

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Sweet Potato Advertising  
and Development Commission  
Department of Agriculture and Forestry  
State of Louisiana  
Baton Rouge, Louisiana

December 8, 1999



***Financial and Compliance Audit Division***

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

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**LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

**General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 1999, and for the Years  
Ended June 30, 1999 and 1998**

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.

December 8, 1999

**LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA**

General Purpose Financial Statements  
and Independent Auditor's Reports  
As of June 30, 1999, and for the Years  
Ended June 30, 1999 and 1998

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OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

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November 5, 1999

Independent Auditor's Report  
on the Financial Statements

**LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

We have audited the accompanying general purpose financial statements of the Louisiana Sweet Potato Advertising and Development Commission, a component unit of the State of Louisiana, as of June 30, 1999, and for the years ended June 30, 1999 and 1998, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Louisiana Sweet Potato Advertising and Development Commission. 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 applicable to financial audits contained in *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. 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.

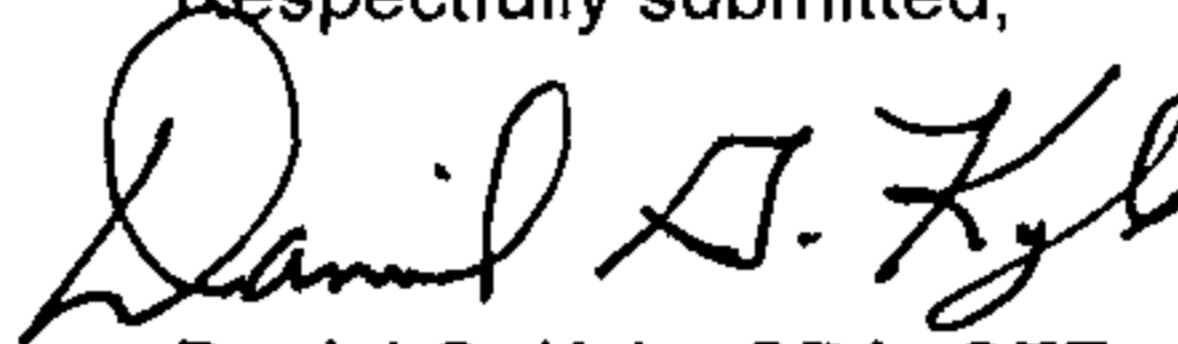
In our opinion, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Sweet Potato Advertising and Development Commission as of June 30, 1999, and the results of operations for the years ended June 30, 1999 and 1998, in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA  
Audit Report, June 30, 1999

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 1999, on our consideration of the Louisiana Sweet Potato Advertising and Development Commission's internal control over the financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

CCB:DLH:DSP:dl

[POTATO]

LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA  
ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, June 30, 1999

	GOVERNMENTAL FUND - GENERAL FUND	GENERAL FIXED ASSET ACCOUNT GROUP	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>			
Cash and cash equivalents (note 2)	\$306,146		\$306,146
Receivables - assessments	1,193		1,193
Fixed assets (note 3)		\$4,625	4,625
	<u>\$307,339</u>	<u>\$4,625</u>	<u>\$311,964</u>
<b>TOTAL ASSETS</b>			
	<u>\$307,339</u>	<u>\$4,625</u>	<u>\$311,964</u>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>			
Liabilities - accounts payable	\$3,114	NONE	\$3,114
Equity and Other Credits:			
Investment in general fixed assets		\$4,625	4,625
Fund balance - unreserved - undesignated	304,225		304,225
Total Equity and Other Credits	<u>304,225</u>	<u>4,625</u>	<u>308,850</u>
	<u>\$307,339</u>	<u>\$4,625</u>	<u>\$311,964</u>
<b>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</b>			
	<u>\$307,339</u>	<u>\$4,625</u>	<u>\$311,964</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
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 Years Ended June 30, 1999 and 1998**

	1999		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Assessments	\$225,000	\$206,144	(\$18,856)
Other	4,200	4,323	123
Use of money and property - interest earnings	13,000	13,103	103
Total revenues	<u>242,200</u>	<u>223,570</u>	<u>(18,630)</u>
<b>EXPENDITURES</b>			
Economic development:			
Personal services and related benefits (note 4)	6,500	5,228	1,272
Operating services	187,700	165,556	22,144
Materials and supplies	800	402	398
Travel and other charges	23,825	20,938	2,887
Professional services			
Intergovernmental	48,350	48,350	
Total expenditures	<u>267,175</u>	<u>240,474</u>	<u>26,701</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(24,975)	(16,904)	8,071
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>321,129</u>	<u>321,129</u>	NONE
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$296,154</u></u>	<u><u>\$304,225</u></u>	<u><u>\$8,071</u></u>

The accompanying notes are an integral part of this statement.



