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

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

Jnder 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 Pelease Date <u>OCT 0 8 1997</u>

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Table of Contents

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Independent Auditor's Report	Page	3
Balance Sheet	Page	4
Statement of Revenue, Expenditures and Changes on Fund Balance	Page	5
Notes to the Financial Statements	Page	6

Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Component Unit Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>

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Page 11

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

H. DANIEL CARROLL, C.P.A. ROBERT E. WALES, C.P.A. CARL L. HANCOCK, C.P.A. J. CHARLES PARKER, C.P.A. LOUIS C. MCKNIGHT, III, C.P.A. ANTHONY J. CRISTINA, III, C.P.A. CHARLES R. PEVEY, JR., C.P.A. DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUBLIC ACCOUNTANTS

8555 UNITED PLAZA BLVD. BATON ROUGE, LOUISIANA 70809 (504) 923-3000 • FAX (504) 923-3008

August 29, 1997

Independent Auditor's Report

Louisiana Catfish 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 Catfish Promotion and Research Board Department of Agriculture and Forestry ROBERT B. HAWTHORN, C.P.A. (1896-1977) JOHN F. WAYMOUTH, C.P.A. (1902-1987) HOWARD V. CARROLL, C.F.A. (1909-1993)

WARREN C. BER, D.P.A RETIRED ROBERT J. ZERNOTT, C.P.A RETIRED

A Component Unit of the State of Louisiana Baton Rouge, Louisiana

as of June 30, 1997, and the component unit statement 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 Catfish 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 <u>Government Auditing Standards</u>, 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 Catfish 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 <u>Government Auditing Standards</u>, we have also issued our report dated August 29, 1997, on our consideration of the Louisiana Catfish Promotion and Research Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Yours truly 3 thatton, Waymath Handl, RPP

Louisiana Catfish 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

Assets

Assets

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Cash and cash equivalents Funds advanced to the Louisiana Department of Agriculture and Forestry \$131,060

<u> 500 </u>

131.560

Total assets

Fund Balance

Fund Balance

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Unreserved - undesignated Reserved for encumbrances

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\$83,560 <u>48,000</u>

Total fund balance

<u>131,560</u>

The accompanying notes are an integral part of these statements.

Louisiana Catfish 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

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Assessments on the sale of catfish feed (net of refunds and collection charges) Interest income Other Income <u>Total revenue</u>

\$157,692 7,365 <u>164</u> 165.221

Expenditures	
Research expenditures	91,145
Promotion expenditures	18,737
Travel (board meetings)	3,902
Accounting	4,650
Bank charges	103
Total expenditures	<u>118.537</u>
Revenue over (under) expenditures	46,684
Fund Balance, beginning of year	<u>_84.876</u>
Fund Balance, end of year	<u>131.560</u>

The accompanying notes are an integral part of these statements.

Note 1-Summary of Significant Accounting Policies

The Louisiana Catfish 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 3:558.1. The board is composed of eight members appointed by the governor to serve terms concurrent with the governor. The board members serve without compensation. The Commissioner of Agriculture and Forestry serves as an ex-officio member of the board. The board is charged with the responsibility of promoting the growth and development of the catfish industry in Louisiana by research and advertisement. The operations of the board are funded by an assessment of two dollars per ton of catfish feed sold in this state. The assessments are collected by the Commissioner of Agriculture and Forestry

from the person selling the catfish feed 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 Catfish Promotion and Research Board, a component unit of the State of Louisiana.

A. Fund Accounting

The accounts of the Louisiana Catfish 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.

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:

<u>Revenue</u>

Assessments levied on the sale of catfish feed produced within the state are recognized in

the amounts earned, to the extent they are both measurable and available. Interest earned on investments is recorded when the interest is both measurable and 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 the Louisiana catfish industry. Other expenditures are not considered in this allocation.

E. Encumbrance Accounting

The board's major expenditures consist of various contracts, for promotion and research activities. These contracts are approved for different periods of the year and funds from the current fiscal year are obligated (encumbered) at the time the contracts are approved. Therefore, as shown on the balance sheet, the board has reserved a portion of its fund balance for expenditures upon performance of agreements.

F. Cash and Cash Equivalents

Cash and cash equivalents represent demand deposits and a money market account. Under state law, the Louisiana Catfish 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.

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 (bank balances) totaling \$131,060 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:

Bank	FDIC	Pledged
Balances	Insurance	<u>Collateral</u>

Cash - demand deposits

<u>\$131.060</u> <u>\$100.000</u> <u>-0</u>

There were unsecured deposits of \$31,060 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-Research

As discussed in Note 1-E, the board has entered into certain agreements for research activities. Details of the activities relating to these agreements are as follows:

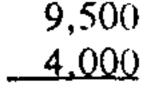
	Expenditure <u>Amount</u>	•	Balance at June 30, 1997
Louisiana Tech University	\$13,200	\$13,200	
Louisiana Tech University	18,000		\$18,000

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Louisiana Tech University Louisiana State University Louisiana State University Louisiana State University

(Amounts brought forward)

18,000 8,000 9,500 4,000



8,000



Note 2-Research (Continued)

