
STATE OF LOUISIANA



LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION

AUDIT REPORT
ISSUED AUGUST 25, 2004

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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LEGISLATIVE AUDITOR

STEVE J. THERIOT, CPA

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

ALBERT J. ROBINSON, CPA

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.

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LOUISIANA SWEET POTATO ADVERTISING
AND DEVELOPMENT COMMISSION





STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
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August 4, 2004

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 basic financial statements of the Louisiana Sweet Potato Advertising and Development Commission, a component unit of the State of Louisiana, as of June 30, 2004, and for the two years ended June 30, 2004 and 2003. 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 auditing standards generally accepted in the United States of America 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 basic 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, 2004, and its changes in financial position and its cash flows for the years ended June 30, 2004 and 2003, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2004, on our consideration of the Louisiana Sweet Potato Advertising and Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.


The Louisiana Sweet Potato Advertising and Development Commission has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.



LOUISIANA SWEET POTATO ADVERTISING
AND DEVELOPMENT COMMISSION

Our audit was conducted for the purpose of forming an opinion on the Louisiana Sweet Potato Advertising and Development Commission's basic financial statements. The accompanying supplemental information listed in the table of contents is not a required part of the basic financial statements of the Louisiana Sweet Potato Advertising and Development Commission. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

BB:STD:THC:dl

[POTAT004]



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

Statement of Net Assets, June 30, 2004

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$207,050
Receivables - assessments (net) (note 3)	4,046
	<hr/>
Total Assets	211,096
	<hr/>
LIABILITIES - accounts payable	1,279
	<hr/>
NET ASSETS - unrestricted	\$209,817
	<hr/> <hr/>

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**

**Statement of Revenues, Expenses, and
Changes in Fund Net Assets
For the Year Ended June 30, 2004**

	2004	2003
Operating revenues - assessments	\$242,232	\$166,630
Operating expenses:		
Personal services and related benefits (note 4)	4,218	2,219
Travel	5,983	3,985
Operating services	151,974	194,288
Supplies	279	112
Professional services		3,000
Intergovernmental	49,589	45,275
Other charges	29,254	30,713
Total operating expenses	241,297	279,592
Operating income (loss)	935	(112,962)
Nonoperating revenues:		
Use of money and property	2,502	4,546
Other revenues	360	5,164
Total nonoperating revenues	2,862	9,710
Change in net assets	3,797	(103,252)
TOTAL NET ASSETS AT BEGINNING OF YEAR - AS RESTATED (note 5)	<u>206,020</u>	<u>309,272</u>
TOTAL NET ASSETS AT END OF YEAR	<u><u>\$209,817</u></u>	<u><u>\$206,020</u></u>

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





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

**Statement of Cash Flows
For the Year Ended June 30, 2004**

	JUNE 30,	
	2004	2003
Cash flows from operating activities:		
Cash received from customers	\$239,204	\$165,615
Cash payments to suppliers for goods and services	(245,235)	(292,812)
Net cash provided by operating activities	(6,031)	(127,197)
Cash flows from noncapital and related financing activities -		
Miscellaneous receipts/disbursements	360	5,164
Cash flows from investing activities -		
Interest earned on investments	2,502	4,546
Net increase in cash and cash equivalents	(3,169)	(117,487)
Cash and cash equivalents at beginning of year	210,219	327,706
Cash and cash equivalents at end of year	\$207,050	\$210,219
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$935	(\$112,962)
Changes in assets and liabilities:		
(Increase) in accounts receivable	(3,028)	(1,015)
Decrease in accounts payable	(3,938)	(13,220)
Total adjustments	(6,966)	(14,235)
Net cash provided by operating activities	(\$6,031)	(\$127,197)

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





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

Notes to the Financial Statements
As of and for the Year Ended June 30, 2004

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 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. Fees for fresh market producers are assessed based on the average marketable yield per acre for each acre of sweet potatoes planted. The commission determines the average yield. Fees for processing plants are assessed at the time the sweet potatoes are moved into a plant for processing or packed to be shipped as non-processed potatoes. The commission has no employees. The Office of Marketing and the Office of Management and Finance of the Louisiana Department of Agriculture and Forestry handle the commission's activities and accounting functions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and financial reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The commission applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. In accordance with policies established by the Division of Administration, the commission has elected to follow GASB pronouncements issued after November 30, 1989, rather than FASB pronouncements.

