

LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA

BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION SCHEDULES

AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

LOUISIANA BOARD OF COSMETOLOGY  
*Working towards a Beautiful Future*

Executive Director

Steve Young

Board Members

Vivian L. Glaze  
Taquilla Hamilton  
Michael Hays  
Michael Horning  
Geneva Jones  
Sarah Kennison  
Lora Moreau  
Carolyn Robicheaux  
Ira Weber

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

Release Date NOV 20 2013

LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION SCHEDULES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

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**BASIC FINANCIAL STATEMENTS**

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**MARY SUE STAGES, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

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

**INDEPENDENT AUDITORS' REPORT**

Board Members of the  
Louisiana State Board of Cosmetology  
11622 Sunbelt Court  
Baton Rouge, Louisiana 70809

*Report on the Financial Statements*

We have audited the accompanying financial statements of the business-type activities of the Louisiana State Board of Cosmetology, a component unit of the State of Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Louisiana State Board of Cosmetology's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the component unit 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 performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Louisiana State Board of Cosmetology, a component unit of the State of Louisiana, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Other Matters - Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule be presented to supplement the component unit financial statements. Such information, although not a part of the component unit financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the component unit financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the component unit financial statements and other knowledge we obtained during our audit of the component unit financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

The accompanying Annual Financial Report, as required by the Louisiana Division of Administration, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparisons and reconciliations directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2013, on our consideration of the Louisiana State Board of Cosmetology's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana State Board of Cosmetology's internal control over financial reporting and compliance.

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

Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, Louisiana  
August 27, 2013

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 1 OF 2)**

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**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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The purpose of this section is to offer a narrative overview and analysis of the Louisiana State Board of Cosmetology's (hereafter referred to as the Board) financial performance during the year ended June 30, 2013. This document focuses on the current year activities, resulting changes and currently known facts. It should be read in conjunction with the financial report taken as a whole.

**Highlights of the Board as a Whole**

- ◆ Assets exceeded liabilities at June 30, 2013 by \$942,541
- ◆ The Board has no long-term obligations other than employee-related benefits

**Overview of the Financial Statement Presentation**

The financial statements are comprised of these components – (1) management's discussion and analysis, (2) basic financial statements, (3) notes to the financial statements and (4) required supplemental information. There is also other supplemental schedules and information contained in this report provided for additional information to assist the user.

**Basic Financial Statements.** The basic financial statements present information for the Board as a whole. Statements in this section include the following:

*Statement of Net Position.* This statement presents information on all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or not.

*Statement of Revenues, Expenses and Changes in Net Position.* This statement presents information showing how the Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the Board's financial reliance on general revenues.

*Statement of Cash Flows.* The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The basic financial statements can be found on pages 9-12 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The index of the notes is found on page 14 with the actual notes beginning immediately afterwards.

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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**Required Supplemental Information.** As a component unit of the State of Louisiana, the Board complies with the reporting requirements of the Division of Administration, Office of Statewide Reporting and Accounting. The Louisiana Comprehensive Annual Financial Report included as other required supplemental information, is completed with information relative to the Board.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other information that is deemed useful to readers of this report.

**Financial Analysis of the Board**

Net position is an indicator of the Board's financial position from year to year. A summary of net position follows.

**SUMMARY OF NET POSITION**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current assets	\$ 1,922,812.43	\$ 1,916,278.58
Non-current assets	<u>219,600.56</u>	<u>226,978.04</u>
Total Assets	2,142,412.99	2,143,256.62
<b>Liabilities</b>		
Current liabilities	44,163.82	109,139.04
Non-current liabilities	<u>1,155,708.37</u>	<u>1,076,666.54</u>
Total Liabilities	1,199,872.19	1,185,805.58
<b>Net Position</b>		
Net investment in capital assets	219,600.56	226,978.04
Unrestricted	<u>722,940.24</u>	<u>730,473.00</u>
Total Net Position	<u>942,540.80</u>	<u>957,451.04</u>

Net position decreased by \$14,914 from June 30, 2012 to June 30, 2013.

A summary of changes in net position is as follows:

**SUMMARY OF CHANGES IN NET POSITION**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>	\$ 1,937,472.72	\$ 1,957,230.43
<b>Operating Expenses</b>	<u>(1,954,382.96)</u>	<u>(1,926,160.30)</u>
Operating Income	<u>(14,910.24)</u>	<u>31,070.13</u>

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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Revenues decreased by \$19,758 or 1%. Expenses, on the other hand, increased by \$28,222.66 or 1% of the prior year's expenses.

**Budgetary Highlights**

The original and final budgets are presented in the accompanying required supplemental information. There were no amendments during the year.

Operating revenues were greater than anticipated by \$264,473 or 16%. The largest portion of this positive variance is due to enforcement actions by the Board.

A budget to actual comparison is provided in supplemental information on page 25.

**Capital Asset and Debt Administration**

*Capital Assets:* The Board's investment in capital assets, net of accumulated depreciation, at June 30, 2013, was \$219,601. All assets are properly recorded with the State of Louisiana and a detailed list is maintained.

Capital assets include land of \$165,000 and an office building recorded at \$163,149. The land and office building were purchased in 1985. Remaining assets consists of office furniture and equipment maintained by the Board for operations.

*Debt Administration:* Long-term debt of the Board includes compensated absences at amounts of \$82,107 and \$82,676 at June 30, 2013 and 2012, respectively. This represents that portion of annual leave earned by employees but not yet taken at year-end.

Amounts of \$1,073,601 at June 30, 2013 and \$993,991 at June 30, 2012, are also recorded for retiree benefits including health and life insurance. This is an actuarial estimate of the amount that would be due for post-employment benefits for existing employees, assuming that all remain with the Board through retirement age. Additional information on this obligation can be found in the notes to the financial statements.

**Request for Information**

This financial report is designed to provide a general overview of the Board's finances, comply with finance-related laws and regulations and demonstrate the Board's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Mr. Steve Young, Executive Director, at 11622 Sunbelt Court, Baton Rouge, Louisiana 70809 or 225-756-3404.

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**BASIC FINANCIAL STATEMENTS**

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**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
STATEMENT OF NET POSITION  
JUNE 30, 2013**

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	<u>Business-type Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 1,922,812.43
Non-Current Assets	
Land	165,000.00
Machinery/equipment, net of accumulated depreciation	54,600.56
Total Non-Current Assets	<u>219,600.56</u>
Total Assets	2,142,412.99
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
-	
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	21,514.09
Payroll withholdings and related payables	7,005.20
Accrued salaries	15,644.53
Total Current Liabilities	<u>44,163.82</u>
Non-Current Liabilities	
Compensated absences payable	82,107.40
Other post-employment benefits plan payable	1,073,600.97
Total Non-Current Liabilities	<u>1,155,708.37</u>
Total Liabilities	1,199,872.19
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
-	
<b>NET POSITION</b>	
Net investment in capital assets	219,600.56
Unrestricted	722,940.24
Total Net Position	<u><u>942,540.80</u></u>

See Accompanying Notes and Independent Auditors' Report

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION  
YEAR ENDED JUNE 30, 2013**

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	<u>Business-type Activities</u>
<b><u>OPERATING REVENUES</u></b>	
Licenses and other fees	\$ 1,710,119.47
Fines	<u>229,353.25</u>
Total Operating Revenues	1,939,472.72
<b><u>OPERATING EXPENSES</u></b>	
Salaries and related benefits	1,433,642.18
Meetings, conferences and travel	129,539.76
Professional services	149,782.44
General and administrative	234,041.10
Depreciation	<u>7,377.48</u>
Total Operating Expenses	<u>1,954,382.96</u>
Operating Loss	(14,910.24)
Total Net Position, beginning	<u>957,451.04</u>
Total Net Position, ending	<u><u>942,540.80</u></u>

See Accompanying Notes and Independent Auditors' Report

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2013**

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	<u>Business-type Activities</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,939,672.72
Cash paid to suppliers for goods/services	(531,463.15)
Cash paid to employees for services	<u>(1,401,475.72)</u>
<b>Net Cash Provided by Operating Activities</b>	<b>6,733.85</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>-</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>6,733.85</b>
Cash and Cash Equivalents, beginning of year	<u>1,916,078.58</u>
Cash and Cash Equivalents, end of year	<u><u>1,922,812.43</u></u>

Continued

**LOUISIANA STATE BOARD OF COSMETOLOGY**  
**STATE OF LOUISIANA**  
**STATEMENT OF CASH FLOWS (Continued)**  
**YEAR ENDED JUNE 30, 2013**

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	<b>Business-Type Activities</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (14,910.24)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	7,377.48
(Increase) decrease in assets:	
Accounts receivable	200.00
Increase (decrease) in liabilities:	
Accounts payable	(18,099.85)
Payroll withholdings and related payables	(43,100.22)
Accrued salaries	(3,775.15)
Compensated absences payable	(568.58)
Other post-employment benefits plan payable	<u>79,610.41</u>
Net Cash Provided by Operating Activities	<u><u>6,733.85</u></u>

See Accompanying Notes and Independent Auditors' Report

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**NOTES TO FINANCIAL STATEMENTS**

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**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
INDEX TO NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**INTRODUCTION**

The Louisiana State Board of Cosmetology is a component unit of the State of Louisiana. It was created by the Louisiana Legislature under the provisions of Louisiana Revised Statute 37:751 and is domiciled in East Baton Rouge Parish. The Board serves as a statewide authority to control and regulate the practice of cosmetology in the State of Louisiana. Operations are funded through self-generated revenues.

