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**Louisiana Crawfish Promotion
and Research Board
Department of Agriculture and Forestry
Baton Rouge, Louisiana**

**Component Unit Financial Statements
and Auditor's Report
June 30, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 ~~OCT 08 1997~~

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August 29, 1997

Independent Auditor's Report

Louisiana Crawfish Promotion and Research Board
Department of Agriculture and Forestry
Baton Rouge, Louisiana

Gentlemen:

We have audited the accompanying component unit balance sheet of the

**Louisiana Crawfish Promotion and Research Board
Department of Agriculture and Forestry
A Component Unit of the State of Louisiana
Baton Rouge, Louisiana**

as of June 30, 1997, and the component unit statements of revenue, expenditures and changes in fund balance for the two years ended June 30, 1997. These component unit financial statements are the responsibility of the Louisiana Crawfish Promotion and Research Board's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Crawfish Promotion and Research Board, a component unit of the State of Louisiana, as of June 30, 1997, and the results of its operations and changes in fund balance for the two years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 29, 1997, on our consideration of the Louisiana Crawfish Promotion and Research Board's internal control over financial reporting our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Yours truly,

Hawthorn, Waymouth & Carroll, LLP

Louisiana Crawfish Promotion and Research Board
Department of Agriculture and Forestry
A Component Unit of the State of Louisiana
Governmental Fund Type - General Fund
Balance Sheet
June 30, 1997

A s s e t s

| | | |
|---------------|---|---------------|
| Assets | | \$22,830 |
| | Cash and cash equivalents | 500 |
| | Funds advanced to the Louisiana Department of Agriculture and Forestry | 2,498 |
| | Assessments receivable from Department of Agriculture and Forestry | <u>30</u> |
| | Accounts receivable | |
| | Other | <u>25,858</u> |
| | <u>Total assets</u> | <u>25,858</u> |

L i a b i l i t i e s a n d F u n d B a l a n c e

| | | |
|---------------------|---|---------------|
| Liabilities | | <u>13,794</u> |
| Fund Balance | | |
| | Unreserved - undesignated | (19,897) |
| | Promotion Fund | <u>31,961</u> |
| | Research Fund | |
| | <u>Total fund balances</u> | <u>12,064</u> |
| | <u>Total liabilities and fund balance</u> | <u>25,858</u> |

The accompanying notes are an integral part of these statements.

Louisiana Crawfish Promotion and Research Board
Department of Agriculture and Forestry
A Component Unit of the State of Louisiana
Governmental Fund Type - General Fund
Statement of Revenue, Expenditures and Changes in Fund Balance
Two Years Ended June 30, 1997

Revenue

| | |
|---|----------------|
| Assessments on the sale of crawfish (net of refunds and collection charges) | \$113,554 |
| Interest income | 4,748 |
| Other income | <u>1,330</u> |
| <u>Total revenue</u> | <u>119,632</u> |

Expenditures

| | |
|-----------------------------|----------------|
| Research expenditures | 73,550 |
| Promotion expenditures | 170,342 |
| Administrative expenditures | 2,690 |
| Travel (Board Meetings) | 4,527 |
| Bank charges | 2 |
| Accounting | <u>3,100</u> |
| <u>Total expenditures</u> | <u>254,211</u> |

Revenue over (under) expenditures (134,579)

Fund Balance, beginning of year 146,643

Fund Balance, end of year 12,064

The accompanying notes are an integral part of these statements.

Louisiana Crawfish Promotion and Research Board
Department of Agriculture and Forestry
A Component Unit of the State of Louisiana
Governmental Fund Type - General Fund
Statement of Changes in Fund Balance
Two Years Ended June 30, 1997

| | Promotion <u>Fund</u> | Research <u>Fund</u> | Total Unreserved Undesignated <u>Funds</u> |
|--|----------------------------------|---------------------------------|---|
| Beginning balance | \$84,857 | \$61,786 | \$146,643 |
| Total revenue \$119,632 (net of operating costs of \$10,319) allocated based upon 60-40 split | 65,588 | 43,725 | 109,313 |
| Promotion expenditures | (170,342) | | (170,342) |
| Research expenditures | <u> </u> | <u>(73,550)</u> | <u>(73,550)</u> |
| Ending Balance | <u>(19,897)</u> | <u>31,961</u> | <u>12,064</u> |

The accompanying notes are an integral part of these statements.

Louisiana Crawfish Promotion and Research Board
Department of Agriculture and Forestry
A Component Unit of the State of Louisiana
Notes to Financial Statements
June 30, 1997

Note 1-Summary of Significant Accounting Policies

The Louisiana Crawfish Promotion and Research Board is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture and Forestry, as provided by Louisiana Revised Statute 3:556.3. The board is composed of eleven members appointed by the governor to serve terms concurrent with the governor. The Commissioner of Agriculture serves as an ex-officio member of the board. The board is charged with the responsibility to develop markets for Louisiana crawfish and to fund research that will increase production of Louisiana crawfish. The operations of the board are funded by an assessment of one-quarter of one cent per pound on all artificial crawfish bait and one cent for each crawfish bag holding less than twenty-five pounds of crawfish and two cents for each crawfish bag holding twenty-five pounds or more of crawfish. The assessments are collected by the Commissioner of Agriculture from the manufacturer of the artificial crawfish bait and crawfish bags at the first point of sale.

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 issued a codification of governmental accounting and financial reporting standards (1988). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments.

By definition GASB Codification Section 2100 defines the governmental reporting entity as the State of Louisiana. This 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 statements present information only as to the transactions of the programs of the Louisiana Crawfish Promotion and Research Board, a component unit of the State of Louisiana.