B. REPORTING ENTITY

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 commission is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the



LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION

Commissioner of Agriculture and Forestry appoints the commission members and is able to impose his will on the commission. The accompanying financial statements present only the activity of the Louisiana Sweet Potato Advertising and Development Commission. Annually, the State of Louisiana issues basic financial statements that include the activity contained in the accompanying financial statements.

C. FUND ACCOUNTING

All activities of the commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operations are included on the Statement of Net Assets.

Revenues are recognized in the accounting period when they are earned and expenses are recognized when the related liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include operating services, professional services, and intergovernmental services. The principal operating revenue of the commission consists of assessments levied on the shipment of sweet potatoes. All other revenues and expenses are reported as nonoperating revenues and expenses.

E. BUDGET PRACTICES

The commission adopted an annual budget that was submitted to the Department of Agriculture and Forestry for the 2003-2004 fiscal year on June 19, 2003. The annual budget is prepared on the modified accrual basis of accounting. The budget was adopted on a functional basis. The commission does not recognize or record encumbrances as part of its budgetary practices. Formal budgetary integration is not employed as a management control device during the year. The commission is not required to present a budgetary comparison schedule.



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. CAPITAL ASSETS AND
LONG-TERM OBLIGATIONS**

The commission has no capital assets or long-term obligations at June 30, 2004.

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

The commission has no active employees. Department of Agriculture and Forestry employees perform the administrative and accounting functions for the commission. Therefore, the commission does not provide compensated absences or pension benefits. The commission provides postretirement health care and life insurance benefits to retired employees.

I. NET ASSETS

Net assets comprise the various net earnings from operation, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three components:

Invested in capital assets, net of related debt - consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - consists of external constraints placed on net asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - consists of all other net assets that are not included in the other categories previously mentioned.

J. ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**LOUISIANA SWEET POTATO ADVERTISING
AND DEVELOPMENT COMMISSION**

2. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents consist of demand deposits, cash in state treasury, and a certificate of deposit. As reflected on Statement A, the commission has deposits totaling \$207,050 at June 30, 2004. Deposits 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 at June 30, 2004, consist of the following:

	<u>Cash in Demand Deposits</u>	<u>Cash in State Treasury</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Cash and cash equivalents per Statement A	<u>\$9,883</u>	<u>\$167,984</u>	<u>\$29,183</u>	<u>\$207,050</u>

The following is a breakdown by banking institution, program or type, and amount of the bank balances shown above:

<u>Banking Institution</u>	<u>Program Type</u>	<u>Amount</u>
Whitney National Bank	Operating Account	\$35,132
Bank One	Operating Account	<u>29,183</u>
Total		<u>\$64,315</u>

These deposits are secured by federal deposit insurance. 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 accounting principles generally accepted in the United States of America are included within the state's basic financial statements.

3. RECEIVABLES

At June 30, 2004, the commission has receivable balances for assessments totaling \$8,091. The commission has established an allowance for doubtful accounts totaling \$4,045 resulting in a net receivable balance of \$4,046.

**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) for one employee as an expenditure when paid during the year, which was \$4,218 and \$2,219 for the



NOTES TO THE FINANCIAL STATEMENTS

years ended June 30, 2004 and 2003, respectively. The commission has no active employees; the Department of Agriculture and Forestry handles all functions.

5. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The beginning net assets on Statement B have been restated to reflect the following adjustments:

Net assets, June 30, 2002	\$324,261
Adjustments - change in accounts receivable estimate	<u>(14,989)</u>
Net assets, June 30, 2002, as restated	<u><u>\$309,272</u></u>





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

**ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR,
DIVISION OF ADMINISTRATION,
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY
As of and for the Year Ended June 30, 2004**

The annual fiscal report presents the financial position of the Louisiana Sweet Potato Advertising and Development Commission as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended. This report contains information in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.





Louisiana Sweet Potato Advertising and Development Commission

(Agency Name)

STATE OF LOUISIANA

Annual Financial Statements

June 30, 20_04

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

Statements

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2004

Louisiana Sweet Potato Advertising and Development Commission
(Agency Name)

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Skip Rhorer (Name)
Assistant Commissioner of Management & Finance (Title) of Department of Agriculture &
Forestry (Agency) who duly sworn, deposes and says, that the financial statements herewith
given present fairly the financial position of Louisiana Sweet Potato Advertising and
Development Commission (agency) at June 30, 2004 and the results of operations for the
year then ended in accordance with policies and practices established by the Division of
Administration or in accordance with Generally Accepted Accounting Principles as
prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before
me, this _____ day of _____, 2004.