The Board is composed of 9 members that are appointed by the Governor of the State of Louisiana and serve at his/her pleasure. Subject to Senate confirmation, the Board is made up of at least one registered cosmetologist of each congressional district that has been actively engaged in the practice of cosmetology, an beauty shop/salon owner or teacher/instructor of cosmetology for at least 5 years prior to his/her appointment. Board members, as authorized by Louisiana Administrative Code 46:317(C), may receive a per diem of not more than \$100 per meeting or day spent on Board business in addition to actual expense reimbursement to attend meetings or conduct board-approved business.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting practice of the Louisiana State Board of Cosmetology conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Board is considered a component unit of the State of Louisiana because the State exercises oversight responsibility in that the Governor appoints the board members and public service is rendered within the State's boundaries. The accompanying financial statements present only the transactions of the Louisiana State Board of Cosmetology.

**Fund Accounting:** The Board uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

**LOUISIANA STATE BOARD OF COSMETOLOGY**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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A fund is a separate entity with a self-balancing set of accounts. Funds of the Board are classified under one category: proprietary. This category, in turn, is further divided into separate fund types. The fund classifications and a description of each existing fund type follow:

***Proprietary Funds*** – account for activities that are similar to activities found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds of the Board include the following fund types:

1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) 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.

**Basis of Accounting/Measurement Focus:** 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 and are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The basic financial statements of the Board are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated in each fund, and long-term debt is reported.

**Operating/Non-Operating Revenues:** Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Board’s licensing activities are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

**Budgets and Budgetary Accounting:** Subject to the Louisiana Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342, the Board adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The Board must approve any revisions that alter the total expenditures. Although budget amounts lapse at year-end, the Board retains its unexpended net assets to fund expenditures of the succeeding year.

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**Cash and Cash Equivalents:** Cash and cash equivalents include amounts in demand deposits. Under state law, the Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. The Board did not have any investments at year-end.

**Inventory:** Inventory of the Board includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capital Assets:** The Board's assets are recorded at historical cost if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair market value. Depreciation is recorded using the straight-line method over the useful lives of the assets. Generally, the Board includes all capital acquisitions with a cost of \$5,000 in its fixed asset inventory. However, certain items at a cost below that amount may be capitalized if benefits of the item will extend beyond one year and/or the Board wants to monitor the item.

**Compensated Absences:** Employees of the Board have accumulated and vested \$82,107.40 of employee leave benefits at June 30, 2013. This was computed in accordance with GASB Codification Section C60.150. The computation utilizes the most recent hourly rate of pay for each employee.

**Net Position:** In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position is as follows:

*Net Investment in Capital Assets*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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*Restricted*

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted*

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component s of net position.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents at June 30, 2013:

	<u>Book Balance</u>	<u>Bank Balance</u>
Demand deposits	\$ <u>1,922,812.43</u>	\$ <u>1,994,910.91</u>

These deposits are stated at cost, which approximates market. Under state law, they 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 securities are held in the name of the pledging fiscal agent bank in a holding, or custodial bank that is mutually acceptable to both parties.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Board does not have any deposits that fall within this category. Deposits of the Board are secured with insurance through FDIC. In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, non-interest bearing accounts are fully insured regardless of the balance. This protection expired on December 31, 2012, at which time the bank was required to collateralize the Board's cash balances in excess of \$250,000.

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 165,000.00	\$ .00	\$ .00	\$ 165,000.00

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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Capital Assets, being depreciated				
Building	\$ 163,149.00	\$ .00	\$ .00	\$ 163,149.00
Less: accumulated depreciation	101,170.96	7,377.48	.00	108,548.44
Net Furniture	61,978.04	(7,377.48)	.00	54,600.56
Machinery/equipment	43,997.08	.00	.00	43,997.08
Less: accumulated depreciation	43,997.08	.00	.00	43,997.08
Net Machinery/Equipment	.00	.00	.00	.00
Capital Assets, being depreciated	<u>61,978.04</u>	<u>(7,377.48)</u>	<u>.00</u>	<u>54,600.56</u>
Capital Assets, net	<u>226,978.04</u>	<u>(7,377.48)</u>	<u>.00</u>	<u>219,600.56</u>

**NOTE 4 – LEAVE**

*Annual and Sick Leave.* The Board’s employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service and are credited at the end of each month of regular service. Accumulated leave is carried forward to succeeding years without limitation. Requests for leave must be made to and approved by the Director. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee’s hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned.

Only annual leave is accrued in the accompanying statement of net assets, the amount unpaid at June 30, 2013, being \$82,107.40.

*Compensatory Leave.* Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is 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. This pay is based on the employee’s hourly rate of pay at the time of termination or transfer. Compensatory leave time has not been recorded in the accompanying financial statements.

**NOTE 5 – RETIREMENT SYSTEM**

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

All full-time employees are eligible to participate. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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months' average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. 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. An option of reduced benefits at any age with 20 years of service is available. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual financial report that is available to the public including financial statements and required supplementary information of the System. That report may be obtained by contacting the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, La. 70804-4213, 225-922-0605 or 800-256-3000.

Covered employees are required to contribute 7.5% of gross salary to the plan, and the Board is required to contribute at an actuarially determined rate as required by Louisiana R.S. 11:102. That rate for the year ended June 30, 2013 was 29.1%, up from 25.6%. Contributions to the System for the years ended June 30, 2013, 2012 and 2011, were \$231,384, \$198,281 and \$172,268, respectively, equal to the required contributions for each year.

**NOTE 6 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Board may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all of the Board's employees become eligible for those benefits if they reach normal retirement age while working for the Board and were covered by the Board's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

*Plan Description.* The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care – OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap), writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

*Funding Policy.* LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (0-9 yrs. – 81%; 10-14 yrs. – 62%; 15-19 yrs. – 44%; 20+ yrs. – 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO and EPO plans. The retiree must pay 50% of the life insurance premiums for him or her and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2013, this amount ranges from \$315 to \$341 per month for single members with Medicare or \$969 to \$1,049 per month without Medicare.

Premiums paid for retiree and spouse range from \$1,164 to \$1,261 per month for those with Medicare or \$1,710 to \$1,853 per month for those without Medicare. The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Board.

*OPEB Cost/Obligation.* The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used.

The total ARC for the year beginning July 1, 2012, is as follows:

Normal cost	\$ 55,000
30 year UAL amortization amount	<u>81,800</u>
Annual Required Contribution (ARC)	<u>136,800</u>

The Board's OPEB obligation for the year ended June 30, 2013, is as follows:

Annual required contribution/OPEB Cost	\$ 136,800
Interest on NOO	39,756
ARC adjustment	<u>(38,000)</u>
Annual OPEB Expense	138,556
Contributions made	<u>(58,946)</u>
Change in Net OPEB Obligation	79,610
Net OPEB obligation, beginning	<u>993,991</u>
Net OPEB obligation, ending	<u>1,073,601</u>

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

---

*Funding Status and Funding Progress.* As of June 30, 2013, the Board had not made any contributions to its post-employment benefits plan trust. A trust was previously established but has not been funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below.

Unfunded actuarial accrued liability (UAAL)	\$ 1,073,601
Covered payroll (active employees)	633,700
UAAL as a percentage of covered payroll	169%

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

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

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8.5% and 10.75% for pre-Medicare and Medicare eligible scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on an open basis. The amortization period is thirty years, the maximum allowed by GASB 45.

**NOTE 7 – LEASES**

*Operating Leases.* The Board has no operating leases.

*Capital Leases.* The Board has no capital leases.

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**NOTE 8 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2013, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 82,675.98	\$ (568.58)	\$ .00	\$ 82,107.40	\$ 0.00
Other post-employment benefits plan	993,990.56	79,610.41	.00	1,073,600.97	.00
<b>Total</b>	<u>1,076,666.54</u>	<u>79,041.83</u>	<u>.00</u>	<u>1,076,666.54</u>	<u>.00</u>

**NOTE 9– RELATED PARTY TRANSACTIONS**

There were no related party transactions during the year.

**NOTE 10 – LITIGATION**

There is currently no existing or potential litigation against or on behalf of the Board. From time to time, assessments are appealed; the only exposure anticipated in these instances is attorney fees.

**NOTE 11 – SUBSEQUENT EVENTS**

There were no events between the close of the year through issuance of this report that would materially impact these financial statements.

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**REQUIRED SUPPLEMENTAL INFORMATION  
(PART 2 OF 2)**

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**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>OPERATING REVENUES</u></b>				
Licenses and other fees	\$ 1,605,000	\$ 1,605,000	\$ 1,710,119	\$ 105,119
Fines	70,000	70,000	229,353	159,353
Total Operating Revenues	1,675,000	1,675,000	1,939,473	264,473
<b><u>OPERATING EXPENSES</u></b>				
Salaries and related benefits	1,435,000	1,435,000	1,433,642	1,358
Meetings, conferences and travel	130,000	130,000	129,540	460
Professional services	150,000	150,000	149,782	218
General and administrative	230,000	230,000	234,041	(4,041)
Depreciation	7,500	7,500	7,377	123
Total Operating Expenses	1,952,500	1,952,500	1,954,383	(1,883)
Operating Income (Loss)	(277,500)	(277,500)	(14,910)	262,590
Net Position, beginning	957,451	957,451	957,451	-
Net Position, ending	679,951	679,951	942,541	262,590

See Independent Auditors' Report

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**SUPPLEMENTAL SCHEDULES AND INFORMATION**

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**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
JUNE 30, 2013**

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In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem paid to board members is presented for the year ended June 30, 2013.

<u>Name</u>	<u>Amount</u>
Vivian L. Glaze	\$ 1,050
Taquilla Hamilton	6,450
Michael Hays	1,725
Michael Horning	9,600
Geneva Jones	1,895
Sarah Kennison	181
Lora Moreau	772
Carolyn Robicheaux	6,038
Ira Weber	<u>2,447</u>
Total	<u>30,158</u>

See Independent Auditors' Report

**MARY SUE STAGES, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

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P. O. Box 30  
Baker, Louisiana 70704-0030  
Phone (225) 775-4982 \* Fax (225) 775-4912  
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*Louisiana Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
Association of Governmental Accountants  
Governmental Audit Quality Control Center*

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

Board Members of the  
Louisiana State Board of Cosmetology  
11622 Sunbelt Court  
Baton Rouge, Louisiana 70809

We have audited, in accordance with the 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, the financial statements of the business-type activities of the Louisiana State Board of Cosmetology, a component unit of the State of Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Louisiana State Board of Cosmetology's basic unit financial statements, and have issued our report thereon dated August 27, 2013.

