

BROADHURST, HAMILTON & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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August 20, 1997

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Louisiana Rice Promotion Board
Department of Agriculture
State of Louisiana
Crowley, Louisiana

We have audited the general purpose financial statements of the Louisiana Rice Promotion Board, 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 August 20, 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, regulations, contracts, and grants applicable to the Louisiana Rice Promotion Board, a component unit of the State of Louisiana, is the responsibility of the Louisiana Rice Promotion Board's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Louisiana Rice Promotion Board's compliance with certain provisions of laws, regulations, contracts, and grants. 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 on noncompliance that are required to be reported under *Governmental Auditing Standards*.

This report is intended for the information of the Louisiana Rice Promotion Board. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountants

Louisiana Rice Promotion Board
August 20, 1997

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 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Louisiana Rice Promotion Board. However, this report is a matter of public record and its distribution is not limited.



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August 20, 1997

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

Louisiana Rice Promotion Board
Department of Agriculture
State of Louisiana
Crowley, Louisiana

We have audited the general purpose financial statements of the Louisiana Rice Promotion Board, 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 August 20, 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 Rice Promotion Board, a component unit of the State of Louisiana, 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 of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Louisiana Rice Promotion Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structures, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risks 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.

ADDITIONAL REPORTS REQUIRED BY GAO

LOUISIANA RICE PROMOTION BOARD
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
GOVERNMENTAL FUND TYPE - GENERAL FUND

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997

NOTE 7: LEASES

For the year ending June 30, 1997, the board had no operating or capital leases.

NOTE 8: 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 Louisiana Rice Promotion Board may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board 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 certificate accounts of federally or state chartered credit unions.

As reflected on Exhibit A, the Louisiana Rice Promotion Board had cash and cash equivalents totaling \$66,859 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. 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 of \$66,859 at June 30, 1997, were secured by federal deposit insurance.

NOTE 9: RELATED PARTY TRANSACTIONS

There were no related party transactions during the year ended June 30, 1997.

NOTE 10: EXPENDITURES - ACTUAL AND BUDGET

The Louisiana Rice Promotion Board had actual expenditures in excess of budgeted expenditures for the year ended June 30, 1997, as follows:

	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Favorable (Unfavorable)</u>
General Fund	\$ <u>720,000</u>	\$ <u>716,671</u>	\$ <u>3,329</u>

(Concluded)

LOUISIANA RICE PROMOTION BOARD
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
GOVERNMENTAL FUND TYPE - GENERAL FUND

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997

NOTE 3: 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. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Revenues

As required by Louisiana Revised Statutes 3:551.64(D), the rice producers of the State of Louisiana approved a rice assessment renewal for rice promotion in January 1988. This assessment is currently at \$.03 per CWT of rice sold in a rough dry state and \$.027 per CWT of rice sold in a green rice state and is the sole source of revenue for the Louisiana Rice Promotion Board. This assessment must be renewed by vote of Louisiana's rice producers every five years. The Louisiana's rice producers voted on January 28, 1992, for the renewal of the rice assessment beginning July 1, 1992, for a period of five (5) crop years until June 30, 1997. Also, the assessment became non-refundable for rice sales made after June 30, 1992.

The Board considers rice assessments available if they have been collected by the Louisiana Department of Agriculture. Consequently, rice assessments collected and held by the Louisiana Department of Agriculture at year-end on behalf of the Board are recognized as revenue.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

NOTE 4: GENERAL FIXED ASSETS AND GENERAL LONG-TERM OBLIGATIONS

The board had no fixed assets or long-term obligations at June 30, 1997.

NOTE 5: BUDGET PRACTICES

The board did adopt a budget.

NOTE 6: LITIGATION AND CLAIMS

There were no known litigations or claims pending against the board at June 30, 1997.