	Expenditure <u>Amount</u>	Payments <u>1997 - 1996</u>	Balance at June 30, 1997
(Amounts carried forward)		<u>\$13.200</u>	<u>\$39.500</u>
Louisiana State University	8,500		8,500
Louisiana Agricultural Experiment	24,500	24,500	
LSU Agricultural Center	4,000	4,000	
LSU Agricultural Center	6,000	6,000	
LSU Agricultural Center	8,300	8300	
Louisiana Tech University	15,000	15,000	
LSU Agricultural Experiment	5,000	5,000	
LSU Agricultural Experiment	15,000	15,000	
Louisiana Department of Agriculture	145	145	
Total expenditures per statement of revenue. expenditures and changes in fund balance		<u>91.145</u>	

Total encumbrances per balance sheet



Note 3-Refunds of Assessments and Collection Charges

Louisiana revised Statute 3:558.1 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 \$39,276 in refunds and \$6,076 in collection charges.

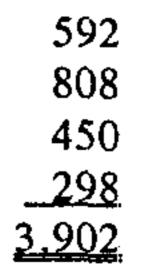
Note 4-Board Member Expenditures

As reflected on the statement of revenue, expenditures and changes in fund balance, the board has travel and convention expenditures totaling \$3,902. The following is a breakdown of these expenditures by board member.

9

	Travel and
	<u>Convention</u>
Rusty Gaude	\$268
Bobby Guidry	210
Charles Watson	298
Sam Haring	417
Huey Priest	561

Bill Cheek Tom Foshee Wesley Newman Charlie Stevens Total expenditures



Note 5-Funds Advanced to the Louisiana Department of Agriculture and Forestry

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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.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

H. DANIEL CARROLL, C.P.A. ROBERT E. WALES, C.P.A. CARL L. HANCOCK, C.P.A. J. CHARLES PARKER, C.P.A. LOUIS C. MCKNIGHT, III, C.P.A. ANTHONY J. CRISTINA, III, C.P.A. CHARLES R. PEVEY, JR., C.P.A. DAVID J. BROUSSARD, C.P.A.



8555 UNITED PLAZA BLVD. BATON ROUGE, LOUISIANA 70809 (504) 923-3000 • FAX (504) 923-3008

August 29, 1997

ROBERT B HAWTHORN, (PA (1896-1977) JOHN F. WAYMOUTH C PA (1902-1987) HOWARD V. CARROLL C PA (1909-1993)

WARREN D. BER, C.F.A RETIRED ROBERT J. ZERNOTT, C.F.A RETIRED

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

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

Gentlemen:

We have audited the component unit financial statements of the Louisiana Catfish 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 <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Louisiana Catfish 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 an instance of noncompliance that is required to be reported under <u>Government Auditing Standards</u>. As reflected on the balance sheet, the board has cash and cash equivalents (bank balances) totaling \$131,060 at June 30, 1997. 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. Cash and cash equivalents (bank balances) at June 30, 1997 of \$100,000 were secured by FDIC insurance. However, there were unsecured deposits of \$31,060 at June 30, 1997.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Catfish 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 Catfish Research and Promotion Board in a separate letter dated August 29, 1997.

This report in 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,

the tom, waymouth & land, RRP

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

H. DANIEL CARROLL, C.P.A. ROBERT E. WALES, C.P.A. CARL L. HANCOCK, C.P.A. J. CHARLES PARKER, C.P.A. LOUIS C. MCKNIGHT, III, C.P.A. ANTHONY J. CRISTINA, III, C.P.A. CHARLES R. PEVEY, JR., C.P.A. DAVID J. BROUSSARD, C.P.A.



CERTIFIED PUELIC ACCOUNTANTS

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August 29, 1997

Louisiana Catfish 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 Catfish 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.

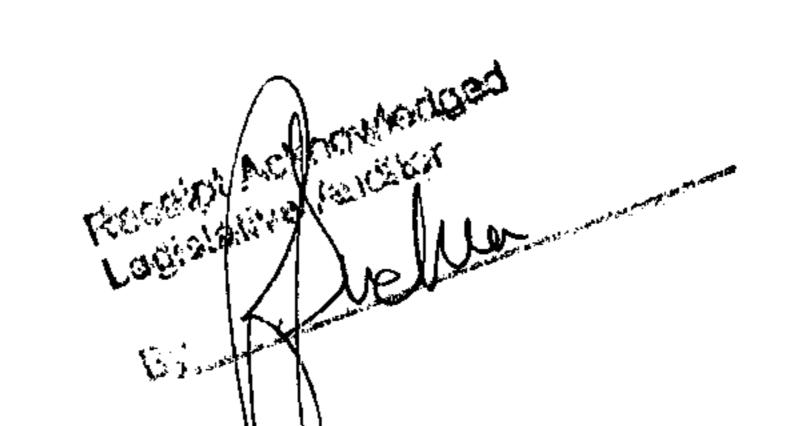
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WARREN C. BER, CRA RETIRED ROBERT J. ZERNOTT, G.F.A. RETIRED

The comments that follow summarize our comments and suggestions.

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

Yours truly, Hawthorn, Waymonth & Carroll, L.L.P.



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