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**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA**

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

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 06 1999~~

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McRight & Associates

Certified Public Accountants

11817 Brickstone Ave., Suite E

Baton Rouge, Louisiana 70816

(225) 292-2041

Fax (225) 292-2048

Jeanette R. McRight, mba

Certified Public Accountant

L. Dalton McRight, mba

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana Beef Industry Council
Department of Agriculture
State of Louisiana

We have audited the accompanying 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, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Louisiana Beef Industry Council 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, Government Auditing Standards issued by the Comptroller General of the United States, and the Louisiana Governmental Auditing Guide. 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 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, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with **Government Auditing Standards**, we have also issued a report dated September 22, 1999 on our consideration of Louisiana Beef Industry Council internal control structure and a report dated September 22, 1999, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The "schedule" listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the 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 financial statements taken as a whole.

McRight & Associates

September 22, 1999

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
GOVERNMENTAL FUND TYPE - GENERAL FUND
June 30, 1999**

| | Governmental Fund Type <u>General Fund</u> | ACCOUNT GROUP GENERAL <u>FIXED ASSETS</u> | TOTALS (MEMO <u>ONLY</u>) |
|--|--|--|----------------------------------|
| ASSETS | | | |
| Cash | \$204,384 | | \$204,384 |
| Revenues receivable | 125,309 | | 125,309 |
| Fixed assets | | \$ 10,448 | 10,448 |
| TOTAL ASSETS | <u>\$329,693</u> | <u>10,448</u> | <u>340,141</u> |
| LIABILITIES AND FUND EQUITY | | | |
| LIABILITIES | | | |
| Accounts payable | 70,111 | | 70,111 |
| TOTAL LIABILITIES | <u>70,111</u> | | <u>70,111</u> |
| FUND EQUITY | | | |
| Fund Balance: | | | |
| Investment in general fixed assets | | 10,448 | 10,448 |
| Unreserved-Undesign. | 259,582 | | 259,582 |
| TOTAL FUND EQUITY | <u>\$259,582</u> | <u>10,448</u> | <u>270,030</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$329,693</u> | <u>10,448</u> | <u>340,141</u> |

The accompanying notes are an integral part of this statement

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1999**

| | <u>JUNE 30, 1999</u> |
|--|-----------------------|
| REVENUES | |
| Assessments | \$ 779,263 |
| Less assessment revenues collected for others: | |
| Other states | (965) |
| Beef Promotion & Research Board | (273,801) |
| Refunds | 497 |
| | <hr/> |
| Net Assessment Revenues | 504,994 |
| Interest Income | 7,697 |
| | <hr/> |
| Total Revenues | <u>512,691</u> |
| EXPENDITURES | |
| Program expenditures | |
| Advertising and other promotion | 263,132 |
| Research | 30,496 |
| Industry information | 13,171 |
| Consumer information | 43,073 |
| Education | <u>12,317</u> |
| | <hr/> |
| Total Program Expenditures | <u>362,189</u> |
| General Administrative | <u>114,249</u> |
| | <hr/> |
| Total Expenditures | <u>476,438</u> |
| Excess, (Deficit) of Revenues over Expenditures | 36,253 |
| Fund Balance, Beginning as Previously Reported | <u>223,329</u> |
| FUND BALANCE, END | <u><u>259,582</u></u> |

The accompanying notes are an integral part of this statement

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, 1999

| | FEDERAL CHECK-OFF | | LOUISIANA CHECK-OFF | | TOTAL MEMO ONLY | | VARIANCE (UNFAVORABLE) |
|--------------------------------------|-------------------|-----------|---------------------|-----------|-----------------|----------|---------------------------|
| | ACTUAL | BUDGET | ACTUAL | BUDGET | ACTUAL | BUDGET | |
| REVENUES | | | | | | | |
| Assessment | \$547,142 | \$500,000 | \$47,142 | \$232,121 | \$175,000 | \$57,121 | \$779,263 |
| Less: | | | | | | | \$675,000 |
| Beef Promotion and Research Board | (273,801) | (250,000) | (23,801) | | | | (250,000) |
| Other States | (965) | (1,000) | 35 | | | | (1,000) |
| Refunds | 497 | | 497 | | (5,000) | 5,000 | 497 |
| Net assessments | 272,873 | 249,000 | 23,873 | 232,121 | 170,000 | 62,121 | 504,994 |
| Interest | 7,697 | 3,000 | 4,697 | | | | 3,000 |
| Total revenues | 280,570 | 252,000 | 28,570 | 232,121 | 170,000 | 62,121 | 512,691 |
| | | | | | | | 422,000 |
| | | | | | | | 90,691 |

