources for upgrading office technology.

- Candidate volume has continued to gradually increase annually from the low levels that were experienced subsequent to the conversion to computer-based testing in 2004. The number of exam candidates affects the number of new CPA license applications and related fee revenue.

- The total number of licensees and registrants has been relatively stable over recent years. The total remains fairly constant even though Louisiana examination candidate volume has increased gradually in the last several years, which results in an increase in the number of new license applicants. However, the number of "CPA inactive" registrants has shown a decreasing trend over the same time period. Factors affecting the total number of registrants include the effects of an aging population, the advent of the 'mobility' of the CPA license reducing the need for reciprocal licensing among states, and a state population that has held fairly constant. The total number of CPAs directly affects the amount of revenue generated from renewal fees.

- License and annual renewal 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.

- The cost of other postemployment benefits ("OPEB") was initially recorded in the financial statements in FY 2007-08 pursuant to the Governmental Accounting Standards Board's statement no. 45. The OPEB expense and accrued liability relates to the obligation to pay the employer share of post-retirement premiums of employees enrolled in the state health plan (OGB) at the time of retirement from state service. The costs are reported in annual actuarial reports, covering all state agencies, which is prepared and issued by an actuary retained by the State of Louisiana to estimate these costs under the applicable actuarial methods. The Board monitors the OPEB costs when budgeting and considering fee levels.

The Board initially expected, at the time of preparing its budget for FY 2011-12, that it would likely incur an operating loss next fiscal year. However, the FY 2011-12 budget was prepared before the agency experienced a recent decrease in staff levels (from unanticipated resignations) and also before receiving notice that the statewide merit increase freeze would continue. Both of these events will reduce operating costs from what had been budgeted. Depending on revenues from enforcement activity, which is budgeted conservatively, the Board may only experience a small change in the balance of its net assets next fiscal year. The Board also recognizes that net assets are now at a low level due in large part to recognition of the OPEB liability. The Board plans to hold renewal fees at the current level for the forthcoming 2011 renewal year. Factors that the Board considered in reaching this decision are as follows:

- Louisiana CPA exam candidate volume, which gradually increased since the time of the 2004 implementation of compúter based testing is expected to level off at a saturation point. The AICPA, which prepares and grades the CPA exam, has indicated that the national volume of candidates appear to have reached the highest anticipated projected volume considering the level of college accounting graduates and other factors.

- At some future point, the pool of potential new license applicants may not be enough to offset attrition due to age, retirement, and the "mobility" of the CPA license. That is, although revenue related to new license applications and subsequent renewal fees paid by these licensees have been increasing, this source of revenue may not fully offset decreases in revenue in future years caused by attrition.

- Fiscal year 2011-12 will not 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.)

- The Louisiana Department of Civil Service and the Governor implemented suspensions of merit increases for state employees for FY2009-10 for classified and unclassified positions, respectively, which continued into FY2010-11 for classified employees. The Board will not grant merit increases until such time as this freeze is lifted.

- Net assets are at a relatively low level, compared with years prior to 2008, due in large part to the recognition of the OPEB liability.

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, 2011

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents (Note C)	$ 1,055,655
Receivables (Note U)	41,971
Prepayments	10,180
Total current assets	1,107,806
NONCURRENT ASSETS:	
Capital assets (Note D):	
Equipment	44,582
Less accumulated depreciation	(35,890)
Total noncurrent assets	8,692
Total assets	$ 1,116,498
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable (Note V)	$ 14,982
Deferred revenue	2,500
Current portion of long-term liabilities (Note K):	
Compensated absences payable	1,077
Total current liabilities	18,559
NONCURRENT LIABILITIES:	
Compensated absences payable (Note K)	36,267
OPEB payable (Note K)	427,861
Total long-term liabilities	464,128
Total liabilities	482,687
NET ASSETS	
Invested in capital assets	8,692
Unrestricted net assets	625,119
Total net assets	633,811
Total liabilities and net assets	$ 1,116,498

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, 2011

OPERATING REVENUES		
Licenses, permits and fees		$ 897,492
Fines and settlements		68,007
Other Income		3,655
Total operating revenues		969,154
OPERATING EXPENSES		
Administrative:		
Personal services	575,202	
Professional and contractual	151,515	
Operating services and supplies	232,200	
		958,917
Depreciation		5,020
Total operating expenses		963,937
Operating income		5,217
NONOPERATING REVENUES		
Interest earnings		2,592
Total nonoperating revenues		2,592
Change in net assets		7,809
Total net assets - beginning		626,002
Total net assets - ending		$ 633,811

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

Statement B

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Component Unit:					
State Board of CPAs	$ 963,937	$ 969,154	$ --	$ --	$ 5,217

