

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Strawberry Marketing Board
Department of Agriculture and Forestry
State of Louisiana
Baton Rouge, Louisiana

December 8, 1999



Financial and Compliance Audit Division

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

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**LOUISIANA STRAWBERRY MARKETING BOARD
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 STRAWBERRY MARKETING BOARD
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 STRAWBERRY MARKETING BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of the Louisiana Strawberry Marketing Board, 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 Strawberry Marketing Board. 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 Strawberry Marketing Board 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 Strawberry Marketing Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

CCB:DLH:DSP:dl
(BERRY)

LOUISIANA STRAWBERRY MARKETING BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND

Balance Sheet, June 30, 1999

ASSETS

Cash (note 2)	\$15,798
Accounts receivable - assessments	<u>9,830</u>

TOTAL ASSETS

\$25,628

LIABILITIES AND FUND EQUITY

Liabilities	NONE
Fund Equity - fund balance - unreserved - undesignated	<u>\$25,628</u>

TOTAL LIABILITIES AND FUND EQUITY

\$25,628

The accompanying notes are an integral part of this statement.

LOUISIANA STRAWBERRY MARKETING BOARD
 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>
REVENUES		
Assessments	\$12,887	\$7,335
EXPENDITURES		
Advertising	<u>10,068</u>	<u>9,900</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	2,819	(2,565)
FUND BALANCE AT BEGINNING OF YEAR	<u>22,809</u>	<u>25,374</u>
FUND BALANCE AT END OF YEAR	<u><u>\$25,628</u></u>	<u><u>\$22,809</u></u>

The accompanying notes are an integral part of this statement.

**LOUISIANA STRAWBERRY MARKETING BOARD
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 Strawberry Marketing Board is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture and Forestry, as provided by Louisiana Revised Statute 3:473. The board consists of 13 members, 12 of whom are appointed by the governor and must be residents of the parishes of Ascension, Livingston, or Tangipahoa. Seven of the 12 appointees are strawberry growers, one is a person with financial interest in the strawberry industry, one is a banker with knowledge of the strawberry industry, one is the director of the Louisiana State University Agricultural Experiment Station at Hammond, Louisiana, one is an agricultural chemical dealer with knowledge of the strawberry industry, and one is a consumer with knowledge of the strawberry industry. The thirteenth member is the Commissioner of Agriculture and Forestry, who serves as ex-officio with all rights, duties, and privileges of the other members. All board members serve terms concurrent with the governor and receive no compensation.

The board is charged with the responsibility of promoting the general well-being of the strawberry industry of the State of Louisiana by expanding the market for strawberries and increasing consumption through acquainting the general public with the health-giving qualities and food value of Louisiana grown strawberries wherever they may be sold. Operations of the board are funded entirely with self-generated revenues. All collection and administrative functions of the board are performed by personnel of the Louisiana Department of Agriculture and Forestry. The board 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 has defined the governmental reporting entity to be the State of Louisiana. The board is considered to be a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's

LOUISIANA STRAWBERRY MARKETING BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

boundaries. The accompanying financial statements present information only as to the transactions of the Louisiana Strawberry Marketing Board, a component unit of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

C. FUND ACCOUNTING

The board uses a fund 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.

The accounts of the Louisiana Strawberry Marketing Board are organized on a fund basis (General Fund). The operations of the General Fund are accounted for with a set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. The General Fund is the general operating fund of the board 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 are recognized when they become measurable and available.

Expenditures

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

**LOUISIANA STRAWBERRY MARKETING BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

E. BUDGET PRACTICES

The board does not adopt a formal budget on a fiscal year basis. However, for the fiscal year, the board allocates amounts to be spent for the promotion of strawberries.

F. CASH

Cash includes demand deposits and cash in the state treasury. Under state law, the board 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 board 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**

The board has no fixed assets or long-term obligations at June 30, 1999. The board operates on self-generated revenues and the funds are used for promotional and operational expenses.

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

The board 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 board.

2. CASH

As reflected on Statement A at June 30, 1999, the board has cash totaling \$15,798 consisting of the following:

Demand deposits	\$2,291
Cash in the state treasury	<u>13,507</u>
Balance at June 30, 1999	<u><u>\$15,798</u></u>

LOUISIANA STRAWBERRY MARKETING BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)

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 board has \$2,575 in deposits (collected bank balances), excluding cash *in state treasury, which are fully secured from risk by federal deposit insurance (GASB Risk 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 includes amounts totaling \$13,507.

3. LEASE OBLIGATIONS

The board has no capital or operating lease commitments at June 30, 1999.

4. LITIGATION AND CLAIMS

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

5. YEAR 2000 ISSUE

The board maintains its financial records on Quattro Pro spreadsheets. The board does not use any 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 controls 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.



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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 STRAWBERRY MARKETING BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Louisiana Strawberry Marketing Board, 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 Strawberry Marketing Board'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 Strawberry Marketing Board'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 could be material in relation to the general purpose financial statements being audited may occur and not be detected within a

EXHIBIT A

LEGISLATIVE AUDITOR

LOUISIANA STRAWBERRY MARKETING BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA

Compliance and Internal Control Report

November 5, 1999

Page 2

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 board 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,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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