1998		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$200,000	\$230,169	\$30,169
13,000	4,332	(8,668)
9,000	14,036	5,036
<u>222,000</u>	<u>248,537</u>	<u>26,537</u>
8,780	7,540	1,240
171,500	161,618	9,882
800	247	553
37,200	22,037	15,163
2,700	2,640	60
40,250	38,386	1,864
<u>261,230</u>	<u>232,468</u>	<u>28,762</u>
(39,230)	16,069	55,299
<u>305,060</u>	<u>305,060</u>	<u>NONE</u>
<u>\$265,830</u>	<u>\$321,129</u>	<u>\$55,299</u>

**LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of June 30, 1999, and for the Years  
Ended June 30, 1999 and 1998

**INTRODUCTION**

The Louisiana Sweet Potato Advertising and Development Commission 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.) 3:453. The commission is created with its domicile in Baton Rouge, Louisiana, and is composed of 12 members, 11 of whom are appointed by the Commissioner of Agriculture and Forestry. The commissioner serves as an ex-officio member. The commission is responsible for expanding the market for and increasing the consumption of sweet potatoes by acquainting the general public with the health-giving qualities and the food value of sweet potatoes grown in Louisiana.

Operations of the commission are funded entirely with self-generated revenues from a fee levied at the rate of four cents per bushel (50 pounds) on all Louisiana sweet potatoes shipped to market or processing plants and on out-of-state sweet potatoes moved into Louisiana. The commission has no employees. The commission's activities and accounting functions are handled by the Office of Marketing and the Office of Management and Finance of the Louisiana Department of Agriculture and Forestry.

**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 has defined the governmental reporting entity to be the State of Louisiana. The commission is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the Commissioner of Agriculture and Forestry appoints the commission members and is able to impose his will on the commission. The accompanying financial statements present information only as to the transactions of the Louisiana Sweet Potato Advertising and Development Commission, a component unit of the State of Louisiana.

**LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA  
Notes to the Financial Statements (Continued)**

Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

**C. FUND ACCOUNTING**

The commission uses a fund (General Fund) and an account group 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.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets or liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The General Fund is classified as a governmental fund. The General Fund accounts for the commission's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. The General Fund is the general operating fund of the commission 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 General Fund uses the following practices in recording revenues and expenditures:

**Revenues**

Assessments levied on the shipment of sweet potatoes and other miscellaneous revenues are recognized in the amounts earned, to the extent they are both measurable and available. Interest earned on investments is recorded when the investments have matured and the income is available.

**LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**Expenditures**

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

**E. BUDGET PRACTICES**

The commission adopts an annual budget that is submitted to the Department of Agriculture and Forestry. The commission adopted the budget for the 1997-98 fiscal year on June 17, 1997, and the budget for the 1998-99 fiscal year on June 11, 1998.

The budget is prepared and reported on the modified accrual basis of accounting. The budget was adopted on a functional basis but has been converted to an object basis for statement purposes. The commission does not recognize or record encumbrances in its budgetary practices. Formal budgetary integration is not 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 CASH EQUIVALENTS**

Cash and cash equivalents include demand deposits, cash in state treasury, and a certificate of deposit. Under state law, the Louisiana Sweet Potato Advertising and Development Commission 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 commission may invest in time certificates of deposit of state banks organized under the laws of the State 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.

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

General fixed assets are accounted for in the general fixed assets account group, rather than in the governmental fund. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost. The account group is not a fund. It is concerned only with the measurement of financial position, not with measurement of results of operations.

No general long-term obligations existed at June 30, 1999.

**LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**H. TOTAL COLUMN ON BALANCE SHEET**

The total column on the balance sheet is captioned "Memorandum Only (overview)" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CASH AND CASH EQUIVALENTS**

As reflected on Statement A at June 30, 1999, the commission has cash and cash equivalents totaling \$306,146 as follows:

Interest-bearing demand deposits	\$43,751
Certificate of deposit	25,152
Cash in state treasury	<u>237,243</u>
Balance at June 30, 1999	<u><u>\$306,146</u></u>

These deposits are stated at cost, which approximates market. 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. At June 30, 1999, the commission has \$32,468 in deposits (collected bank balances), excluding cash in state treasury, which are fully secured from risk by federal deposit insurance (GASB Category 1).

Cash balances held and controlled by the state treasurer are secured from risk by the state treasurer through separate custodial agreements, and the risk disclosures required by generally accepted accounting principles are included within the state's general purpose financial statements.

**3. CHANGES IN GENERAL FIXED ASSETS**

The changes in general fixed assets follow:

**LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA  
Notes to the Financial Statements (Concluded)**

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998	Additions	Deletions	Balance June 30, 1999
Equipment	<u>\$6,220</u>	<u>NONE</u>	<u>(\$1,595)</u>	<u>\$4,625</u>	<u>NONE</u>	<u>NONE</u>	<u>\$4,625</u>

The commission has complied with R.S. 39:321-332, the movable property statutes of the State of Louisiana.

**4. POSTRETIREMENT HEALTH CARE  
AND LIFE INSURANCE BENEFITS**

The commission provides certain continuing health care and life insurance benefits for its retired employees. These benefits for retirees are provided through an insurance company whose monthly premiums are paid jointly by the retirees and the commission. The commission recognizes the cost of providing these benefits (commission's portion of premiums) as an expenditure when paid during the year, which was \$5,228 and \$7,540 for the years ended June 30, 1999 and 1998, respectively. The commission has no active employees; functions are handled by the Department of Agriculture and Forestry.

**5. LITIGATION AND CLAIMS**

There is no litigation pending against the commission at June 30, 1999.

**6. YEAR 2000 ISSUE**

The commission maintains its financial records on Quattro Pro spreadsheets. The commission does not use any other computer systems that are dependent upon date-sensitive coding.

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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



DANIEL G. KYLE, PH.D., CPA, CFE  
LEGISLATIVE AUDITOR

OFFICE OF  
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November 5, 1999

Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of the Financial Statements  
Performed in Accordance With Government Auditing Standards

**LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

We have audited the general purpose financial statements of the Louisiana Sweet Potato Advertising and Development Commission, a component unit of the State of Louisiana, as of June 30, 1999, and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated November 5, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Louisiana Sweet Potato Advertising and Development Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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, we considered the Louisiana Sweet Potato Advertising and Development Commission's internal control over financial reporting 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

**EXHIBIT A**



LEGISLATIVE AUDITOR

LOUISIANA SWEET POTATO ADVERTISING  
AND DEVELOPMENT COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA

Compliance and Internal Control Report

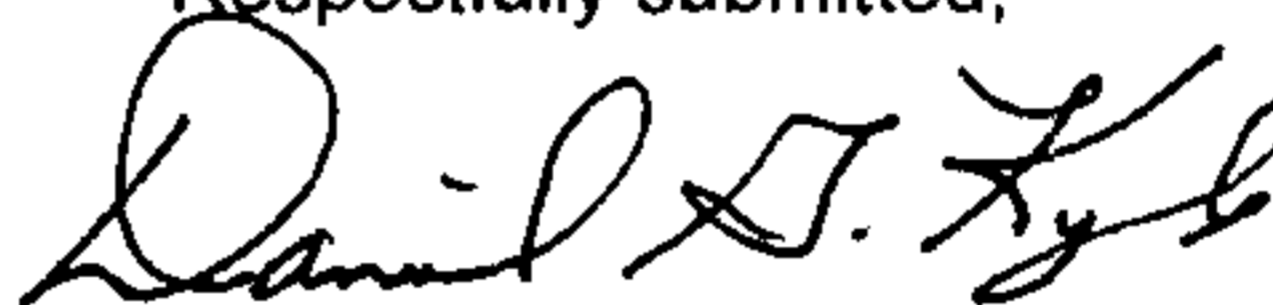
November 5, 1999

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that could 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 and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the commission and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is fluid and cursive, with a large initial "D" and "K".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

CCB:DLH:DSP:dl

[SWEET]

EXHIBIT A