



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYOU BOULEVARD, LOUISIANA 70804-9000

DANIEL G. KYLE, PEAB, CPA, CFE
LEGISLATIVE AUDITOR

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FOR THE YEAR 1997
SCHEDULE: (504) 386-1000
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March 18, 1997

**Independent Auditor's Report on Compliance With Laws and
Regulations Material to the General Purpose Financial Statements**

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Louisiana Dairy Industry Promotion Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated March 18, 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 financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Louisiana Dairy Industry Promotion Board is the responsibility of the board's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the board's compliance with certain provisions of laws and regulations. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

This report is intended for the information and use of the board and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

CCB:MMW:d
10/97

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended June 30, 1995

INTRODUCTION

The Louisiana Dairy Industry Promotion 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 (R.S.) 3:557.1-12. The board consists of nine members, eight of whom are appointed by the Commissioner of Agriculture and Forestry. These eight members represent three geographical areas of the state and are selected by the commissioner from a slate of candidates proposed by the Louisiana Farm Bureau Federation and by dairy cooperatives having a membership of at least 25 producers. The ninth member is the Commissioner of Agriculture and Forestry, who serves as ex-officio with all rights, duties, and privileges of the other members. All board members serve terms concurrent with the commissioner and receive \$40 per diem for attending board meetings and other official business of the board.

The board is charged with the responsibility of promoting knowledge of the health giving qualities and dietary values of milk and other dairy products and effectively promoting the consumption of Louisiana milk and other Louisiana dairy products to assure a sufficient quantity of such products for Louisiana consumers. The board does not use a brand name in promoting the consumption of Louisiana milk and other dairy products. The board has no employees. Operations of the board are funded entirely with self-generated revenues. All funds collected by the board are used for operational and promotional purposes and not for the influencing of government policy or actions. All collection and administrative functions of the board are performed by personnel of the Louisiana Department of Agriculture and Forestry. The board reimburses the department for these services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

B. REPORTING ENTITY

GASB Codification Section 2100 defines the governmental reporting entity to be the State of Louisiana. The board is considered to be a component unit of the State of Louisiana because the state exercises oversight responsibility in that the commissioner appoints the board members and public service is rendered within the state's

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

boundaries. The accompanying financial statements present information on the transactions of the Louisiana Dairy Industry Promotion Board, a component unit of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements which exclude the activity contained in the accompanying financial statements.

G. FUND ACCOUNTING

The board uses a fund (General Fund) 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.

The operations of the General Fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The General Fund is the general operating fund of the board and accounts for all financial resources. Revenues are accounted for in this fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement of this fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund.

The board uses the following practices in recording revenues and expenditures:

Revenues

Assessments are recorded when they become both measurable and available to finance expenditures of the current period, generally considered 45 days after the end of the fiscal year. Interest and miscellaneous income are recorded when received.

Expenditures

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

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

E. BUDGET PRACTICES

The board adopted an annual budget that was submitted to the Department of Agriculture and Forestry for the 1995-96 fiscal year on June 15, 1995.

The annual budget is prepared and reported on the modified accrual basis of accounting. The budget is adopted on an object basis. The board does not recognize or record encumbrances in its budgetary practices. Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements represent the final amended budget.

F. CASH AND INVESTMENTS

Cash includes interest-bearing demand deposits. Under state law, the board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal offices in Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

Under R.S. 38:327, the board may invest in certain securities. The investments are with the Automated Government Money Trust, a Massachusetts business trust, investing solely in United States Treasury obligations. The attorney general has opined in Attorney General Opinion 89-568-A that investing in a Massachusetts business trust is tantamount to investing in direct United States government securities. The securities are held in the name of the Louisiana Department of Agriculture and Forestry in the Licensing and Regulatory Boards Funds.

**G. GENERAL FIXED ASSETS AND
LONG-TERM OBLIGATIONS**

The board has no fixed assets or long-term obligations at June 30, 1996.