*Compliance and Other Matters*

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

*Internal Control over Financial Reporting*

In planning and performing our audit, we considered the Louisiana State Board of Cosmetology's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Board of Cosmetology's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Board of Cosmetology'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, Louisiana  
August 27, 2013

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2013**

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We have audited the financial statements of the Louisiana State Board of Cosmetology as of and for the year ended June 30, 2013, and have issued our report thereon dated August 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2013, resulted in an unmodified opinion.

**Section I Summary of Auditor's Reports**

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

Compliance Material to the Financial Statements  No

Internal Control	Material Weakness	<input type="checkbox"/> No
	Deficiency(ies)	<input type="checkbox"/> No

2. Federal Awards

N/A

**Section II Financial Statement Findings**

None

**Section III Federal Award Findings and Questioned Costs**

N/A

**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2013**

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**Section I Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II Internal Control and Compliance Material to Federal Awards**

N/A

**Section III Management Letter**

N/A

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**OTHER REQUIRED SUPPLEMENTAL INFORMATION**

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**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
JUNE 30, 2013**

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**LOUISIANA'S COMPREHENSIVE ANNUAL FINANCIAL REPORT**

As a component unit of the State of Louisiana, the financial statements of the Louisiana State Board of Cosmetology are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements, prepared by the Louisiana State Board of Cosmetology, being submitted to the Division of Administration for reporting purposes. The amounts recorded have been subjected to the same auditing procedures as those recorded in the accompanying financial statements.

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**OTHER REQUIRED SUPPLEMENTAL INFORMATION**

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**LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
JUNE 30, 2013**

---

**LOUISIANA'S COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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LOUISIANA STATE BOARD OF COSMETOLOGY  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2013

C O N T E N T S

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STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended June 30, 2013

LOUISIANA STATE BOARD OF COSMETOLOGY  
11622 Sunbelt Court  
Baton Rouge, Louisiana 70809-4208

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

LLAFileroom@lla.la.gov.

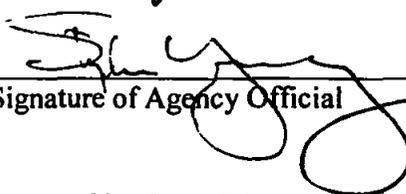
Physical Address:  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

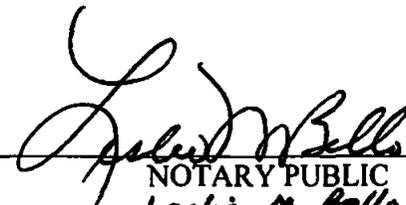
Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Stephen Young, Executive Director, of the Louisiana State Board of Cosmetology who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana State Board of Cosmetology at June 30, 2013, 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 12<sup>th</sup>

day of August, 2013.

  
\_\_\_\_\_  
Signature of Agency Official

  
\_\_\_\_\_  
NOTARY PUBLIC  
Leslie M. Bello #56607

Prepared by: Roy Hebert  
Title: Certified Public Accountant  
Telephone No.: 225.927.7555  
Date: July 30, 2013  
Email Address: royabear@bellsouth.net

**ROY HEBERT**  
**CERTIFIED PUBLIC ACCOUNTANT**

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MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
Louisiana State Board of Cosmetology  
Baton Rouge, Louisiana

I have compiled the balance sheet of the Louisiana State Board of Cosmetology as of June 30, 2013, and the related statements of revenues, expenses, and changes in fund net assets, activities, and cash flows for the year then ended included in the accompanying prescribed form. I have not audited or reviewed the accompanying financial statements included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the State of Louisiana, Division of Administration, Office of Statewide Reporting and Accounting Policy.

Management is responsible for the preparation and fair presentation of the financial statements included in the form prescribed by the State of Louisiana, Division of Administration, Office of Statewide Reporting and Accounting Policy and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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

The financial statements (including related disclosures) included in the accompanying prescribed form are presented in accordance with the requirements of the State of Louisiana, Division of Administration, Office of Statewide Reporting and Accounting Policy, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the State of Louisiana, Division of Administration, Office of Statewide Reporting and Accounting Policy and is not intended to be and should not be used by anyone other than this specified party.



Roy Hebert, CPA

July 30, 2013

**STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF COSMETOLOGY  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2013**

**Statement A**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash equivalents	\$	<u>1,922,812</u>
Restricted Cash and Cash Equivalents		<u>                    </u>
Investments		<u>                    </u>
Derivative Instruments		<u>                    </u>
Receivables (net of allowance for doubtful accounts)(Note U)		<u>                    </u>
Due from other funds (Note Y)		<u>                    </u>
Due from federal government		<u>                    </u>
Inventories		<u>                    </u>
Prepayments		<u>                    </u>
Notes Receivable		<u>                    </u>
Other Current Assets		<u>                    </u>
Total current assets		<u>1,922,812</u>

**NONCURRENT ASSETS**

Restricted assets (Note F):		
Cash		<u>                    </u>
Investments		<u>                    </u>
Receivables		<u>                    </u>
Investments		<u>                    </u>
Notes Receivable		<u>                    </u>
Capital assets, net of depreciation (Note D)		
Land non-depreciable easements		<u>165,000</u>
Buildings and improvements		<u>54,601</u>
Machinery and equipment		<u>                    </u>
Infrastructure		<u>                    </u>
Intangible assets		<u>                    </u>
Construction/Development-in-progress		<u>                    </u>
Other noncurrent assets		<u>                    </u>
Total noncurrent assets		<u>219,601</u>
Total assets	\$	<u>2,142,413</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Accumulated decrease in fair value of hedging derivatives	\$	<u>                    </u>
Total assets and deferred outflow of resources	\$	<u>2,142,413</u>

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF COSMETOLOGY  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Statement A**

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	<u>44,164</u>
Derivative instrument		<u>          </u>
Due to other funds (Note Y)		<u>          </u>
Due to federal government		<u>          </u>
Deferred revenues		<u>          </u>
Amounts held in custody for others		<u>          </u>
Other current liabilities		<u>          </u>
Current portion of long-term liabilities: (Note K)		<u>          </u>
Contracts payable		<u>          </u>
Compensated absences payable		<u>          </u>
Capital lease obligations		<u>          </u>
Claims and litigation payable		<u>          </u>
Notes payable		<u>          </u>
Pollution remediation obligation		<u>          </u>
Bonds payable (include unamortized costs)		<u>          </u>
Other long-term liabilities		<u>          </u>
Total current liabilities		<u>44,164</u>

**NONCURRENT LIABILITIES**

Contracts payable		<u>          </u>
Compensated absences payable		<u>82,107</u>
Capital lease obligations		<u>          </u>
Claims and litigation payable		<u>          </u>
Notes payable		<u>          </u>
Pollution remediation obligation		<u>          </u>
Bonds payable (include unamortized costs)		<u>          </u>
OPEB payable		<u>1,073,601</u>
Other long-term liabilities		<u>          </u>
Total noncurrent liabilities		<u>1,155,708</u>
Total liabilities		<u>1,199,872</u>

**DEFERRED INFLOWS OF RESOURCES**

Accumulated increase in fair value of hedging derivatives	\$	<u>          </u>
Deferred service concession arrangement receipts		<u>          </u>
Total deferred inflows of resources		<u>-</u>

**NET POSITION**

Net investment in capital assets		<u>219,601</u>
Restricted for:		<u>          </u>
Capital projects		<u>          </u>
Debt service		<u>          </u>
Unemployment compensation		<u>          </u>
Other specific purposes		<u>          </u>
Unrestricted		<u>722,940</u>
Total net position		<u>942,541</u>
Total liabilities, deferred inflows of resources, and net position	\$	<u>2,142,413</u>

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

STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF COSMETOLOGY  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013

Statement B

<b>OPERATING REVENUE</b>	
Sales of commodities and services	\$ _____
Assessments	_____ 229,353
Use of money and property	_____
Licenses, permits, and fees	_____ 1,709,924
Federal grants and contracts	_____
State, local and nongovernmental grants and contracts	_____
Other	_____ 66
Total operating revenues	_____ 1,939,343
<b>OPERATING EXPENSES</b>	
Cost of sales and services	_____
Administrative	_____ 1,946,875
Depreciation	_____ 7,377
Amortization	_____
Total operating expenses	_____ 1,954,253
Operating income(loss)	_____ (14,910)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	_____
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	_____
Other expense	_____
Total non-operating revenues(expenses)	_____ -
Income(loss) before contributions, extraordinary items, & transfers	_____ (14,910)
Capital contributions	_____
Extraordinary item	_____
Transfers in	_____
Transfers out	_____
Change in net assets	_____ (14,910)
Total net assets – beginning	_____ 957,451
Total net assets – ending	\$ _____ 942,541

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

STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF COSMETOLOGY  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2013

Statement C

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Entity	\$ 1,954,253	\$ 1,939,343	\$	\$	\$ (14,910)
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					
Miscellaneous					
Special items					
Extraordinary item					
Transfers					
Total general revenues, special items, and transfers					-
Change in net assets					(14,910)
Net position - beginning as restated					957,451
Net position - ending					\$ 942,541

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF COSMETOLOGY  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2013

Statement D  
 (continued)

<b>Cash flows from operating activities</b>		
Cash receipts from customers	\$ 1,939,343	
Cash receipts from grants and contracts		
Cash receipts from interfund services provided		
Other operating cash receipts, if any		
Cash payments to suppliers for goods or services	(532,309)	
Cash payments to employees for services	(1,400,300)	
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any (* provide explanation)		
Net cash provided(used) by operating activities		<u>6,734</u>
<b>Cash flows from non-capital financing activities</b>		
State Appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other (**provide explanation)		
Net cash provided(used) by non-capital financing activities		<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Deposits with trustees		
Other (** provide explanation)		
Net cash provided(used) by capital and related financing activities		<u>-</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		
Net cash provided(used) by investing activities		<u>-</u>
Net increase(decrease) in cash and cash equivalents		<u>6,734</u>
Cash and cash equivalents at beginning of year		<u>1,916,079</u>
Cash and cash equivalents at end of year	\$	<u><u>1,922,812</u></u>

**STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF COSMETOLOGY  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2013**

**Statement D  
 (concluded)**

Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	7,377	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	200	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(64,975)	
Increase(decrease) in compensated absences payable	(569)	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in OPEB payable	79,610	
Increase(decrease) in other liabilities		
 Net cash provided(used) by operating activities		 \$ <u>6,734</u>

**Schedule of noncash investing, capital, and financing activities:**

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

The accompanying notes are an integral part of this statement.