EXPENDITURES

| Programs: | FEDERAL CHECK-OFF | | LOUISIANA CHECK-OFF | | TOTAL MEMO ONLY | | VARIANCE (UNFAVORABLE) |
|---|-------------------|---------|---------------------|---------|-----------------|----------|---------------------------|
| | ACTUAL | BUDGET | ACTUAL | BUDGET | ACTUAL | BUDGET | |
| Advertising & Promotion | 189,484 | 169,634 | (19,850) | 73,648 | 75,000 | 1,352 | 263,132 |
| Research | 30,496 | 50,125 | 19,629 | | 5,000 | 5,000 | 30,496 |
| Education | | | 0 | 12,317 | 10,000 | (2,317) | 12,317 |
| Industry information | 7,882 | | (7,882) | 5,289 | | (5,289) | 13,171 |
| Consumer information | 40,645 | 10,000 | (30,645) | 2,428 | | (2,428) | 43,073 |
| Total program expenditures | 268,507 | 229,759 | (38,748) | 93,682 | 90,000 | (3,682) | 362,189 |
| | | | | | | | 319,759 |
| | | | | | | | 10,000 |
| | | | | | | | (33,073) |
| General Administrative | 1,786 | 1,200 | (586) | 112,463 | 87,010 | (25,453) | 114,249 |
| Total Expenditures | 270,293 | 230,959 | (39,334) | 206,145 | 177,010 | (29,135) | 476,438 |
| | | | | | | | 407,969 |
| | | | | | | | (68,469) |
| Excess of Revenues Over Expenditures | 10,277 | 21,041 | (10,764) | 25,976 | (7,010) | 32,986 | 36,253 |
| | | | | | | | 14,031 |
| | | | | | | | 22,222 |

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 THE FINANCIAL STATEMENTS**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The Louisiana Beef Industry Council (the 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 board. 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. The operations of the Council are funded by an 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.

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

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 issued 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 Board 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 is comprised of 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:

GOVERNMENTAL FUNDS:

General Fund:

The General Fund is the principal 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. Interest earned on investments is recorded when the interest is both measurable and available.

. GENERAL FIXED ASSETS AND GENERAL LONG-TERM OBLIGATIONS

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,

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

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

E. ENCUMBRANCES

Encumbrance accounting is not employed by the Council.

F. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalent include cash, demand deposits, time deposits and certificates of deposit.

The Board had cash and cash equivalents totaling \$ 204,384 at June 30, 1999. 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

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

must at all times equal the amount on deposit with the fiscal agent. These pledged securities are 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.

The deposits at June 30, 1999 were secured as follows:

| | Bank Balances | FDIC Insur. | Pledged Collateral |
|----------------------|------------------|----------------|-----------------------|
| Cash-Demand Deposits | \$204,384 | \$200,000 | \$507,345 |

G. 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 revenues and expenses during the reporting period. Actual results could be different from those estimates.

H. INVESTMENTS

The Council does not maintain investment accounts.

I. INVENTORIES

Inventories are considered immaterial and are recorded at cost and recognized as an expenditure when purchased.

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

J. ANNUAL AND SICK LEAVE

The Board does not have any employees.

K. TOTAL COLUMN ON STATEMENTS

The total column on the statements is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

L. CHANGES IN GENERAL FIXED ASSETS

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

| | |
|------------------|---------------|
| Office equipment | \$ 6,563 |
| Billboard | 3,885 |
| | <hr/> |
| | <u>10,448</u> |

M. RELATED PARTY TRANSACTIONS

The Council has a contract with the Louisiana cattlemen's Association (LCA) to provide office facilities and personnel and to share various expenses of the Chief Executive Officer. The Council paid \$98,336 on this contract and for shared promotional expenses for the year ending June 30, 1999.

The Council shares the utilities and lease of billboard space with LCA which amounted to \$9,707 for the year ended June 30, 1999.

N. PENSION PLAN

At June 30, 1999 the board did not have any employees.

O. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board has no employees.

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

P. OPERATING LEASES

The Board does not have any leases.

Q. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

There were no long-term obligation during the period.

R. LITIGATION AND CLAIMS

There were no unasserted claims or assessments as of June 30, 1999.

S. YEAR 2000 DISCLOSURES

At June 30, 1999 the Board had completed updating its computers and electronic equipment to be in compliance.

**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.

McRight & Associates

Certified Public Accountants

11817 Brickstone Ave., Suite E

Baton Rouge, Louisiana 70816

(225) 292-2041

Fax (225) 292-2048

Jeanette R. McRight, mba

Certified Public Accountant

L. Dalton McRight, mba

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE BASED SOLELY ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS

Board of Directors
Louisiana Beef Industry Council
State of Louisiana
Baton Rouge, Louisiana

We have audited the general purpose financial statements of Louisiana Beef Industry Council, Baton Rouge, Louisiana, as of and for the two years ended June 30, 1999, and have issued our report thereon dated September 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Beef Industry Council general purpose 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 of the general purpose financial statements of Louisiana Beef Industry Council, Baton Rouge, Louisiana for the two years ended June 30, 1999, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. 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 a 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 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 over financial reporting audits operation that we consider to be material weakness.

This report is intended for the information of the board of commissioners, management, and Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.

Mc Ryker & Associates

September 22, 1999