A. Fund Accounting

The accounts of the Louisiana Crawfish Promotion and Research Board are organized on a fund basis (General Fund). The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. The General Fund is the general operating fund of the board and accounts for all financial resources. Revenue is accounted for in this fund based upon the purpose for which it is to be spent and the means by which spending activities are controlled.

B. General Fixed Assets and General Long-Term Obligations

At June 30, 1997, the board has no general fixed assets or long-term obligations.

Louisiana Crawfish Promotion and Research Board
Department of Agriculture and Forestry
A Component Unit of the State of Louisiana
Notes to Financial Statements
June 30, 1997

Note 1-Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. *The board's records are maintained on a cash basis of accounting.* However, the General Fund, as reported in the accompanying financial statements, has been converted to a modified accrual basis of accounting using the following practices in recording revenue and expenditures:

Revenue

Assessments levied on the sale of artificial crawfish bait and crawfish bags sold in this state are recognized in the amounts earned to the extent they are both measurable and available. Interest earned on investments is recorded when the investments have matured and the income is available.

Expenditures

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D. Budget Practices

The board does not adopt a formal budget on a fiscal year basis. However, for the calendar year the board allocates amounts to be spent on specific projects for research and promotion of Louisiana crawfish in accordance with Louisiana Revised Statute 3:556.12(c). Other expenditures are not considered in this allocation.

E. Encumbrance Accounting

The board's major expenditures consist of various agreements for research activities. These expenditures are approved on a calendar year basis, and funds from the current fiscal year are obligated (encumbered) at the time the expenditures are approved. There were no encumbrances as of June 30, 1997.

F. Cash and Cash Equivalents

Cash and cash equivalents represent demand deposits and a money market account. Under state law, the Louisiana Crawfish Promotion and Research Board may deposit funds within a bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**Louisiana Crawfish Promotion and Research Board
 Department of Agriculture and Forestry
 A Component Unit of the State of Louisiana
 Notes to Financial Statements
 June 30, 1997**

Note 1-Summary of Significant Accounting Policies (Continued)

F. Cash and Cash Equivalents (Continued)

As reflected on the balance sheet, the board has cash and cash equivalents (book balances) totaling \$22,830 at June 30, 1997. Under state law, these deposits, which are considered Category 1 for generally accepted governmental accounting principles, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in joint custodial accounts in the Board's name. Cash and cash equivalents (bank balances) at June 30, 1997, were secured as follows:

| | <u>Bank Balances</u> | <u>FDIC Insurance</u> | <u>Pledged Collateral</u> |
|---------------------|--------------------------|---------------------------|-------------------------------|
| Cash demand deposit | <u>\$22,830</u> | <u>\$100,000</u> | <u>\$110,774</u> |

There were no unsecured deposits at June 30, 1997.

G. Office Administration

The administrative functions of the board are performed voluntarily by the Louisiana Farm Bureau Federation; however, the board contracts its accounting functions.

H. Use of Estimates

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

Note 2-Funds Advanced to the Louisiana Department of Agriculture and Forestry

As shown on the balance sheet, \$500 is recognized as a receivable from the Louisiana Department of Agriculture and Forestry. This amount represents funds that are used to fund the Promotion Board Escrow Bank Account.

Louisiana Crawfish Promotion and Research Board
Department of Agriculture and Forestry
A Component Unit of the State of Louisiana
Notes to Financial Statements
June 30, 1997

Note 3-Refunds of Assessments and Collection Charges

Louisiana revised Statute 3:556(B) provides for the refund of assessments and allows the Louisiana Department of Agriculture and Forestry to charge the board up to three per cent of the gross assessments collected for administering and collecting assessments. Assessments are reported net of refunds and collection charges of \$3,500.

Note 4-Travel (Board Meeting) Expenditures

As reflected on the statement of revenue, expenditures and changes in fund balance, the board had travel (board meeting) expenses totaling \$4,527. The following is a breakdown of these expenditures by board member.

| | <u>Administrative</u> |
|---------------------------|-----------------------|
| Alton Landry | \$218 |
| Harold Benoit | 677 |
| Norman Jean Miller | 470 |
| Greg Bernard | 206 |
| David Miller | 116 |
| Les Guerin | 386 |
| Dale Stampley | 264 |
| Jimmy Zito | 220 |
| Robert Chaisson | 648 |
| Leroy Richard | 510 |
| Jon Vaccari | 59 |
| Rudy Sparks | 152 |
| Darrel Rivera | 119 |
| Eric Bourgeois | 304 |
| Jody Meche | 123 |
| Duffy Landry | <u>55</u> |
| | |
| <u>Total expenditures</u> | <u>4,527</u> |

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RETIRED

August 29, 1997

Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Component Unit Financial Statements Performed In Accordance With Government Auditing Standards

Louisiana Crawfish Promotion and Research Board
Department of Agriculture and Forestry
Baton Rouge, Louisiana

Gentlemen:

We have audited the component unit financial statements of the Louisiana Crawfish Research and Promotion Board as of and for the year ended June 30, 1997, and have issued our report thereon dated August 29, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Crawfish Research and Promotion Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material

in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that we have reported to management of the Louisiana Crawfish Promotion and Research Board in a separate letter dated August 29, 1997.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Yours truly,

Sturthorn, Weymouth & Carroll, LLP

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RETIREE

August 29, 1997

Louisiana Crawfish Research and Promotion Board
Department of Agriculture and Forestry
Baton Rouge, Louisiana

Dear Gentlemen:

In connection with our audit of the component unit financial statements of the Louisiana Crawfish Research and Promotion Board as of June 30, 1997, we noted certain matters that we believe you should consider. Our observations were formed as a by-product of our audit procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations.

The comments that follow summarize our comments and suggestions.

Various reimbursements for promotional expenditures were made without proper documentation. All reimbursements for expenditures should be supported with proper documentation.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

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