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**INTRODUCTION**

The Louisiana State Board of Cosmetology was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:751. The following is a brief description of the operations of the Louisiana State Board of Cosmetology and includes the parish/parishes in which the Louisiana State Board of Cosmetology is located:

The Louisiana State Board of Cosmetology regulates, controls and monitors members of the cosmetology industry to maintain public health and welfare standards for the consumer public; insures that individuals receiving licenses meet the educational requirements established by the State of Louisiana; and that licensed professionals maintain the highest standards while providing services to the public.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

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

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

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

The accounts of the Louisiana State Board of Cosmetology 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**

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

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Louisiana State Board of Cosmetology are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>1,675,000</u>
Amendments:	_____
	_____
	_____
Final approved budget	\$ <u><u>1,675,000</u></u>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendices Packet - Appendix A at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>, for information related to Note C.

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana State Board of Cosmetology may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana State Board of Cosmetology may invest in time certificates of deposit in any bank domiciled or having a

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**LOUISIANA STATE BOARD OF COSMETOLOGY**  
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branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the statement of cash flows and statement of net position presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

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

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

The deposits at June 30, 2013, consisted of the following:

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	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per statement of net position (Reconciled bank balance)	\$ 1,922,812	\$ _____	\$ _____	\$ _____
Deposits in bank accounts per bank	\$ 1,994,911	\$ _____	\$ _____	\$ _____
Bank balances exposed to custodial credit risk:	\$ _____	\$ _____	\$ _____	\$ _____
a. Uninsured and uncollateralized	_____	_____	_____	_____
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	_____
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's	_____	_____	_____	_____

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per statement of net position" due to outstanding items.

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

Banking Institution	Program	Amount
JPMorgan Chase Bank	General Fund	\$ 1,994,911
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total		\$ 1,994,911

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

Cash in state treasury	\$ 0
Petty cash	\$ 0

2. INVESTMENTS



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3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used (Moody's, S&P, etc.). All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

<u>Rating Agency</u>	<u>Rating</u>	<u>Fair Value</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
	Total	\$ _____

B. Interest Rate Risk of Debt Investments

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type. (Note – This is the prescribed method, segmented time distribution, for the CAFR. Also, total debt investments reported in this table should equal total debt investments reported in Section A – Credit Risk of Debt Investments, unless you have an external investment pool as discussed in OSRAP Memo 11-22 at <http://www.doa.louisiana.gov/OSRAP/library/memos/11/OSRAP1122.pdf>)

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Type of Debt Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Government obligations	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	_____	_____	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds (describe)	_____	_____	_____	_____	_____
Mutual bond funds	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
<b>Total debt investments</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms (e.g. coupon multipliers, reset dates, etc.) of the investment. See Appendices Packet at [www.doa.louisiana.gov/OSRAP/afrpackets.htm](http://www.doa.louisiana.gov/OSRAP/afrpackets.htm) (Appendix A) for examples of debt investments that are highly sensitive to changes in interest rates.

Debt Investment	Fair Value	Terms
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
<b>Total</b>	<b>\$ _____ -</b>	

**C. Concentration of Credit Risk**

List, by amount and issuer, investments in any one issuer that represents 5% or more of total external investments (not including U.S. government securities, mutual funds, and investment pools).

Issuer	Amount	% of Total Investments
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
<b>Total</b>	<b>\$ _____ -</b>	

**D. Foreign Currency Risk**

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies); list by currency denomination and investment type, if applicable.

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Foreign Currency	Fair Value in U.S. Dollars	
	Bonds	Stocks
	\$	\$
Total	\$ -	\$ -

4. DERIVATIVES (GASB 53)

A. Summary of Derivative Instruments

Complete the following table, "Summary of Derivative Instruments" for all derivative instruments held by the entity at June 30, 2013. If no derivative instruments were held by the entity at June 30, please state "None".

Type	Notional	Changes in Fair Value		Fair Value at June 30	
		Classification	Amount	Classification	Amount *
<u>Investment Derivative Instruments:</u>			\$		\$
<u>Fair Value Hedges:</u>			\$		\$
<u>Cash Flow Hedges:</u>			\$		\$

\*If fair value is based on other than quoted market prices, the methods and significant assumptions used to estimate those fair market values should be disclosed.

B. Investment Derivative Instruments

Investment derivative instruments include derivative instruments that are not effective or are no longer effective and cannot be classified as hedging derivative instruments. Separately list each investment derivative instrument included in the table above and discuss the exposure to risk from these investments for the following risks:

1. Credit Risk of Investment Derivative Instruments

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. Interest Rate Risk of Investment Derivative Instruments

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Investment Derivative Instrument	Notional Amount	Fair Value	Investment Maturities (in years)			
			Less than 1	1 - 5	6 - 10	More than 10

Disclose the reference rate for each investment derivative instrument along with any embedded options

\_\_\_\_\_

\_\_\_\_\_

3. Foreign Currency Risk of Investment Derivative Instruments

Foreign Currency	Fair Value in U.S. Dollars	
	Bonds	Stocks
	\$ _____	\$ _____
Total	\$ _____ -	\$ _____ -

4. Reclassification from Hedging Derivative Instrument to Investment Derivative Instrument

Item Reclassified	Notional Amount	Ineffective @	Fair Value @	Ineffective @	Fair Value @	Change in Fair
		6/30/13 (Y/N)	6/30/13	6/30/12 (Y/N)	6/30/12	Value @ 6/30/13
						-
						-
						-
						-

C. Hedging Derivative Instruments

Complete the following table- Terms and Objectives of Hedging Derivative Instruments - for all hedging derivative instruments held by the entity at June 30, 20\_\_.

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Terms and Objectives of Hedging Derivative Instruments						
Type	Notional	Objective	Effective Date	Maturity Date	Terms *	Counterparty Credit Rating

\*Terms include reference rates, embedded options, and the amount of cash paid or received, if any, when a forward contract or swap (including swaptions) was entered into.

Interest rates and the various swap indices change over time. Use the schedule below to summarize payments on the swap and interest payments to bondholders for applicable hedging derivative instruments.

List each hedging derivative separately, and discuss the exposure to risk from these hedges for the following risks:

Hedging Derivative Instrument	Counterparty Swap Payment			Interest Payments to Bondholders	Total Payments
	To	From	Net		

**1. Credit Risk of Hedging Derivative Instruments**


**2. Interest Rate Risk of Hedging Derivative Instruments**

Hedging Derivative Instrument	Notional Amount	Fair Value	Investment Maturities (in years)			
			Less than 1	1 - 5	6 - 10	More than 10

**3. Basis Risk of Hedging Derivative Instruments**

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 As of and for the year ended June 30, 2013

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4. Termination Risk of Hedging Derivative Instruments

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5. Rollover Risk of Hedging Derivative Instruments

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6. Market-Access Risk of Hedging Derivative Instruments

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7. Foreign Currency Risk of Hedging Derivative Instruments

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total</b>	\$ _____	\$ _____

If any hedged items are a debt obligation, then its net cash flows are required to be disclosed in accordance with GASB Statement 38, paragraphs 10 – 11. This information, if applicable, should be provided below, and will be included in Note 8 of the CAFR.

Using the following chart, provide the principal and interest requirements to maturity for those hedged items that are a debt obligation. If your fiscal year ends other than June 30, change the date within the table. If the number of years for your debt to terminate exceeds the years listed, add those years to the table (in 5 year increments).

Debt and Lease Obligations for Hedged Debt (per GASB Statement 38, paragraph 10)

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Fiscal Year Ending June 30	Principal	Interest	Hedging Derivative Instruments, Net	Total
2014	\$	\$	\$	\$ -
2015				-
2016				-
2017				-
2018				-
2019-2023				-
2024-2028				-
2029-2033				-
2034-2038				-
2039-2043				-
Total	_____	_____	_____	_____

*Note: The hedging derivative column reflects only net receipts/payments on derivative instruments that qualify for hedge accounting.*

List any terms by which the interest rates change for variable-rate debt.

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Using the following chart, provide the future minimum lease payments for those hedged items that are obligations under capital and noncancelable operating leases (per GASB Statement 38, paragraph 11). If your fiscal year ends other than June 30, change the date within the table. If the number of years for your lease extends beyond the years listed, add those years to the table (in 5 year increments).

Fiscal Year Ending June 30	Minimum Future Lease Payment
2014	\$ _____
2015	_____
2016	_____
2017	_____
2018	_____
2019-2023	_____
2024-2028	_____
2029-2033	_____
2034-2038	_____
2039-2043	_____

If effectiveness is determined by another quantitative method not identified in GASB Statement 53, provide the identity and characteristics of the method used, the range of critical terms the method tolerates, and the actual critical terms of the hedge.

