

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Egg Commission  
Department of Agriculture and Forestry  
State of Louisiana  
Baton Rouge, Louisiana

December 1, 1999



***Financial and Compliance Audit Division***

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

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

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**LOUISIANA EGG 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 1, 1999

**LOUISIANA EGG 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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November 5, 1999

Independent Auditor's Report  
on the Financial Statements

**LOUISIANA EGG COMMISSION**  
**DEPARTMENT OF AGRICULTURE AND FORESTRY**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of the Louisiana Egg 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 table of contents. These financial statements are the responsibility of management of the Louisiana Egg 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Egg 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.

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

BDC:DLH:DSP:dI

[EGG]

LOUISIANA EGG 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)	\$57,784		\$57,784
Accounts receivable - assessments	4,447		4,447
Fixed assets (note 3)		\$1,551	1,551
	<u>\$62,231</u>	<u>\$1,551</u>	<u>\$63,782</u>
<b>TOTAL ASSETS</b>			
	<u>\$62,231</u>	<u>\$1,551</u>	<u>\$63,782</u>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>			
Liabilities	NONE	NONE	NONE
Equity and Other Credits:			
Investment in general fixed assets		\$1,551	\$1,551
Fund balance - unreserved - undesignated	\$62,231		62,231
Total Equity and Other Credits	62,231	1,551	63,782
	<u>62,231</u>	<u>1,551</u>	<u>63,782</u>
<b>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</b>			
	<u>\$62,231</u>	<u>\$1,551</u>	<u>\$63,782</u>

The accompanying notes are an integral part of this statement.

LOUISIANA EGG COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>REVENUES</b>		
Licenses and fees	\$2,190	\$1,800
Assessments	45,928	44,114
Use of money and property - interest earnings	1,463	1,543
Miscellaneous	10,985	9,438
Total revenues	<u>60,566</u>	<u>56,895</u>
<b>EXPENDITURES</b>		
Administrative services (note 4)	10,000	10,000
Travel	1,714	3,386
Operating services	40,832	35,002
Supplies	10,723	9,763
Other charges	1,133	5,059
Total expenditures	<u>64,402</u>	<u>63,210</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	(3,836)	(6,315)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>66,067</u>	<u>72,382</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$62,231</u></u>	<u><u>\$66,067</u></u>

The accompanying notes are an integral part of this statement.

**LOUISIANA EGG 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 Egg Commission is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture and Forestry, as provided by Louisiana Revised Statutes (R.S.) 3:551.1-11. The commission is composed of 12 members, 10 of whom are appointed by the governor upon the joint recommendation of the Poultry Industries of Louisiana, Incorporated, and/or the Louisiana Egg Council, and the Commissioner of Agriculture and Forestry. Two of the members are appointed by the governor from the public at large. Members are appointed to six-year terms, and the appointments are staggered so that either two or four members' terms expire every two years. The Commissioner of Agriculture and Forestry is an ex-officio member with voting privileges. Commission members do not receive any compensation.

The commission is charged with the responsibility of entering into advertising contracts and other agreements for consumer, producer, and dealer information services as to the food value of eggs and for instruction on grades and packs and how to evaluate their merits to expand the market for Louisiana-produced eggs. Operations of the commission are funded entirely with self-generated revenues. All collection and administrative functions of the commission are performed by personnel of the Louisiana Department of Agriculture and Forestry. The commission has no employees.

**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) 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.

**B. REPORTING ENTITY**

GASB Codification Section 2100 defines the governmental reporting entity to be the State of Louisiana. The commission is considered to be a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the commission members and public service is rendered within the state's boundaries. The accompanying financial statements present information on the



**LOUISIANA EGG COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

transactions of the Louisiana Egg Commission and, therefore, are a part of the fund and account group structure of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which are audited by the Louisiana Legislative Auditor.

**C. FUND ACCOUNTING**

The commission uses a 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 and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

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 commission uses the following practices in recording revenues and expenditures:

**Revenues**

Assessments are recognized when measurable and available. Interest and miscellaneous income are recorded when received.