General Revenues:	
Taxes	-
State appropriations	-
Grants and contributions not restricted to specific programs	-
Interest	2,592
Miscellaneous	-
Special Items	-
Transfers	-
Total general revenues, special items, and transfer	2,592
Change in net assets	7,809
Net assets - beginning	626,002
Net assets - ending	$ 633,811

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, 2011

Cash flows from operating activities		
Cash received from licensees and registrants	$ 950,974	
Cash received from customers	3,655	
Cash payments to suppliers for goods and services	(383,976)	
Cash payments to employees for services	(496,137)	
Net cash provided by operating activities		$ 74,516
Cash flows from noncapital financing activities		-
Cash flows from capital and related financing activities		-
Cash flows from investing activities		
Interest earned on money market deposit accounts	2,592	
Net cash provided by investing activities		2,592
Net increase in cash and cash equivalents		77,108
Cash and cash equivalents at beginning of year		978,547
Cash and cash equivalents at end of year		$ 1,055,655
Reconciliation of operating income to net cash used by operating activities:		
Operating income		$ 5,217
Adjustments to reconcile operating loss to net cash:		
Depreciation	5,020	
Changes in assets and liabilities:		
Increase in receivables	(10,961)	
Increase in prepayments	(1,245)	
Increase in accounts payable and accurals	8,285	
Decrease in compensated absences payable	(298)	
Increase in OPEB payable	71,423	
Decrease in deferred revenues	(2,925)	
Total adjustments		69,299
Net cash provided by operating activities		$ 74,516

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

Statement D

INTRODUCTION

The State Board of Certified Public Accountants of Louisiana (Board) was created by the Louisiana State Legislature in 1908 and is established under the provisions of Louisiana Revised Statute (R.S.) 37:74. The following is a brief description of the operations of the Board:

The Board is a licensing agency of the State of Louisiana. The Board's enabling legislation, the Louisiana Accountancy Act (LAA), 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 to promote the reliability of public accounting and financial reporting. The Board is charged with the responsibility of regulating the professional work of certified public accountants (CPAs) and firms operating in the State by enforcing the accountancy act; promulgating and enforcing rules of conduct; administering examinations of CPA candidates to assess competency and educational qualifications; issuing and renewing licenses, based on the additional qualifications, to use the CPA title and to practice as a CPA firm; requiring licensees to provide evidence of continuing professional education (CPE) and peer review; prohibiting or restricting titles that have a capacity to deceive the public; and, by investigating valid complaints from the public or allegations of a failure to comply with the LAA, with standards of accountancy, or with rules of professional conduct. The operations of the Board are funded through self-generated funds that are primarily derived from fees for the issuance, application, and annual renewal of CPA certificates and licenses, and secondarily from cost recoveries and fines related to enforcement. The Board has nine full time authorized employee positions. As of June 30, 2011, there were registered with the Board 6,918 licensed CPAs; 3,308 inactive CPAs (that is, unlicensed, but registered and exempted from CPE; and 2,191 CPA firms holding permits to practice 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.

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, 2011 was formally adopted by the Board on January 25, 2010.

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, 2011 is summarized below:

	Revenues	Expenditures	Excess(Deficiency)
Original approved budget:	$ 924,450	$1,022,475	($ 98,025)
Amendment - January 31, 2011	8,923	(12,483)	21,406
Final approved budget:	$ 933,373	$1,009,992	($ 76,619)

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 in the name of the Board or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

The board has cash (book balance) totaling $1,055,655 at June 30, 2011 which consists of cash in bank accounts, checks received with license applications for deposit, and petty cash, totaling $1,053,055, $2,500, and $100 respectively.

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

Banking Institution	Account Number		Amount
Iberia Bank	xxxxxxx19		$1,015,565
Capital One	xxxxxxx47		55,122
		Total	$ 1,070,687

As of June 30, 2011, the amount of $762,564 of the Board's bank balances was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by pledging bank's trust department or agent, but not in Board's name	$ 765,564

D. CAPITAL ASSETS

Capital or fixed 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.

	Year Ended June 30, 2011			
	Balance 6/30/2010	Additions	Retirements	Balance 6/30/2011
Equipment	$ 44,582	$ --	$ --	$ 44,582
Less accum. depreciation	30,870	5,020	--	35,890
Capital assets, net	$ 13,712	$ 5,020	$ --	$ 8,692

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 is accrued and recognized in accordance with GASB Codification Section C60. The cost is an expenditure in the period the leave is taken by employees or paid to terminating employees, but is recognized as an expense and a liability in the financial statements in the period in which the leave is earned. The cost of leave privileges applicable to Board 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, 2011 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is $0. If there were any leave payable would be included in the Compensated Absences liability 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 single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

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

Vested employees eligible to begin participation in the DBP before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after 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 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 08.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, 2011, increased to 22% of annual covered payroll from the 18.6% and 18.5% required in fiscal years ended June 30, 2010 and 2009 respectively. The Board's contributions to the System for the years ending June 30, 2011, 2010, and 2009, were $76,647, $61,651, and $60,618, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Full time staff employees of the Board are eligible to participate in the state's health insurance plan. 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 employees upon retirement who may continue to participate in the health plan.