Signature of Agency Official

NOTARY PUBLIC

Prepared by: Linda R. Chaney

Title: Fiscal Director

Telephone No.: 225 952 8165

Date: _____

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
STATEMENT OF NET ASSETS
AS OF June 30 , 20 04

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C1)	\$207,050
Investments (Note C2)	
Receivables (net of allowance for doubtful accounts)(Note U)	4,046
Due from other funds (Note Y)	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	211,096

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Notes receivable	
Capital assets (net of depreciation)(Note D)	
Land	
Buildings and improvements	
Machinery and equipment	
Infrastructure	
Construction in progress	
Other noncurrent assets	
Total noncurrent assets	0
Total assets	\$211,096

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$1,279
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities:	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations - (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total current liabilities	1,279

NON-CURRENT LIABILITIES:

Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total long-term liabilities	0
Total liabilities	1,279

NET ASSETS

Invested in capital assets, net of related debt	
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	
Total net assets	209,817
Total liabilities and net assets	\$211,096

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED June 30, 20 04

OPERATING REVENUES

Sales of commodities and services	
Assessments	<u>\$242,232</u>
Use of money and property	
Licenses, permits, and fees	
Other	
Total operating revenues	<u>242,232</u>

OPERATING EXPENSES

Cost of sales and services	<u>231,096</u>
Administrative	<u>10,201</u>
Depreciation	
Amortization	
Total operating expenses	<u>241,297</u>

Operating income(loss)	<u>935</u>
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NON-OPERATING REVENUES(EXPENSES)

State appropriations	
Intergovernmental revenues (expenses)	
Taxes	
Use of money and property	<u>2,502</u>
Gain (loss) on disposal of fixed assets	
Federal grants	
Interest expense	
Other	<u>360</u>
Total non-operating revenues(expenses)	<u>2,862</u>

Income(loss) before contributions and transfers	<u>3,797</u>
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Capital contributions	
Transfers in	
Transfers out	
Change in net assets	<u>3,797</u>

Total net assets – beginning as restated	<u>206,020</u>
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Total net assets – ending	<u><u>\$209,817</u></u>
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The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30 , 20 04

<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>	
	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>	
	<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>	
		<u>Contributions</u>	<u>Capital</u>	
			<u>Grants and</u>	
			<u>Contributions</u>	
			<u>Net Assets</u>	
Component Unit:				
Louisiana Sweet Potato Advertising and Development Commission				
\$	<u>241,297</u>	\$	<u>NONE</u>	\$
		\$	<u>NONE</u>	\$
			<u>NONE</u>	\$
			<u>NONE</u>	<u>(241,297)</u>
General revenues:				
Taxes				<u>242,232</u>
State appropriations				<u> </u>
Grants and contributions not restricted to specific programs				<u> </u>
Interest				<u>2,502</u>
Miscellaneous				<u>360</u>
Special items				<u> </u>
Transfers				<u> </u>
Total general revenues, special items, and transfers				<u>245,094</u>
Change in net assets				<u>3,797</u>
Net assets - beginning				<u>206,020</u>
Net assets - ending				<u>\$ 209,817</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30 , 20 04

Cash flows from operating activities

Cash received from customers	<u>\$239,204</u>	
Cash payments to suppliers for goods and services	<u>(245,235)</u>	
Cash payments to employees for services		
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>(\$6,031)</u>

Cash flows from non-capital financing activities

State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Other	<u>360</u>	
Transfers in		
Transfers out		
Net cash provided(used) by non-capital financing activities		<u>360</u>

Cash flows from capital and related financing

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>0</u>

Cash flows from investing activities

Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	<u>2,502</u>	
Net cash provided(used) by investing activities		<u>2,502</u>

Net increase(decrease) in cash and cash equivalents	<u>(3,169)</u>
Cash and cash equivalents at beginning of year	<u>210,219</u>
Cash and cash equivalents at end of year	<u><u>\$207,050</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30, 2004