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**D. Contingent Features**

**STATE OF LOUISIANA  
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Disclose any contingent features that are included in derivative instruments held at the end of the reporting period. The required disclosures include (1) the existence and nature of contingent features and the circumstances in which the features could be triggered, (2) the aggregate fair value of derivative instruments that contain those features, (3) the aggregate fair value of assets that would be required to be posted as collateral or transferred in accordance with the provisions related to the triggering of the contingent liabilities, and (4) the amount, if any, that has been posted as collateral by the government as of the end of the reporting period.

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**E. Hybrid Instruments**

If your entity has any hybrid instruments, disclosure of the companion instrument should be consistent with disclosures required of similar transactions. List any hybrid instruments below and provide information regarding any hybrid instruments and a reference to where the required disclosures can be found. If the required disclosures are not presented elsewhere, provide those disclosures below. If your entity does not have any hybrid instruments, state "None".

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**F. Synthetic Guaranteed Investment Contracts (SGICs)**

If your entity has a fully benefit-responsive SGIC, then a description of the nature of the SGIC and the SGIC's fair value (including separate disclosure of the fair value of the wrap contract and the fair value of the corresponding underlying investments) should be disclosed as of the end of the reporting period. Provide those required disclosures below. If your entity does not have any, state "None".

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**5. POLICIES**

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

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**6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS**

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- a. Investments in pools managed by other governments or mutual funds  
\_\_\_\_\_  
\_\_\_\_\_
- b. Securities underlying reverse repurchase agreements \_\_\_\_\_  
\_\_\_\_\_
- c. Unrealized investment losses \_\_\_\_\_  
\_\_\_\_\_
- d. Commitments as of \_\_\_\_\_ (fiscal close), to resell securities under yield maintenance repurchase agreements:
1. Carrying amount and market value at June 30 of securities to be resold  
\_\_\_\_\_
  2. Description of the terms of the agreement  
\_\_\_\_\_  
\_\_\_\_\_
- e. Losses during the year due to default by counterparties to deposit or investment transactions \_\_\_\_\_  
\_\_\_\_\_
- f. Amounts recovered from prior period losses which are not shown separately on the statement of net position  
\_\_\_\_\_

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements  
\_\_\_\_\_
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year \_\_\_\_\_  
\_\_\_\_\_

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest

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- 
- 
- j. Commitments on \_\_\_\_\_ (fiscal close) to repurchase securities under yield maintenance agreements \_\_\_\_\_
- k. Market value on \_\_\_\_\_ (fiscal close) of the securities to be repurchased \_\_\_\_\_
- l. Description of the terms of the agreements to repurchase \_\_\_\_\_
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements \_\_\_\_\_
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement \_\_\_\_\_

Fair Value Disclosures (GASB 31)

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices \_\_\_\_\_
- p. Basis for determining which investments, if any, are reported at amortized cost \_\_\_\_\_
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool \_\_\_\_\_
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares \_\_\_\_\_
- s. Any involuntary participation in an external investment pool \_\_\_\_\_
- t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate \_\_\_\_\_

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- u. Any income from investments associated with one fund that is assigned to another fund
- 

**Land and Other Real Estate Held as Investments by Endowments (GASB 52)**

- v. The Louisiana State Board of Cosmetology owns land or other real estate held as investments by endowments. (no) Land or real estate held as investments by endowments is reported at fair value in the entity's financial statements and any applicable fair value note disclosures are reported in the preceding fair value disclosure section.

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

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

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Schedule of Capital Assets (includes capital leases)

<u>Agency</u>	Balance 6/30/2012	Prior Period Adjustments	Restated Balance 6/30/2012	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2013
Capital assets not depreciated:							
Land	\$ 165,000	\$ -	\$ 165,000	\$ -	\$ -	\$ -	\$ 165,000
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ 165,000	\$ -	\$ 165,000	\$ -	\$ -	\$ -	\$ 165,000
Other capital assets:							
Depreciable land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	163,149	-	163,149	-	-	-	163,149
** Accumulated depreciation	(101,171)	-	(101,171)	(7,377)	-	-	(108,548)
Total buildings	61,978	-	61,978	(7,377)	-	-	54,601
Machinery & equipment	43,997	-	43,997	-	-	-	43,997
** Accumulated depreciation	(43,997)	-	(43,997)	-	-	-	(43,997)
Total machinery & equipment	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 61,978	\$ -	\$ 61,978	\$ (7,377)	\$ -	\$ -	\$ 54,601
Capital asset summary:							
Capital assets not depreciated	\$ 165,000	\$ -	\$ 165,000	\$ -	\$ -	\$ -	\$ 165,000
Other capital assets, book value	207,146	-	207,146	-	-	-	207,146
Total cost of capital assets	372,146	-	372,146	-	-	-	372,146
Accumulated depreciation/amortization	(145,168)	-	(145,168)	(7,377)	-	-	(152,546)
Capital assets, net	\$ 226,978	\$ -	\$ 226,978	\$ (7,377)	\$ -	\$ -	\$ 219,601

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

\*\* Enter a negative number except for accumulated depreciation in the retirement column

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If other intangible assets were reported in the table above, list the types of intangible assets, their cost, and accumulated amortization for each type of intangible assets reported.

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**E. INVENTORIES**

The Louisiana State Board of Cosmetology's inventories are valued using \_\_\_\_\_ (method of valuation – FIFO, LIFO, weighted average, moving average, specific identification, etc). These are perpetual inventories and are expensed when used.

**F. RESTRICTED ASSETS**

Restricted assets in the Louisiana State Board of Cosmetology at June 30, 2013, reflected at \$ \_\_\_\_\_ in the non-current assets section on Statement A, consist of \$ \_\_\_\_\_ in cash with fiscal agent, \$ \_\_\_\_\_ in receivables, and \$ \_\_\_\_\_ investment in \_\_\_\_\_ (identify the type of investments held.) State the purpose of the restrictions:

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**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Louisiana State Board of Cosmetology has the following policy on annual and sick leave:

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

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

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**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, 2013, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$82,107. The leave payable is recorded in the accompanying financial statements.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Louisiana State Board of Cosmetology are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

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

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available

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annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2012 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the 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 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:  
[http://www.lasersonline.org/uploads/CAFR\\_2012.pdf](http://www.lasersonline.org/uploads/CAFR_2012.pdf)

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The Louisiana State Board of Cosmetology 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, 2013, increased to 29.1% of annual covered payroll from the 25.6% and 22% required in fiscal years ended June 30, 2012 and 2011 respectively. The Louisiana State Board of Cosmetology contributions to the System for the years ending June 30, 2013, 2012, and 2011, were \$231,384, \$198,281, and \$172,268, respectively, equal to the required contributions for each year.

**I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement 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 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement 45 note disclosures requirements in section 2 of this note.

**1. Calculation of Net OPEB Obligation**

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP's website - <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>) and select "GASB 45 OPEB Valuation Report as of July 1, 2012, to be used for fiscal year ending June 30, 2013." Report note disclosures for other plans, not administrated by OGB, separately.

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	Annual OPEB expense and net OPEB Obligation	6/30/2013
Fiscal year ending		
1. * ARC		<u>\$136,800</u>
2. * Interest on NOO		<u>39,756</u>
3. * ARC adjustment		<u>(38,000)</u>
4. * Annual OPEB Expense (1. + 2. - 3.)		<u>138,556</u>
5. Contributions (employer pmts. to OGB for retirees' cost of 2013 insurance premiums)		<u>(58,946)</u>
6. Increase in Net OPEB Obligation (4. - 5.)		<u>79,610</u>
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)		<u>993,991</u>
8. **NOO, end of year (6. + 7.)		<u><u>\$1,073,601</u></u>

\*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2012, to be used for fiscal year ending June 30, 2013."

\*\*This should be the same amount as that shown on the statement of net position for the year ended June 30, 2013 if your entity's only OPEB is administered by OGB.

For more information on calculating the annual OPEB expense and the net OPEB obligation, see Appendices Packet - Appendix D at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>.

**2. Note Disclosures**

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

**I. Plan Description**

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

**II. Funding Policy**

- a) Authority under which the obligations of the plan members, employers, and other contributing entities (e.g., state contributions to local government plans) to contribute to the plan are established or may be amended.
- b) Required contribution rates of plan members (amount per member or percentage of covered payroll).

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- c) Required contribution rates of the employer in accordance with the funding policy (in dollars or as percentage of current-year covered payroll) and, if applicable, legal or contractual maximum contribution rates: If the plan is a single-employer or agent plan and the rate differs significantly from the ARC, disclose how the rate is determined (e.g., by statute or contract) or that the plan is financed on a pay-as-you-go basis. If the plan is a cost-sharing plan, disclose the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years, and how the required contribution rate is determined (e.g., by statute or by contract, or on an actuarially determined basis) or that the plan is financed on a pay-as-you-go basis.

**III. Additional disclosures for sole and agent employers for each plan:**

- a) For current year (CY), annual OPEB cost and the dollar amount of contributions made. If the employer has a net OPEB obligation, also disclose the components of annual OPEB cost (ARC, interest on the net OPEB obligation, and the adjustment to the ARC), the increase or decrease in the net OPEB obligation, and the net OPEB obligation at the end of the year.
- b) For the current year and each of the two preceding years, disclose annual OPEB cost, percentage of annual OPEB cost contributed that year, and net OPEB obligation at the end of the year. (For the first two years, the required information should be presented for the transition year, and for the current and transition years, respectively.)
- c) Information about the funded status of the plan as of the most recent valuation date, including the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll. The information should be calculated in accordance with the parameters. However, employers that meet the criteria in GASB Statement 45, paragraph 11 may elect to use the alternative measurement method discussed in GASB Statement 45, paragraphs 33 through 35. Employers that use the aggregate actuarial cost method should prepare this information using the entry age actuarial cost method for that purpose only.
- d) Information about the actuarial methods and assumptions used in valuations on which reported information about the ARC, annual OPEB cost, and the funded status and funding progress of OPEB plans is based, including the following:
  - 1) Disclosure that actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as

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actual results are compared to past expectations and new estimates are made about the future.