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

**II. COMPENSATED ABSENCES, PENSION
BENEFITS, AND POSTRETIREMENT
HEALTH CARE AND LIFE INSURANCE
BENEFITS**

The board has no full-time employees. The board pays a portion of the salary of an employee of the Department of Agriculture and Forestry for accounting services. Therefore, there are no compensated absences, pension benefits, or postretirement benefits provided by the board.

3. CASH

At June 30, 1995, the board has cash (book balances) totaling \$71,595 as follows:

Cash on hand	\$71,574
Cash in demand accounts	<u>342</u>
Total	<u>\$71,595</u>

Under state law, these deposits (or the resulting bank balances) 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. At June 30, 1995, the board has \$4,673 in deposits (collected bank balances). These deposits are secured from risk by \$4,673 of federal deposit insurance (RASG Category 1).

3. INVESTMENTS

As reflected on Statement A, the board has investments of \$295,571 at June 30, 1995, as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>
Investments not categorized - mutual funds - government securities	<u>\$295,571</u>	<u>\$295,571</u>

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended June 30, 1986

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Per diem payments are authorized by Louisiana Revised Statute 3:553.4 and are included in the travel expenditures of the General Fund. Board members are paid \$40 per day for each day spent in actual attendance of meetings of the board or meetings of duly appointed committees or subcommittees.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

LEGISLATIVE AUDITOR

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA

Internal Control Report
March 18, 1997
Page 2

In our consideration of the internal control structure, we noted the size of the board's operations produces an adequate segregation of duties and other features of an adequate internal control structure, although to employ such controls may not be cost beneficial, which we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and/or 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described previously is a material weakness.

This report is intended for the information and use of the board and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFC
Legislative Auditor

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Statement B

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
 DEPARTMENT OF AGRICULTURE AND FORESTRY
 STATE OF LOUISIANA
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget (GAAP
 Basis) and Actual
 For the Year Ended June 30, 1990

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Assessments	\$875,000	\$879,358	(\$4,650)
Use of money and property - interest earnings	15,000	15,057	3,917
Miscellaneous	3,500	4,307	1,207
Total revenues	<u>\$903,500</u>	<u>\$908,722</u>	<u>(\$1,320)</u>
EXPENDITURES			
Taxes	9,000	6,874	3,000
Operating services	1,180	180	880
Supplies	300	341	(41)
Professional services	1,880	1,872	208
Other charges:			
Advertising	980,000	672,768	22,234
Promotion supplies	42,180	47,054	(4,874)
Administrative services (note 4)	33,250	37,493	757
Total expenditures	<u>\$980,390</u>	<u>\$887,382</u>	<u>\$29,330</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(706,890)	(164,291)	(\$4,291)
FUND BALANCE AT BEGINNING OF YEAR AS RESTATED (note 4)			
	<u>\$61,214</u>	<u>\$61,214</u>	<u>NONE</u>
FUND BALANCE AT END OF YEAR	<u>\$251,214</u>	<u>\$259,923</u>	<u>(\$4,291)</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

The initial fund investments (Automated Government Money Trust Fund) consist of United States Treasury notes and United States Treasury obligations bought under repurchase agreements. The initial funds are not classified as to category of credit risk because this is not required by GASB Codification Section 150.165.

4. RESTATEMENT OF BEGINNING FUND BALANCE

The beginning fund balance for the General Fund has been adjusted to implement Governmental Accounting Standards Board (GASB) Statement Number 22 - Accounting for Taxpayer-Assessed Tax Revenues in Governmental Funds, which requires that the revenues from assessments be recognized using the modified accrual basis of accounting.

	<u>General Fund</u>
Fund balance at June 30, 1995	\$280,814
implementation of GASB Pronouncement	<u>71,800</u>
Fund balance at July 1, 1995, as restated	<u>\$352,614</u>

5. LEASE OBLIGATIONS

The board has no capital or operating lease commitments at June 30, 1995.

6. LITIGATION AND CLAIMS

There is no litigation pending against the board at June 30, 1995.