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		<u>935</u>
Adjustments to reconcile operating income(loss) to		
Net cash provided by operating activities:		
Depreciation/amortization	<u> </u>	
Provision for uncollectible accounts	<u> </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u> (3,028)</u>	
(Increase)decrease in due from other funds	<u> </u>	
(Increase)decrease in prepayments	<u> </u>	
(Increase)decrease in inventories	<u> </u>	
(Increase)decrease in other assets	<u> </u>	
Increase(decrease) in accounts payable and accruals	<u> (3,938)</u>	
Increase(decrease) in accrued payroll and related	<u> </u>	
Increase(decrease) in compensated absences payable	<u> </u>	
Increase(decrease) in due to other funds	<u> </u>	
Increase(decrease) in deferred revenues	<u> </u>	
Increase(decrease) in other liabilities	<u> </u>	
Net cash provided(used) by operating activities		<u><u>(6,031)</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	<u> </u>
Contributions of fixed assets	<u> </u>
Purchases of equipment on account	<u> </u>
Asset trade-ins	<u> </u>
Other (specify)	<u> </u>
<u>Disposal of fixed assets</u>	<u> </u>
	<u> </u>
Total noncash investing, capital, and	
financing activities:	<u><u>0</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2004

INTRODUCTION

The Louisiana Sweet Potato Advertising and Development Commission was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 3:453. The following is a brief description of the operations of the commission, which includes the parish/parishes in which the commission is located:

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 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 Office of Marketing and the Office of Management and Finance of the Louisiana Department of Agriculture and Forestry handle the commission's activities and accounting functions.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

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. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Louisiana Sweet Potato Advertising and Development Commission present information only as to the transactions of the programs of the commission as authorized by Louisiana statutes and administrative regulations. Basis of accounting refers to when revenues and expenses 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 accounts of the commission are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 20 04

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the commission (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

	<u>SELF-GENERATED</u>	<u>APPROPRIATIONS</u>
Original approved budget	\$	257,119
Amendments:		_____

Final approved budget	\$	257,119

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law, the commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the commission (BTA) 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.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2004

Deposits in bank accounts 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 at June 30, 2004, were secured as follows:

	Deposits in bank accounts			
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ <u>9,882</u>	\$ <u>29,184</u>	\$ _____	\$ <u>39,066</u>
Bank balances (category 3 only, if any Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	_____	_____	_____	0
b. Uninsured and collaeralized with securities held by the pledging institution	_____	_____	_____	0
c. Uninsured anc collateralized with securities held by the pledging institution's trust department or agent, but not in the entities name	_____	_____	_____	0
Total Category 3 bank balances	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Total bank balances (All categories including category 3 reported above)	\$ <u>9,882</u>	\$ <u>29,184</u>	\$ _____	\$ <u>39,066</u>

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Whitney Bank</u>	<u>Checking</u>	\$ <u>35,132</u>
2. <u>Bank One</u>	<u>Certificate of Deposit</u>	<u>29,184</u>
Total		\$ <u>64,316</u>

Were uncollateralized securities fitting the description in (3) above during the year significantly greater than at June 30, 2004 (last day of your fiscal year)? If yes, attach a statement listing the amount(s) and a reason for this occurrence.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2004

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included in the balance sheet.

Cash in State Treasury	\$	167,984
Petty cash	\$	<u>NONE</u>

2. INVESTMENTS

The commission has no investments at June 30, 2004.

D. CAPITAL ASSETS

The commission has no capital assets at June 30, 2004.

E. INVENTORIES

The commission has no inventory at June 30, 2004.

F. RESTRICTED ASSETS

The commission has no restricted assets at June 30, 2004.

G. LEAVE

The commission has no employees at June 30, 2004.

H. RETIREMENT SYSTEM

The commission has no employees at June 30, 2004.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 12 required the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.**
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2004

**If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed. Substantially all (BTA) employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the (BTA). For 2003, the cost of providing those benefits for the ___ retirees totaled \$ _____.

The commission (BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for those benefits if they reach normal retirement age while working for the (BTA). Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the (BTA). The (BTA) recognizes the cost of providing these benefits (BTA's portion of premiums) as an expenditure when paid during the year, which was \$_____ for the year ended June 30, 2004. The cost of providing those benefits for 1 retirees is not separable from the cost of providing benefits for the 0 active employees. (or, The (BTA)'s cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2004 the costs of 1 retiree benefits totaled \$ 4,218). These health care benefits are included in the AFR for the La. Department of Agriculture & Forestry.

J. LEASES

The commission has no leases at June 30, 2004.

K. LONG-TERM LIABILITIES

The commission has no long-term liabilities at June 30, 2004.

L. LITIGATION

The commission has no litigation at June 30, 2004.

M. RELATED PARTY TRANSACTIONS

The commission has no related party transactions at June 30, 2004.

N. ACCOUNTING CHANGES

The commission made no accounting changes during the fiscal year ended June 30, 2004.

O. IN-KIND CONTRIBUTIONS

The commission had no in-kind contributions at June 30, 2004.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 20 04

P. DEFEASED ISSUES

The commission has no defeased issues at June 30, 2004.