(Continued)

LOUISIANA RICE PROMOTION BOARD
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
GOVERNMENTAL FUND TYPE - GENERAL FUND

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana Rice Promotion Board is a component unit of the State of Louisiana created under the provision of Louisiana Revised Statutes 3:551.61-.67. The board was transferred by Louisiana Revised Statute 36:629 to the Louisiana Department of Agriculture. The board is composed of nine members appointed by the governor. Six members of the board are appointed from twelve nominations submitted by the Louisiana Rice Council. In addition, one member is selected from nominations by the Louisiana Rice Growers Association, Inc., one member is selected from nominations by the American Rice Growers Cooperative Association, and the final member is selected from nominations by the Louisiana Farm Bureau Federation, Inc. The members serve four year terms. The board is charged with the responsibility of rice promotion. Operations of the board are funded entirely with self-generated revenues from rice assessments.

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 governments.

The Louisiana Rice Promotion Board 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 Rice Promotion Board, 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.

NOTE 2: 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 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:

General Fund

The General Fund is the only fund of the Louisiana Rice Promotion Board and it accounts for all operations of the Board. The Board's primary source of revenue is from assessments collected by the Louisiana Department of Agriculture levied on rice produced in Louisiana.

(Continued)

LOUISIANA RICE PROMOTION BOARD
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
GOVERNMENTAL FUND TYPE - GENERAL FUND

STATEMENT OF REVENUES , EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDING JUNE 30, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Assessments	\$ 720,000	\$ 778,028	\$ 58,028
<u>EXPENDITURES</u>			
Legal and accounting fees	\$ 2,000	\$ 2,000	\$ -
Collection charges	12,000	12,000	-
Market development	689,870	672,101	17,769
Miscellaneous	50	50	-
Referendum expense	-	3,183	(3,183)
Refund of assessments	-	-	-
Rice promotion	-	6,594	(6,594)
Surety bond	330	330	-
Travel	2,250	3,411	(1,161)
U. S. Rice Producers Group	13,500	17,002	(3,502)
Total Expenditures	<u>\$ 720,000</u>	<u>\$ 716,671</u>	<u>\$ 3,329</u>
 EXCESS OF REVENUE OVER EXPENDITURES	 \$ -	 \$ 61,357	 \$ 61,357
 FUND BALANCE AT BEGINNING OF YEAR	 <u>5,602</u>	 <u>5,602</u>	 <u>-</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ 5,602</u>	 <u>\$ 66,959</u>	 <u>\$ 61,357</u>

NOTE: Subject to the comments contained in Independent Auditors' report and notes to financial statements which are an integral part hereof.

LOUISIANA RICE PROMOTION BOARD
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
GOVERNMENTAL FUND TYPE - GENERAL FUND

BALANCE SHEET
AS OF JUNE 30, 1997

ASSETS

ASSETS

Cash on hand and in banks	\$ 66,859	
Cash in State Treasury	<u>100</u>	
TOTAL ASSETS		<u>\$ 66,959</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

\$ -

FUND EQUITY

Fund balance - unreserved - undesignated 66,959

TOTAL LIABILITIES AND FUND EQUITY \$ 66,959

NOTE: Subject to the comments contained in the Independent Auditors' report and notes to financial statements which are an integral part hereof.

BROADHURST, HAMILTON & COMPANY

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August 20, 1997

INDEPENDENT AUDITORS' REPORT

Louisiana Rice Promotion Board
Department of Agriculture
State of Louisiana
Crowley, Louisiana

We have audited the accompanying general purpose financial statements of the Louisiana Rice Promotion Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Louisiana Rice Promotion Board's management. Our responsibility is to express an opinion on these general purpose 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. 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 general purpose 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 Rice Promotion Board, a component unit of the State of Louisiana, as of June 30, 1997, 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 August 20, 1997, on our consideration of the Louisiana Rice Promotion Board's internal control structure and a report dated August 20, 1997, on its compliance with laws and regulations.

The accounts of the Louisiana Rice Promotion Board, a component unit of the State of Louisiana, and resulting financial statements were not audited for the year ended June 30, 1996.


Certified Public Accountants

LOUISIANA RICE PROMOTION BOARD
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997

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SEP 24 1997

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**LOUISIANA RICE PROMOTION BOARD
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA
Crowley, Louisiana**

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
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 ~~SEP 24 1997~~