- 2) Disclosure that the required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.
- 3) Disclosure that calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, if applicable, the employer should disclose that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations (as discussed in the disclosure of funding policy in paragraph II(c) above) on the pattern of cost sharing between the employer and plan members in the future.
- 4) Disclosure that actuarial calculations reflect a long-term perspective. In addition, if applicable, disclosure that, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.
- 5) Identification of the actuarial methods and significant assumptions used to determine the ARC for the current year and the information required by paragraph III(c) above. The disclosures should include:
  - (a) The actuarial cost method.
  - (b) The method(s) used to determine the actuarial value of assets.
  - (c) The assumptions with respect to the inflation rate, investment return (including the method used to determine a blended rate for a partially funded plan, if applicable), postretirement benefit increases if applicable, projected salary increases if relevant to determination of the level of benefits, and, for postemployment healthcare plans, the healthcare cost trend rate. If the economic assumptions contemplate different rates for successive years (year-based or select and ultimate rates), the rates that should be disclosed are the initial and ultimate rates.
  - (d) The amortization method (level dollar or level percentage of projected payroll) and the amortization period (equivalent single amortization period, for plans that use multiple periods) for the most recent actuarial valuation and whether the period is closed or open. Employers that use the aggregate actuarial cost method should disclose that because the method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to approximate the funding progress of the plan.

**IV. Required Supplementary Information:**

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

- a. Information about the funding progress of the plan, including, for each valuation, each of the elements of information listed in paragraph III(c) above.
- b. Factors that significantly affect the identification of trends in the amounts reported, including, for example, changes in benefit provisions, the size or composition of the population covered by the plan, or the actuarial methods and assumptions used. (The amounts reported for prior years should not be restated.) The information should be calculated in accordance with the parameters and should be presented as RSI. Employers that use the aggregate actuarial cost method should prepare the information using the entry age actuarial cost method and should disclose that fact and that the purpose of this disclosure is to provide information that approximates the funding progress of the plan.

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

**J. LEASES**

**NOTE: Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)**

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year 2013 amounted to \$\_\_\_\_\_. (Note: If lease payments extend past FY 2028, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

Nature of lease	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019-2023	FY 2024-2028
Office Space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equipment	_____	_____	_____	_____	_____	_____	_____
Land	_____	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

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**2. CAPITAL LEASES**

Capital leases (are/are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and GASB Statement 62 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/13. In Schedule B, report only those new leases entered into during fiscal year 2012-2013.

**SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF**

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Cost)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Buildings	_____	_____	_____
c. Equipment	_____	_____	_____
d. Land	_____	_____	_____
e. Other	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2033, create additional rows and report these future minimum lease payments in five year increments.)

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Year ending June 30:	Total
2014	\$ _____
2015	_____
2016	_____
2017	_____
2018	_____
2019-2023	_____
2024-2028	_____
2029-2033	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

**SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF**

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Cost)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Buildings	_____	_____	_____
c. Equipment	_____	_____	_____
d. Land	_____	_____	_____
e. Other	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY 2033, create additional rows and report these future minimum lease payments in five year increments.)

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Year ending June 30:	Total
2014	\$ _____
2015	_____
2016	_____
2017	_____
2018	_____
2019-2023	_____
2024-2028	_____
2029-2033	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

SCHEDULE C – LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Cost)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
d. Other	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases financed through the LEAF program, together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY 2033, create additional rows and report these future minimum lease payments in five year increments.)

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Year ending June 30:	<u>Total</u>
2014	\$ _____
2015	_____
2016	_____
2017	_____
2018	_____
2019-2023	_____
2024-2028	_____
2029-2033	_____
<b>Total minimum lease payments</b>	_____ -
Less amounts representing executory costs	_____
<b>Net minimum lease payments</b>	_____ -
Less amounts representing interest	_____
<b>Present value of net minimum lease payments</b>	<b>\$ _____ -</b>

**3. LESSOR DIRECT FINANCING LEASES**

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectability of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Buildings	_____	_____	_____	_____
c. Equipment	_____	_____	_____	_____
d. Land	_____	_____	_____	_____
e. Other	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		-		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		-		
Less estimated residual value of leased property		_____		
Less unearned income		_____		
Net investment in direct financing lease		<b>\$ _____ -</b>		

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Minimum lease payment receivables do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2013 were \$ \_\_\_\_\_ for office space, \$ \_\_\_\_\_ for buildings, \$ \_\_\_\_\_ for equipment, \$ \_\_\_\_\_ for land, and \$ \_\_\_\_\_ for other.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of June 30, 2013,: (Note: If lease receivables extend past FY 2033, please create additional rows and report these future minimum lease payment receivables in five year increments.)

Year ending _____:	
2014	\$ _____
2015	_____
2016	_____
2017	_____
2018	_____
2019-2023	_____
2024-2028	_____
2029-2033	_____
Total \$	_____ -

**4. LESSOR – OPERATING LEASE**

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), or both of the criteria for a lessor lease (collectability and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of June 30, 2013:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____ -
b. Building	_____	_____	_____ -
c. Equipment	_____	_____	_____ -
d. Land	_____	_____	_____ -
e. Other	_____	_____	_____ -
Total \$	_____ -	\$ _____ -	\$ _____ -

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The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of June 30, 2013,: (Note: If lease receivables extend past FY 2033, please create additional rows and report these future minimum lease payment receivables in five year increments.)

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2014	\$	\$	\$	\$	\$
2015					
2016					
2017					
2018					
2019-2023					
2024-2028					
2029-2033					
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Current year lease revenues received in fiscal year 2013 totaled \$\_\_\_\_\_.  
 Contingent rentals received from operating leases received for your fiscal year was \$\_\_\_\_\_ for office space, \$\_\_\_\_\_ for buildings, \$\_\_\_\_\_ for equipment, \$\_\_\_\_\_ for land, and \$\_\_\_\_\_ for other.

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2013:

	Year ended June 30, 2013				Amounts due within one year
	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	
<b>Notes and bonds payable:</b>					
Notes payable	\$	\$	\$	\$ -	\$
Bonds payable				-	
<b>Total notes and bonds</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other liabilities:</b>					
Contracts payable				-	
Compensated absences payable	82,676		569	82,107	
Capital lease obligations				-	
Claims and litigation				-	
Pollution remediation obligation				-	
OPEB payable	993,991	79,610		1,073,601	
Other long-term liabilities				-	
<b>Total other liabilities</b>	<u>1,076,667</u>	<u>79,610</u>	<u>569</u>	<u>1,155,709</u>	<u>-</u>
<b>Total long-term liabilities</b>	<u>\$ 1,076,667</u>	<u>\$ 79,610</u>	<u>\$ 569</u>	<u>\$ 1,155,709</u>	<u>\$ -</u>

(Balances at June 30<sup>th</sup> should include current and non-current portion of L-T liabilities.)

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(Send OSRAP a copy of the amortization schedule for any new debt issued.) The totals must equal the statement of net position for each type of long-term liabilities.

**L. CONTINGENT LIABILITIES**

GAAP requires that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. The State has a Self-Insurance Fund administered by the Office of Risk Management and it negotiates, and settles certain tort claims against the State or State agencies. Those claims against the State not handled through the Office of Risk Management should be reported in the following note. Do not report impaired capital assets as defined by GASB Statement 42 below, rather disclose GASB Statement 42 impaired capital assets in the impairment note.

The “probable outcome” of litigation can be described as probable, reasonably possible, or remote. Probable means the future event is likely to occur; reasonably possible means the future event is more than remote but less than likely to occur; remote means the future event has a slight chance to occur. Losses or ending litigation that is probable in nature should be accrued in the financial statements and reflected on the account line, Claims and Litigation Payable.

The Louisiana State Board of Cosmetology is a defendant in litigation seeking damages as follows: (List only litigation not being handled by the Office of Risk Management.

Date of Action	Check (✓) if handled by AG's Office	Description of Litigation and Probable outcome (probable, reasonably possible or remote)	Estimated Amount for Claims & Litigation (opinion of legal counsel)	Insurance Coverage
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
			\$ _____	\$ _____

\* Check ONLY those cases in which the AG's Office is representing or defending your entity. Also, if the AG's Office is defending your entity in a lawsuit and you are not aware of the probable outcome or estimated liability for your entity, type “unknown” in the applicable fields and we will obtain the information from the AG's Office.

Note: Liability for claims and judgments should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

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(Only answer the following questions for those claims and litigation not being handled by the Office of Risk Management.)

Indicate the way in which risks of loss are handled (circle one).

- (a) Purchase of commercial insurance,
- (b) Participation in a public entity risk pool (e.g., Office of Risk Management claims)
- (c) Risk retention (e.g., Use of an internal service fund is considered risk retention because the entity as a whole has retained the risk of loss.)
- (d) Other (explain) \_\_\_\_\_  
\_\_\_\_\_

For entities participating in a risk pool (other than the Office of Risk Management), describe the nature of the participation, including the rights and the responsibilities of both the entity and the pool. \_\_\_\_\_  
\_\_\_\_\_

Describe any significant reductions in insurance coverage from coverage in the prior year by major categories of risk. Also, indicate whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years. \_\_\_\_\_  
\_\_\_\_\_

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it cannot be estimated. \_\_\_\_\_  
\_\_\_\_\_

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee. \_\_\_\_\_  
\_\_\_\_\_

**Disallowed Cost:**

Those agencies collecting federal funds, which have been informed that certain of their previously claimed costs were disallowed, should disclose the requested information in the schedule shown below. Show each possible disallowance on a separate line in the chart.

