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LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA

FINANCIAL REPORT

(A Component Unit of the State of Louisiana)

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.

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**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
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June 30, 1997**

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Louisiana Beef Industry Council
Port Allen, Louisiana

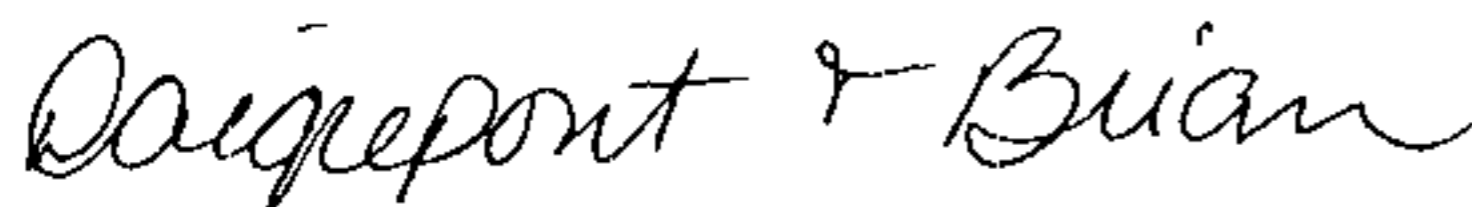
We have audited the accompanying general-purpose financial statements of the **LOUISIANA BEEF INDUSTRY COUNCIL**, a component unit of the State of Louisiana created within the Department of Agriculture as of and for the year ended June 30, 1997. These general-purpose financial statements are the responsibility of the **LOUISIANA BEEF INDUSTRY COUNCIL's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, and the standards for financial audits contained in the Government Auditing Standards, issued by the U. S. General Accounting Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the **LOUISIANA BEEF INDUSTRY COUNCIL**, as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The Schedule of Revenues and Expenditures Compared to Internal Budget listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general-purpose financial statements of Louisiana Beef Industry Council. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 30, 1997 on our consideration of Louisiana Beef Industry Council's internal control structure and a report dated September 30, 1997 on its compliance with laws and regulations.



Daigrepont & Brian
A Professional Accounting Corporation

September 30, 1997

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TYPE
 For the Year Ended June 30, 1997

REVENUES

Gross assessment revenues	\$ 825,501
Less assessment revenues collected for others:	
Other states	(438)
Beef Promotion & Research Board	(300,159)
Refunds	<u>(5,135)</u>
Net Assessment Revenues	519,769
Interest revenue	<u>2,738</u>
Total Revenues	<u>522,507</u>

EXPENDITURES

Program expenditures	
Contributions to National Livestock and Meat Board	60,623
Advertising and other promotion	270,420
Research	18,756
Producer information	2,894
Consumer information	<u>13,000</u>
Total Program Expenditures	365,693
General Administrative	69,363
Capital Outlay	<u>2,150</u>
Total Expenditures	<u>437,206</u>
Excess of Revenues over Expenditures	85,301

FUND BALANCE

Beginning of year	<u>64,478</u>
End of year	<u>\$ 149,779</u>

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

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ENTITY

The Louisiana Beef Industry Council is a component unit of the State of Louisiana, created within the Louisiana Department of Agriculture, as provided by Louisiana Revised Statute 3:555. The Council is composed of ten members appointed by the executive committee of the Louisiana Cattlemen's Association, the Board of Directors of the Louisiana Livestock Auction Markets Association, and the president of the Louisiana Farm Bureau Federation. The Commissioner of Agriculture serves as an ex-officio member of the Council in an advisory capacity only. The members serve three year terms with no member serving more than two consecutive terms. The Council is charged with the responsibility of helping develop, maintain, and expand the state, national, and foreign markets for cattle and beef products produced, processed, or manufactured in this state, and to permit the cattle production and feeding industry of this state to contribute to the development and sustenance of Louisiana and nationally coordinated programs of product improvement. Operations of the Council are funded by assessments levied on Louisiana cattle marketed within or outside of the state. The assessment revenues are statutorily established by the U. S. Beef Promotion and Research Act of 1985, 7 USC 2901-2918 and by Act 587 of the Louisiana Legislature.