**Expenditures**

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

**LOUISIANA EGG COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**E. BUDGET PRACTICES**

The commission does not adopt a formal budget on a fiscal basis. However, the commission may allocate amounts to be spent on specific projects for the promotion of eggs. Other expenditures are not considered in this allocation.

**F. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include interest-bearing demand deposits, certificates of deposit, and cash in the state treasury. Under state law, the 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 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 operation.

The commission has no long-term obligations at June 30, 1999.

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

The commission has no employees. All transactions are performed by employees of the Department of Agriculture and Forestry. Therefore, there are no compensated absences, pension benefits, or postretirement benefits provided by the commission.

**LOUISIANA EGG COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**1. 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**

At June 30, 1999, the commission has cash and cash equivalents (book balances) totaling \$57,784 as follows:

Interest-bearing demand deposits	\$6,498
Certificates of deposit	35,856
Cash in state treasury	<u>15,430</u>
 Total	 <u><u>\$57,784</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 \$60,944 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. Cash in the state treasury totaled \$15,430.

**3. CHANGES IN GENERAL FIXED ASSETS**

The changes in general fixed assets follow:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998	Additions	Deletions	Balance June 30, 1999
Equipment	<u>\$2,780</u>	<u>NONE</u>	<u>(\$1,229)</u>	<u>\$1,551</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,551</u>

**LOUISIANA EGG COMMISSION  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA  
Notes to the Financial Statements (Concluded)**

**4. ADMINISTRATIVE SERVICES**

As shown on Statement B, the commission paid \$10,000 for the years ended June 30, 1999 and 1998, to the Louisiana Department of Agriculture and Forestry for administering and collecting assessments and license fees on the sale of eggs. R.S. 3:551.6(C) allows the Louisiana Department of Agriculture and Forestry to charge the commission all costs incurred in collecting the assessments and license fees.

**5. YEAR 2000 ISSUE**

The Louisiana Egg Commission maintains its financial records on manual ledgers. The commission does not use any computers or other electronic equipment 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

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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 EGG COMMISSION**  
**DEPARTMENT OF AGRICULTURE AND FORESTRY**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Louisiana Egg 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 Egg Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 Egg Commission's internal control over financial reporting in order 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

**EXHIBIT A**

LEGISLATIVE AUDITOR

LOUISIANA AGRICULTURAL FINANCE AUTHORITY  
DEPARTMENT OF AGRICULTURE AND FORESTRY  
STATE OF LOUISIANA

Compliance and Internal Control Report

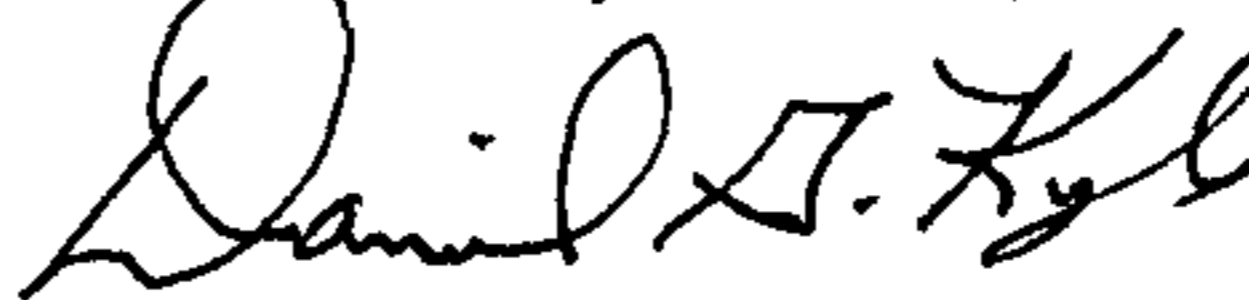
November 5, 1999

Page 2

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 written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

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[EGG]

EXHIBIT A