	Program	Date of Disallowance	Amount	*Probability of Payment	Estimated Liability Amount**
1	_____	_____	\$ _____	_____	\$ _____
2	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____

\* Reasonably possible, probable, or remote

\*\* Indicate only if amount can be reasonably estimated by legal counsel

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**M. RELATED PARTY TRANSACTIONS**

FASB Codification Section 850 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from that result from related party transactions. List all related party transactions. \_\_\_\_\_

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**N. ACCOUNTING CHANGES**

Accounting changes made during the year involved a change in accounting \_\_\_\_\_ (principle, estimate or entity). The effect of the change is being shown in \_\_\_\_\_.

**O. IN-KIND CONTRIBUTIONS**

List all in-kind contributions that are not included in the accompanying financial statements.

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

**P. DEFEASED ISSUES**

In \_\_\_\_\_, 2013, the Louisiana State Board of Cosmetology, issued \$ \_\_\_\_\_ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of \_\_\_\_\_ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ \_\_\_\_\_, plus an additional \$ \_\_\_\_\_ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated \_\_\_\_\_ between the (LOUISIANA STATE BOARD OF COSMETOLOGY) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ \_\_\_\_\_ and gave the (LOUISIANA STATE BOARD OF COSMETOLOGY) an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ \_\_\_\_\_.

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**Q. REVENUES – PLEDGED OR SOLD (GASB 48)**

**1. PLEDGED REVENUES**

Pledged revenues are specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure debt of a component unit. **Pledged revenues are revenue bonds that the State Bond Commission, the Louisiana Public Facilities Authority, or other local finance authority has authorized in your agency's name or in your agency's behalf.** Pledged revenues must be disclosed for each period in which the secured debt remains outstanding. **You must prepare a separate Note Q for each secured debt issued.**

Provide the following information about the specific revenue pledged:

a. Identify the specific pledged revenue:

- Pledged revenue is

\_\_\_\_\_

- Debt secured by the pledged revenue (amount) \_\_\_\_\_

- Approximate amount of pledge \_\_\_\_\_ (equal to the remaining principal and interest requirements)

b. Term of the commitment: \_\_\_\_\_ [number of years (beginning and ending dates by month and year) that the revenue will not be available for other purposes]

c. General purpose for the debt secured by the pledge: \_\_\_\_\_

d. Relationship of the pledged amount to the specific revenue: \_\_\_\_\_  
(the proportion of the specific revenue that has been pledged)

e. Comparison of the pledged revenues (current year information):

- Principal requirements:

- Interest requirements:

- Pledged revenues recognized during the period \_\_\_\_\_ (gross pledged revenue minus specified operating expenses)

**NOTE:** For any new Revenue Bonds, you must send a copy of the following pages:

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- Cover page
- Introductory statement
- Amortization schedule – terms and conditions
- Plan of financing – sources and used of funds
- Security for the bond (pledged revenue information)

**2. FUTURE REVENUES REPORTED AS A SALE**

Future revenues reported as a sale are proceeds that an agency/entity received in exchange for the rights to future cash flows from specific future revenues and for which the agency/entity's continuing involvement with those revenues or receivables is effectively terminated. (see Appendices Packet - Appendix E at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>)

Provide the following information in the year of the sale ONLY:

- a. Identify the specific revenue sold:
- the revenue sold is \_\_\_\_\_
  - the approximate amount \_\_\_\_\_
  - significant assumptions used in determining the approximate amount \_\_\_\_\_
- b. Period of the sale: \_\_\_\_\_
- c. Relationship of the sold amount to the total for that specific revenue: \_\_\_\_\_
- d. Comparison of the sale:
- proceeds of the sale \_\_\_\_\_
  - present value of the future revenues sold \_\_\_\_\_
  - significant assumptions in determining the present value \_\_\_\_\_

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)**

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2012-2013:

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

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**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

At June 30, 2013, the Louisiana State Board of Cosmetology was not in compliance with the provisions of \_\_\_\_\_ Bond Reserve Covenant that requires \_\_\_\_\_. The Louisiana State Board of Cosmetology did \_\_\_\_\_ to correct this deficiency.

**T. SHORT-TERM DEBT**

The Louisiana State Board of Cosmetology issues short-term notes for the following purpose(s)  
 \_\_\_\_\_

Short-term debt activity for the year ended June 30, 2013, was as follows:

List the type of Short-term debt (e.g., tax anticipation notes)	Beginning Balance	Issued	Redeemed	Ending Balance
_____	\$ _____	\$ _____	\$ _____	\$ _____ -

The Louisiana State Board of Cosmetology uses the following revolving line of credit to finance \_\_\_\_\_ (list purpose for the S-T debt).

Short-term debt activity for the year ended June 30, 2013, was as follows:

	Balance	Draws	Redeemed	Balance
Line of credit	\$ _____	\$ _____	\$ _____	\$ _____ -

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2013, were as follows:

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

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**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2013, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General Fund	\$ 21,514	\$ 22,470	\$ -	\$ -	\$ 43,984
Total payables	\$ 21,514	\$ 22,470	\$ -	\$ -	\$ 43,984

**W. SUBSEQUENT EVENTS**

Disclose any material event(s) affecting the Louisiana State Board of Cosmetology occurring between the close of the fiscal period and issuance of the financial statement.

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**X. SEGMENT INFORMATION & REPORTING FUNDS OF A BLENDED COMPONENT UNIT**

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17

**Disclose condensed financial statements for blended component units. Per GASB 61, paragraph 9(a), "For governments engaged only in business-type activities that use a single column for financial statement presentation, a component unit may be blended by consolidating its financial statement data with the single column of the primary government and presenting condensed combining information in the notes to the financial statements."**

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Type of goods or services provided by each segment or blended component unit:

Segment/Blended C.U. No. 1 \_\_\_\_\_  
 Segment/Blended C.U. No. 2 \_\_\_\_\_

**A. Condensed statement of net position:**

	Segment/Blended C.U. #1	Segment/Blended C.U. #2
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Total Assets	_____	_____
Deferred outflow of Resources	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Total Liabilities	_____	_____
Deferred inflow of Resources	_____	_____
Net investment in capital assets	_____	_____
Restricted assets - expendable	_____	_____
Restricted assets - nonexpendable	_____	_____
Unrestricted assets	_____	_____
Total Net Position	_____	_____

**B. Condensed statement of revenues, expenses, and changes in net position:**

	Segment/Blended C.U. #1	Segment/Blended C.U. #2
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	_____	_____
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net position	_____	_____
Beginning net position	_____	_____
Ending net position	_____	_____

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C. Condensed statement of cash flows

	Segment/Blended C.U. #1	Segment/Blended C.U. #2
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____

Y. DUE TO/DUE FROM AND TRANSFERS

1. List by fund type the amounts due from other funds detailed by individual fund at fiscal year end:

(Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total due from other funds</b>		<b>\$ _____</b>

2. List by fund type the amounts due to other funds detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total due to other funds</b>		<b>\$ _____</b>

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total transfers from other funds</b>		<b>\$ _____</b>

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4. List by fund type all transfers to other funds for the fiscal year:

Type of Fund	Name of Fund	Amount
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Liabilities payable from restricted assets in the Louisiana State Board of Cosmetology at June 30, 2013, reflected at \$ \_\_\_\_\_ in the liabilities section on Statement A, consist of \$ \_\_\_\_\_ in accounts payable, \$ \_\_\_\_\_ in notes payable, and \$ \_\_\_\_\_ in \_\_\_\_\_.

**AA. PRIOR-YEAR RESTATEMENT OF NET POSITION**

The following adjustments were made to restate beginning net position for June 30, 2013.

Ending net position 6/30/12 as reported to OSRAP on PY AFR	*Adjustments to ending net position 6/30/12 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/12) + or (-)	Beg net position @ 7/1/12 as restated
\$ _____	\$ _____	# _____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

\*Include all audit adjustments accepted by the agency or entity.  
 Each adjustment must be explained in detail on a separate sheet.

**BB. ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46)**

Of the total assets reported on Statement A at June 30, 2013, \$ \_\_\_\_\_ are restricted by enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation. Refer to the Appendices Packet, Appendix C, at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>, for more details on the determination of the amount to be reported as required by GASB Statement 46.

List below the assets restricted by enabling legislation, the purpose of the restriction, and the Louisiana Revised Statute (LRS) that authorized the revenue:

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<u>Purpose of Restriction</u>	<u>LA Revised Statute Authorizing Revenue</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total		\$ _____

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES**

GASB Statement 42 establishes accounting and financial reporting standards for the impairment of capital assets and for insurance recoveries. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. See Appendices Packet, Appendix B, at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>, for more information on GASB Statement 42 and the Impairment of Capital Assets.

The following capital assets became permanently impaired in FY 12-13: (Insurance recoveries related to impairment losses should be used to offset those impairment losses if received in the same year as the impairment. Include these insurance recoveries in the third column in the table below. Calculate the net impairment loss after insurance recoveries received in the current fiscal year in the fourth column. Include in the Financial Statement Classification column the account line in which the net impairment loss is reported in the financial statements. There are five indicators of impairment described in the Appendices Packet, Appendix B, at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

<u>Type of asset</u>	<u>Amount of Impairment Loss</u>	<u>Insurance Recovery in the same FY</u>	<u>Net Impairment Loss per Financial Strmts</u>	<u>Financial Statement Classification</u>	<u>Indicator of Impairment</u>	<u>Reason for Impairment (e.g. hurricane, fire)</u>
Buildings	\$ _____	\$ _____	\$ _____	_____	_____	_____
Movable Property	_____	_____	_____	_____	_____	_____
Infrastructure	_____	_____	_____	_____	_____	_____

Insurance recoveries received in FY 12-13 related to impairment losses occurring in previous years, and insurance recoveries received in FY 12-13 other than those related to impairment of capital assets, should be reported as program revenues, nonoperating revenues, or extraordinary items, as appropriate. Indicate in the following table the amount and financial statement classification (account line in which the insurance recovery is

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reported in the financial statements) of insurance recoveries not included in the table above:

<u>Type of asset</u>	<u>Amount of Insurance Recovery</u>	<u>Financial Statement Classification</u>	<u>Reason for insurance recovery (e.g. fire)</u>
Buildings	\$ _____	_____	_____
Movable Property	_____	_____	_____
Infrastructure	_____	_____	_____

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year. (Include any permanently impaired capital assets listed above that are still idle at the end of the fiscal year, any temporarily impaired capital assets, and any assets impaired in prior years that are still idle at the end of the current fiscal year.)