Annual OPEB expense and net OPEB Obligation

Fiscal year ending		6/30/2011
1. * ARC	$	87,300
2. * Interest on NOO (4%)		14,300
3. * ARC adjustment		13,600
4. * Annual OPEB Expense (1. + 2. - 3.)		88,000
5. Contributions to OGB for Board (employer) portion of retirees' insurance premiums		16,577
6. Increase in Net OPEB Obligation (4. - 5.)		71,423
7. * NOO, beginning of year (see actuarial valuation report on OSRAP's website)		356,438
8. **NOO, end of year (6. + 7.)	$	427,861

* Obtained from OSRAP "GASB 45 OPEB Valuation Report as of June 30, 2010 to be used for fiscal year ending June 30, 2011"

** Balance sheet amount for the year ended June 30, 2011. The Board's only health plan is the state's plan administered by the Office of Group Benefits.

J. OPERATING LEASES

The Board's total rental and lease expense for June 30, 2011 was $89,871, which includes an operating lease for office space having a monthly rental of $5,342, currently in a five-year term ending August 31, 2011, which was renewed on February 17, 2011 to extend the term to August 31, 2016. The Board also has monthly operating leases for a copier and parking spaces, but has no capital leases.

Future minimum operating lease payments under the office space operating lease for the years ending June 30 are as follows:

Nature of Operating lease	FY2012	FY2013	FY2014	FY2015	FY2016 (through 8/31/2016)
Office space	$64,104	$64,104	$64,104	$64,104	$10,684

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, 2011

K. LONG-TERM LIABILITIES

Changes in long-term obligations for the year ended June 30, 2011 are as follows:

	Year Ended June 30, 2011				
	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts due within one year
Compensated absences payable	$ 37,642	13,675	13,973	$ 37,344	$ 1,077
OPEB payable	356,438	88,000	16,577	427,861	
Total long-term liabilities	$ 394,080	101,675	30,550	$ 465,205	$ 1,077

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

Receivables at June 30, 2011, were as follows:

Activity	Other Receivables	Total Receivables
Enforcement – fines, cost recovery, settlements	$ 41,280	$ 41,280
Other	690	690
Gross receivables	41,970	41,970
Less: Allowance for uncollectible accounts	0	0
Receivables, net	$ 41,970	$ 41,970
Amounts not scheduled for collection during the subsequent year	$ 0	$ 0

V. DISAGGREGATION OF PAYABLE BALANCES

Accounts Payable at June 30, 2011 were as follows:

Activity	Personal Services	Legal	Services and Supplies	Total Payables
Operating	$ 7,940	$ 2,491	$ 4,551	$ 14,982
Total payables	$ 7,940	$ 2,491	$ 4,551	$ 14,982

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

DD. EMPLOYEE TERMINATION BENEFITS – N/A

EE. POLLUTION REMEDIATION OBLIGATIONS – N/A

FF. AMERICAN RECOVERY AND REINVESTMENT ACT – 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, 2011

Name	Title	Amount
Michael A. Tham, CPA	Chairman	$1,800
Michael D. Bergeron	Secretary (July 2010) Treasurer (Aug 2010 – June 2011)	1,800
Michael B. Bruno, CPA	Member (July 2010 – June 2011)	1,200
Susan C. Cochran, CPA	Treasurer (July 2010) Member (Aug 2010 – June 2011)	1,250
Mark P. Harris, CPA	Member (July 2010 -June 2011)	1,200
Desireé W. Honoré, CPA	Member (July 2010 – June 2011)	1,200
V. Lynn Hutchinson	Member (July 2010) Secretary (Aug 2010 – June 2011)	1,750
	Total	$10,200

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.

SCHEDULE 1

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

SCHEDULE OF COMPARISON FIGURES
FOR THE YEARS ENDED JUNE 30

	2011	2010	Difference	Percentage Change
Revenues	$ 971,746	$ 1,213,860	$ (242,114)	(19.95) %
Expenses	963,937	911,240	52,697	5.78 %
Capital assets	44,582	44,582	-	0.00 %
Long-term liabilities	464,128	388,370	75,758	19.51 %
Net Assets	633,811	626,002	7,809	1.25 %

SCHEDULE 15

OTHER REPORT REQUIRED BY

GOVERNMENT AUDITING STANDARDS

The following pages contain our report on internal control over financial reporting and on compliance with laws, 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 matters that would be material to the presented financial statements.

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

August 23, 2011

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

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 (board), a component unit of the State of Louisiana, as of June 30, 2011, and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated August 23, 2011. 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 board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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 board, 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,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

FM:JR:EFS:THC:dl

CPABD 2011