7. SUBSEQUENT EVENTS

There were no subsequent events that would affect the board's financial statements.

8. ADMINISTRATIVE SERVICES

As shown on Statement B, the board incurred administrative services totaling \$37,493 in payments to the Department of Agriculture and Forestry for the year ended June 30, 1995. These payments included \$25,493 pursuant to R.S. 3:557.7(B) for administering and collecting assessments on the sale of milk and milk products, and \$12,000 for part-time staff as authorized by the board.



OFFICE OF
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BATON ROUGE, LOUISIANA 70804-5557

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LEGISLATIVE AUDITOR

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March 15, 1997

**Independent Auditor's Report on Internal Control Structure Based
Solely on an Audit of the General Purpose Financial Statements**

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have audited the general purpose financial statements of the Louisiana Dairy Industry Promotion Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated March 15, 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 financial statements are free of material misstatement.

Management of the Louisiana Dairy Industry Promotion Board 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 and/or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Louisiana Dairy Industry Promotion Board 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 to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

LEGISLATIVE AUDITOR

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Audit Report, June 30, 1998

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedule 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 the Louisiana Dairy Industry Promotion Board. 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.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

CGS.MWB-d



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BAYOU BOULEVARD, LOUISIANA 70804-9107

DAVID G. AYNE, PRES. OFFICER
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HOWARD H. THOMAS, JR., VICE PRES.
LEGISLATIVE AUDITOR
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March 18, 1997

**Independent Auditor's Report
on the Financial Statements**

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have audited the accompanying general purpose financial statements of the Louisiana Dairy Industry Promotion Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 1996, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Louisiana Dairy Industry Promotion Board. 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 Government Auditing Standards, issued by the Comptroller General of the United States. These 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 examining, on a test basis, evidence supporting the amounts and disclosures in the 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 Dairy Industry Promotion Board as of June 30, 1996, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

As discussed in note 4 to the financial statements, the Louisiana Dairy Industry Promotion Board implemented Governmental Accounting Standards Board Statement Number 22, Accounting for Taxpayer-Assessed Tax Increases in Governmental Funds, for fiscal year 1996. Implementation resulted in changes to assets, revenues, and fund balance in the General Fund.

We have also issued reports dated March 18, 1997, on our consideration of the Louisiana Dairy Industry Promotion Board's internal control structure and on its compliance with laws and regulations, as required by Government Auditing Standards.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1999
With Supplemental Information Schedule**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

April 29, 1999

LEGISLATIVE AUDIT ADVISORY COUNCIL

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LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANASchedule of Per Diem Paid Board Members
For the Year Ended June 30, 1995

	<u>NUMBER</u>	<u>AMOUNT</u>
Larry Conely	4	\$400
Roy Ignoffo	4	400
Carl Papp	5	200
Bryan Mitchell	3	120
Eugene Robertson	3	120
James Rogers	5	200
Philip Toers	2	80
Total		<u>\$1,040</u>

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Dairy Industry Promotion Board
Department of Agriculture and Forestry
State of Louisiana
Baton Rouge, Louisiana

April 23, 1987



Financial and Compliance Audit Division

*Daniel G. Kyfe, Ph.D., CPA, CFE
Legislative Auditor*

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
 DEPARTMENT OF AGRICULTURE AND FORESTRY
 STATE OF LOUISIANA
 GOVERNMENTAL FUND - GENERAL FUND

Balance Sheet, June 30, 1998

ASSETS

Cash (note 2)	\$71,510
Investments (note 3)	305,571
Receivable - fees and self-generated revenues	<u>61,170</u>

TOTAL ASSETS	<u>\$438,251</u>
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LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$108,181
Due to Department of Agriculture and Forestry	<u>3,181</u>
Total Liabilities	<u>111,362</u>

Fund Equity - fund balance - unreserved - undesignated	<u>326,889</u>
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TOTAL LIABILITIES AND FUND EQUITY	<u>\$438,251</u>
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The accompanying notes are an integral part of this statement.