<u>Type of asset</u>	<u>Carrying Value of Idle Impaired Assets</u>	<u>Reason for Impairment</u>
Buildings - permanently impaired	\$ _____	_____
Buildings - temporarily impaired	_____	_____
Movable Property - permanently impaired	_____	_____
Movable Property - temporarily impaired	_____	_____
Infrastructure - permanently impaired	_____	_____
Infrastructure - temporarily impaired	_____	_____

**DD. EMPLOYEE TERMINATION BENEFITS**

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as severance pay or continued access to health insurance through the employer's group insurance plan. Voluntary termination benefits include benefits such as early retirement incentives.

Other termination benefits include:

1. Early retirement incentives such as cash payments. Some state agencies adopted layoff avoidance plans to provide a mechanism to balance budget deficits while delaying or avoiding layoffs.
2. Continued access to healthcare, including COBRA costs paid by the agency
3. Career counseling
4. Outplacement services

Payments for accrued annual leave are not considered termination benefits. Annual leave is a part of the compensation that the state offers in exchange for services received. As a

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result, payments for accrued annual leave upon termination are considered to be compensation for employee services. Do not report these amounts as termination benefits.

GASB Statement 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s).
2. Year the state becomes obligated
3. The number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit.
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported).

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact.

The agency recognizes the cost of providing termination benefits as expenditures when paid during the year. For FY 2013, the cost of providing those benefits for \_\_\_\_\_ (number of) terminations totaled \$\_\_\_\_\_. For state uniform payroll agencies, these amounts are coded to G/L account 2125, Salaries-Class-RIP.

The liability for the accrued terminations benefits payable at June 30, 2013 is \$\_\_\_\_\_. This liability consists of \_\_\_\_\_ (number of) terminations.

Provide a detailed description of termination benefits provided to employees as summarized above. Include names, job titles and amounts. Provide attachments as necessary. This information will be provided by OSRAP to all state uniform payroll agencies.

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[The termination benefits payable at fiscal year end should also be included on the statement of net position in the "compensated absences payable" account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact. \_\_\_\_\_

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A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

**EE. POLLUTION REMEDIATION OBLIGATIONS**

Pollution remediation costs (or revenue) should be reported in the statement of activities and statement of revenues, expenses, and changes in net position, if appropriate, as a program or operating expense (or revenue), special item, or extraordinary item in accordance with the guidance in Statement 34.

Disclosures:

For recognized pollution remediation liabilities and recoveries of pollution remediation outlays, governments should disclose the following:

- a. The nature and source of pollution remediation obligations (for example, federal, state, or local laws or regulations)
- b. The amount of the estimated liability (if not apparent from the financial statements), the methods and assumptions used for the estimate, and the potential for changes due to, for example, price increases or reductions, technology, or applicable laws or regulations
- c. Estimated recoveries reducing the liability.

For pollution remediation liabilities, or portions thereof, that are not yet recognized because they are not reasonably estimable, governments should disclose a general description of the nature of the pollution remediation activities.

See OSRAP Memo 09-24, <http://www.doa.louisiana.gov/OSRAP/library/memos/09/OSRAP0924.pdf> or the Q&A at [http://www.doa.la.gov/OSRAP/library/gasb34/GASB49\\_QA.pdf](http://www.doa.la.gov/OSRAP/library/gasb34/GASB49_QA.pdf) for more information on measuring pollution remediation liabilities.

SAMPLE disclosure: (This is a sample disclosure. Adapt as necessary to fit your specific agency.)

At fiscal year end, the Louisiana State Board of Cosmetology was a responsible party or potential responsible party in the remediation of \_\_\_\_\_ (friable asbestos, polluted ground water, removal of leaking underground fuel storage tanks, removal of lead-based paint, diesel spill cleanup, removal and replacement of contaminated soil, oversight and enforcement-related activities, post-remediation monitoring, etc.) on the Louisiana State Board of Cosmetology's property. A possible explanation for this is \_\_\_\_\_. Further investigation to determine the full nature and

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extent of this contamination and required remediation has lead to a potential liability of \$ \_\_\_\_\_. The Louisiana State Board of Cosmetology paid \$ \_\_\_\_\_ in remediation costs for fiscal year 2013 and is reporting a balance of \$ \_\_\_\_\_ for the liability. At this time the complete cost for remediation is unable to be estimated as a result of future remediation contracts, inflation, and the amount of time involved. As these costs become estimable and costs incurred, the liability will be adjusted.

The following worksheet is provided to assist in completing required note disclosure and in determining the agency's pollution remediation activities, current year expenses, adjustments to pollution remediation obligations, and the amount of the year end liability.



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Explanations for GASB 49 Worksheet

- a Enter agency/department name
- b List projects reported in the prior fiscal year that had an outstanding liability at 6/30/11
- c List projects that were overlooked or not included as remediation projects in previous fiscal years
- d List remediation projects that were begun/identified in the fiscal year ending 6/30/2012
- e Enter project number assigned by FP&C, DEQ, or other number assigned to identify project
- f Year the project was begun--this is not necessarily the year remediation began; it should be the year the pollution was identified and includes time involved to develop a remediation plan and the actual remediation process
- g This column is used to report those projects that were included/added in the previous fiscal year and had a balance outstanding at the end of that year
- h This column is for reporting increases in the estimated remediation cost, whether from expanding the scope of the project to contracting for a specific service.
- i Record total expenditures related to the project made during the fiscal year, including those made in the 13th period (13th period expenditures are also shown separately in column AB (p))
- j Record activities that decrease the estimated remediation liability that are **not** expenditures--for example, amounts included in original estimate were overstated and actual was less than what was recorded; scope of project not as extensive as originally estimated.
- k The formula in this column sums columns J, L, N, and P (g, h, i, and j)
- l Indicate percentage of project completion in this column
- m Amounts in this column represent the portion of the ending liability that are due and payable within the next 12 months
- n Amounts in this column represent the portion of the ending liability that are not due and payable until after 6/30/13. This amount plus the amount in column V (m) must total the amount in column R (k)
- o This column is to identify any amounts that have been or will be received from other sources such as other responsible parties or insurance proceeds to help cover the cost of remediation
- p Record amounts expended on pollution remediation projects during the 13th accounting period in this column--this amount should be included in column N (i)
- q Provide reference and note explanations on an extra page, for example: (1) awaiting court decision

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**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

Provide your entity's ARRA revenue received in FY 2013 on a full accrual basis:

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Provide your entity's ARRA expenses in FY 2013 on a full accrual basis:

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## GG. RESTRICTED ASSETS – OTHER SPECIFIC PURPOSES

Per GASB Statement 34, paragraph 34, assets are reported as restricted when constraints on asset use are either; externally imposed by creditors, such as through debt covenants, grantors, contributors, or laws or regulations of other governments imposed by law through constitutional provisions or enabling legislation. Restricted Assets are reported on the statement of net position as restricted by Capital Projects, Debt Service, Unemployment Compensation, and Other Specific Purposes. The statement of net position amount for Restricted Assets - Other Specific Purposes should be further defined by function as follows:

	<u>Restricted Assets</u>
Conservation and Environment	\$ _____
Corrections	_____
Culture, Recreation, and Tourism	_____
Education	_____
General Government	_____
Health and Welfare	_____
Public Safety	_____
Transportation and Development	_____
Youth Services	_____
Total	\$ _____ -

## HH. SERVICE CONCESSION ARRANGEMENTS

Service Concession Arrangements (SCAs) are types of public-private or public-public partnerships. The term public-private partnership is used to refer to a variety of service arrangements, management arrangements, and SCAs. An SCA is an arrangement between a government (the transferor) and an operator, who may be a governmental entity or a nongovernmental entity, in which all four criteria are met. For additional information, see OSRAP Memo 13-24 at <http://www.doa.louisiana.gov/OSRAP/library/memos/13/OSRAP1324.pdf>.

Provide the following information:

- Identify the parties to the arrangement:

\_\_\_\_\_  
\_\_\_\_\_

- The time period of the SCA:

Start date: \_\_\_\_\_  
End date: \_\_\_\_\_

- The asset/facility that is involved:

\_\_\_\_\_  
\_\_\_\_\_

- General description of the arrangement – management objectives, and status of the project during the construction period:

\_\_\_\_\_



SCHEDULE 15

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 COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$5 million, explain the reason for the change. **Please provide adequate details to clearly explain the change from last year.**

	<u>2013</u>	<u>2012</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>1,939,343</u>	\$ <u>1,957,230</u>	<u>-17,887</u>	<u>-0.91%</u>
Expenses	<u>1,954,253</u>	<u>1,926,160</u>	<u>28,093</u>	<u>1.46%</u>
2) Capital assets	<u>219,601</u>	<u>226,978</u>	<u>-7,377</u>	<u>-3.25%</u>
Long-term debt	<u>1,155,708</u>	<u>1,076,667</u>	<u>79,041</u>	<u>7.34%</u>
Net position	<u>942,541</u>	<u>957,451</u>	<u>-14,910</u>	<u>1.56%</u>
Explanation for change:	_____			
	_____			
	_____			
	_____			