Q. COOPERATIVE ENDEAVORS

The commission has no cooperative endeavors at June 30, 2004.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The commission has no government-mandated nonexchange transactions (grants) at June 30, 2004.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

The commission has no violations of finance-related legal or contractual provisions at June 30, 2004.

T. SHORT-TERM DEBT

The commission has no short-term debt at June 30, 2004.

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 20 04, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Advertising & Development	\$ _____	\$ 8,092	\$ _____	\$ _____	\$ 8,092
Gross receivables	\$ _____ 0	\$ 8,092	\$ _____ 0	\$ _____ 0	\$ 8,092
Less allowance for uncollectible accounts	_____ 0	(4,046)	_____ 0	_____ 0	(4,046)
Receivables, net	<u>\$ _____ 0</u>	<u>\$ 4,046</u>	<u>\$ _____ 0</u>	<u>\$ _____ 0</u>	<u>\$ 4,046</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ _____</u>	<u>\$ 4,046</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 4,046</u>

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 20 04

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 20 04, were as follows:

<u>Activity</u>	<u>Vendors</u>	<u>Benefits</u>	<u>Interest</u>	<u>Payables</u>	<u>Payables</u>
Advertising & Development	\$ 1,279	\$	\$	\$	\$ 1,279
Total payables	\$ 1,279	\$ NONE	\$ NONE	\$ NONE	\$ 1,279

W. SUBSEQUENT EVENTS

The commission has no subsequent events at June 30, 2004.

X. SEGMENT INFORMATION

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment promoting Louisiana sweet potatoes.

A. Condensed statement of net assets:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 20 04

Condensed Statement of Net Assets:

Current assets	\$ 211,096
Due from other funds	_____
Capital assets	_____ 0
Other assets	_____
Current liabilities	_____ 1,279
Due to other funds	_____
Long-term liabilities	_____
Restricted net assets	_____ 0
Unrestricted net assets	_____ 209,817
Invested in capital assets, net of related debt	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

Operating revenues	\$ 242,232
Operating expenses	_____ 241,297
Depreciation and amortization	_____
Operating income (loss)	_____ 935
Nonoperating revenues (expenses)	_____ 2,862
Capital contributions/additions to permanent and term endowments	_____
Special and extraordinary items	_____
Transfers in	_____
Transfers out	_____
Change in net assets	_____ 3,797
Beginning net assets	_____ 206,020
Ending net assets	_____ 209,817

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 20 04

- C. Condensed statement of cash flows:
- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
 - (2) Beginning cash and cash equivalent balances
 - (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

Net cash provided (used) by operating activities	\$	<u>(6,031)</u>
Net cash provided (used) by noncapital financing activities		<u>360</u>
Net cash provided (used) by capital and related financing activities		<u>2,502</u>
Beginning cash and cash equivalent balances		<u>210,219</u>
Ending cash and cash equivalent balances		<u>207,050</u>

Y. DUE TO/DUE FROM AND TRANSFERS

The commission has no due to/due from or transfers at June 30, 2004.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The commission has no restricted assets at June 30, 2004.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 20 04.

Fund balance July 1, 2003, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2003, <u>As restated</u>
\$ <u>226,635</u>	\$ <u>(20,615)</u>	\$ <u>206,020</u>

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20 , previously reported, must correspond to Net Assets at June 30, 20 , per the information received from OSRAP.)

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2004

EXPLANATION FOR NOTE AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

Beginning Retained Earnings	20,615	
Accounts Receivable		20,615
Adjustment made to estimated accruals for year ending 2003.		

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting 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.



LOUISIANA SWEET POTATO ADVERTISING
AND DEVELOPMENT COMMISSION





STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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August 4, 2004

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Basic 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 basic financial statements of the Louisiana Sweet Potato Advertising and Development Commission, a component unit of the State of Louisiana, as of June 30, 2004, and for the two years ended June 30, 2004, and June 30, 2003, and have issued our report thereon dated August 4, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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

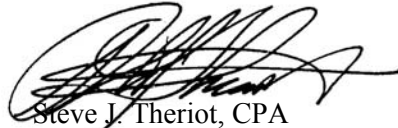
In planning and performing our audit, we considered the Louisiana Sweet Potato Advertising and Development Commission's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on 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 that would be material in relation to the 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.



LOUISIANA SWEET POTATO ADVERTISING
AND DEVELOPMENT COMMISSION

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,



Steve J. Theriot, CPA
Legislative Auditor

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[POTAT004]