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. In June of 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Louisiana Beef Industry Council prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying statements present only transactions of the Louisiana Beef Industry Council a component unit of the State of Louisiana.

Annually the State of Louisiana issues general-purpose financial statements which include the activity contained in the accompanying financial statements. The general-purpose financial statements are issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

A. FUND ACCOUNTING

The accounts of the Council are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund

The General Fund is the only fund and is used to account for the general operations of the Council. The various fees and charges due the Council are accounted for in this fund. General operating expenditures are paid from this fund.

General Fixed Assets Account Group

The fixed assets used in governmental fund type operations are accounted for in this account group. Depreciation has not been provided on general fixed assets, all of which are valued at historical cost.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures 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 Council maintains its records on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

The modified accrual basis of accounting as applied to the following major sources of revenue is as follows:

Assessments levied on the marketing of cattle are recognized in the amounts earned, to the extent they are both measurable and available.

Interest earned is recorded when the income is earned and available.

C. ENCUMBRANCES

Encumbrance accounting is not employed by the Council.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits, and certificates of deposit. Under state law the Council may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Council may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal 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.

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As reflected on the balance sheet, the Council had cash and cash equivalents totaling \$127,416 at June 30, 1997. Cash and cash equivalents 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. The deposits of \$128,845 at June 30, 1997, were secured by FDIC coverage of \$200,000 and pledged securities with a market value of \$99,875.

E. INVESTMENTS

The Council does not maintain investment accounts.

F. GENERAL FIXED ASSETS

The Council has fixed assets recorded at historical cost as follows:

	<u>July 1, 1996</u>	<u>Addition</u>	<u>Deletion</u>	<u>June 30, 1997</u>
Office Equipment	\$ 4,413	\$ 2,150	\$ -	\$ 6,563
Billboard	<u>\$ 3,885</u>	<u>-</u>	<u>-</u>	<u>3,885</u>
	<u>\$ 8,333</u>	<u>\$ 2,150</u>	<u>-</u>	<u>\$10,448</u>

G. GENERAL LONG-TERM DEBT

The Council has no long-term liabilities at June 30, 1997.

H. LEASES

The Council has no leases.

I. TOTAL COLUMN ON COMBINED STATEMENTS

The Total Column on the Combined Statement is Captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to consolidation.

J. BUDGET

The Council is a non-budgetary unit of the Department of Agriculture and is not required to legally adopt a budget.

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1997**

NOTE 2 - COMPENSATION OF BOARD

The Board of Directors served without compensation for the year ended June 30, 1997.

NOTE 3 - 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUPPLEMENTARY INFORMATION

LOUISIANA BEEF INDUSTRY COUNCIL
Port Allen, Louisiana

OTHER INDEPENDENT AUDITORS' REPORTS

June 30, 1997

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
SCHEDULE OF REVENUE AND EXPENDITURES COMPARED TO INTERNAL BUDGET**

For the Year Ended June 30, 1997

	<u>FEDERAL CHECK-OFF</u>		<u>LOUISIANA CHECK-OFF</u>		<u>TOTAL MEMORANDUM ONLY</u>	
	<u>ACTUAL</u>	<u>BUDGET FAVORABLE</u> (UNFAVORABLE)	<u>ACTUAL</u>	<u>BUDGET FAVORABLE</u> (UNFAVORABLE)	<u>ACTUAL</u>	<u>BUDGET FAVORABLE</u> (UNFAVORABLE)
REVENUES						
Assessments	\$ 601,136	\$ 485,000	\$ 224,365	\$ 155,000	\$ 825,501	\$ 640,000
Less:						
Beef Promotion and Research Board	(300,159)	(242,500)	-	-	(300,159)	(242,500)
Other states	(438)	(1,000)	-	-	(438)	(1,000)
Refunds	-	-	(5,135)	(4,000)	(5,135)	(4,000)
Net Assessments	300,539	241,500	219,230	151,000	519,769	392,500
Interest	2,738	1,500	-	500	2,738	2,000
Total revenues	<u>303,277</u>	<u>243,000</u>	<u>219,230</u>	<u>151,500</u>	<u>522,507</u>	<u>394,500</u>
EXPENDITURES						
Programs:						
Contributions to National Livestock & Meat Board	60,623	48,500	-	-	60,623	48,500
Advertising and Other promotion	202,425	167,502	61,969	33,153	264,394	200,655
Research	15,750	21,000	3,006	6,000	18,756	27,000
Foreign marketing	-	6,000	-	-	-	6,000
Producer Information	-	-	2,894	(2,894)	2,894	-
Consumer information	13,000	-	-	26,500	13,000	26,500
Total Program Expenditures	<u>291,798</u>	<u>243,002</u>	<u>67,869</u>	<u>65,653</u>	<u>359,667</u>	<u>308,655</u>
General Administrative Capital Outlay	2,482	1,200	72,907	87,310	75,389	88,510
Total Expenditures	<u>296,430</u>	<u>244,202</u>	<u>140,776</u>	<u>152,963</u>	<u>437,206</u>	<u>397,165</u>
Excess of Revenues Over Expenditures	<u>\$ 6,847</u>	<u>\$ (1,202)</u>	<u>\$ 78,454</u>	<u>\$ (1,463)</u>	<u>\$ 85,301</u>	<u>\$ (2,665)</u>
						<u>\$ 87,966</u>

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

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL
CONTROL STRUCTURE BASED ON AN AUDIT OF COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Louisiana Beef Industry Council
Port Allen, Louisiana

We have audited the component unit financial statements of the **LOUISIANA BEEF INDUSTRY COUNCIL**, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated September 30, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 general-purpose financial statements are free of material misstatement.

The management of the **LOUISIANA BEEF INDUSTRY COUNCIL** is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation or policies and procedures may deteriorate.

In planning and performing our audit of the component unit financial statements of **LOUISIANA BEEF INDUSTRY COUNCIL**, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general-purpose 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 structure and its operation that we consider to be material weaknesses as defined above.

Internal Controls - GAS

This report is intended for the information of the Council, management, the Louisiana Legislative Auditor's office, the Department of Agriculture, State of Louisiana, the Cattlemen's Beef Promotion and Research Board, and the United States Department of Agriculture. However, this report is a matter of public record and its distribution is not limited.



Daigrepoint & Brian
A Professional Accounting Corporation

Baton Rouge, Louisiana
September 30, 1997

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED
ON AN AUDIT OF THE COMPONENT UNIT FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Louisiana Beef Industry Council
Port Allen, Louisiana

We have audited the general-purpose financial statements of the **LOUISIANA BEEF INDUSTRY COUNCIL**, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated September 30, 1997.

We have conducted our audit in accordance with generally accepted auditing standards and 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 general-purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the **LOUISIANA BEEF INDUSTRY COUNCIL** is the responsibility of the Council's management. As part of obtaining reasonable assurance about whether the general-purpose financial statements are free of material misstatement, we performed tests of the Council's compliance with certain provisions of laws, regulations, contracts, and grants as well as the responses to the systems survey and compliance questionnaire. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

In connection with our audit, nothing came to our attention that caused us to believe the Council failed to comply with the terms, insofar as they relate to accounting matters, of the Beef Promotion and Research Act of 1985 and the Beef Promotion and Research Order (the "Order") relative to the use of funds collected by the Council. Further, nothing came to our attention that caused us to believe the Council was not in compliance with the Agricultural Marketing Service Investment Policy dated November 30, 1992, which describes the types of instruments in which the Council may invest. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Directors and management of the Louisiana Beef Industry Council, the Louisiana Legislative Auditor's office, the Department of Agriculture, State of Louisiana, the Cattlemen's Beef Promotion and Research Board, and the United States Department of Agriculture. However, this report is a matter of public record and its distribution is not limited.

Daigrepont & Brian

Daigrepont & Brian
A Professional Accounting Corporation

Baton Rouge, Louisiana
September 30, 1997