

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
A COMPONENT UNIT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
ISSUED APRIL 9, 2008

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

LEGISLATIVE AUDIT ADVISORY COUNCIL
REPRESENTATIVE NOBLE E. ELLINGTON, CHAIRMAN

SENATOR NICHOLAS "NICK" GAUTREAUX
SENATOR WILLIE L. MOUNT
SENATOR EDWIN R. MURRAY
SENATOR BEN W. NEVERS, SR.
SENATOR JOHN R. SMITH
REPRESENTATIVE NEIL C. ABRAMSON
REPRESENTATIVE CHARLES E. "CHUCK" KLECKLEY
REPRESENTATIVE ANTHONY V. LIGI, JR.
REPRESENTATIVE CEDRIC RICHMOND

LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

DIRECTOR OF FINANCIAL AUDIT
THOMAS H. COLE, 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.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Twenty copies of this public document were produced at an approximate cost of \$67.60. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.lla.state.la.us. When contacting the office, you may refer to Agency ID No. 8893 or Report ID No. 80070033 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225-339-3800.

	Page
Independent Auditor's Report on the Financial Statements.....	3

Statement

Basic Financial Statements:

Statement of Net Assets.....	A	5
Statement of Revenues, Expenses, and Changes in Net Assets.....	B	7
Statement of Cash Flows	C	9
Notes to the Financial Statements		11

Schedule

Other Supplemental Information:

Schedule of Per Diem Paid Board Members	1	19
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, 2007		

Exhibit

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	A	
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---	--



LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

March 10, 2008

Independent Auditor's Report
on the Financial Statements

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Dairy Industry Promotion Board (board), a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of management of the board. 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 financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Dairy Industry Promotion Board as of June 30, 2007, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

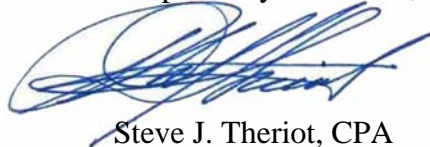
During August and September of 2005, the State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of these two separate events and the resulting losses sustained, it is unknown exactly what economic impact recovery will have on state and local governmental operations in Louisiana. The long-term effects of these events directly on the board cannot be determined at this time.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2008, on our consideration of the board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. However, the board did not include this information in the financial statements for the year ended June 30, 2007.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the board's basic financial statements. The accompanying Schedule of Per Diem Paid Board Members and the Annual Fiscal Report to the Office of the Governor, Division of Administration, Office of Statewide Reporting and Accounting Policy are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The schedule and the report have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are 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

DAL:CGEW:THC:dl

DAIRY07

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

Statement of Net Assets, June 30, 2007

ASSETS

Current assets:

Cash (note 2)	\$353,170
Receivables - assessments (note 3)	<u>27,475</u>

Total assets	<u>380,645</u>
---------------------	----------------

LIABILITIES - current accounts payable	<u>112,909</u>
-----------------------------------------------	----------------

NET ASSETS - unrestricted	<u><u>\$267,736</u></u>
----------------------------------	-------------------------

The accompanying notes are an integral part of this statement.

This page is intentionally blank.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

**Statement of Revenues, Expenses,
and Changes in Net Assets
For the Year Ended June 30, 2007**

Operating revenues	<u>\$363,741</u>
Operating expenses:	
Compensation - board member per diem	880
Travel	4,370
Operating services	414
Professional services	2,835
Other charges:	
Advertising	150,137
Promotional activities and supplies	226,739
Administrative services (note 4)	11,845
Total operating expenses	<u>397,220</u>
Operating loss	<u>(33,479)</u>
Nonoperating revenues:	
Use of money and property	6,370
Miscellaneous	7,227
Total nonoperating revenues	<u>13,597</u>
Change in net assets	(19,882)
TOTAL NET ASSETS AT BEGINNING OF YEAR	<u>287,618</u>
TOTAL NET ASSETS AT END OF YEAR	<u><u>\$267,736</u></u>

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

This page is intentionally blank.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

**Statement of Cash Flows
For the Year Ended June 30, 2007**

Cash flows from operating activities:	
Cash received from assessments	\$363,742
Cash paid to suppliers for goods and services	<u>(310,582)</u>
Net cash provided by operating activities	53,160
Cash flows from noncapital and related financing activities:	
Miscellaneous receipts	7,227
Cash flows from investing activities:	
Interest received	<u>6,370</u>
Net increase in cash	66,757
Cash at beginning of year	<u>286,413</u>
Cash at end of year	<u><u>\$353,170</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	(\$33,479)
Changes in assets and liabilities:	
Decrease in accounts receivable	3,622
Increase in accounts payable	<u>83,017</u>
Net cash provided by operating activities	<u><u>\$53,160</u></u>

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

This page is intentionally blank.

INTRODUCTION

The Louisiana Dairy Industry Promotion Board (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 (R.S.) 3:557.1-12. The board consists of nine members, eight of whom are appointed by the commissioner of agriculture and forestry. These eight members represent three geographical areas of the state and are selected by the commissioner from a slate of candidates proposed by the Louisiana Farm Bureau Federation and by dairy cooperatives having a membership of at least 25 producers. The ninth member is the commissioner of agriculture and forestry who serves as ex-officio with all rights, duties, and privileges of the other members. Eight alternates are appointed by the commissioner of agriculture and forestry who serve in the absence of the appointed members. All board members and alternates serve terms concurrent with the commissioner and receive \$40 per diem for attending board meetings and other official business of the board.

The board is charged with the responsibility of promoting knowledge of the health-giving qualities and dietary values of milk and other dairy products and effectively promoting the consumption of Louisiana milk and other Louisiana dairy products to assure a sufficient quantity of such products for Louisiana consumers. The board is engaged in dairy product promotion and nutrition education through various advertising and promotion programs, school nutrition education programs, school food service programs, and retail marketing programs. The board does not use a brand name or trade name in its advertising and promotion programs nor does it use funds for the purpose of influencing governmental policy or actions.

Operations of the board are funded entirely with self-generated revenues, financed by dairy producers from assessments collected from processors who buy milk directly from producers or through cooperative associations. The board has no employees. Personnel of the Louisiana Department of Agriculture and Forestry perform all collection and administrative functions of the board. The board reimburses the department for these services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying 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 reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards* published by the GASB. The board 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 board 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 board is considered to be a component unit of the State of Louisiana because the state exercises oversight responsibility in that the commissioner appoints the board members and can impose his will on the board. The accompanying financial statements present only the activity of the board. 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 board 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 board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenue of the board derives from assessments on Louisiana dairy producers. Since 1983, the Louisiana dairy producers have funded the Louisiana dairy industry advertising program with a 10-cent assessment rate per hundredweight on all milk solids, milk fats, or fluid milk components sold.

E. BUDGET PRACTICES

The board adopted an annual budget that was submitted to the Department of Agriculture and Forestry for the 2006-2007 fiscal year on June 12, 2006. The annual budget is prepared on the modified accrual basis of accounting. The budget is adopted on an object basis. The board does not recognize or record encumbrances as part of its budgetary practices. Formal budgetary integration is employed as a management control device during the year. The board is not required to present a budgetary comparison schedule.

F. CASH

Cash consists of interest-bearing demand deposits. 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.

G. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

The board has no capital assets or long-term obligations at June 30, 2007.

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

The board has no full-time employees. The board pays a portion of the salary of an employee of the Department of Agriculture and Forestry for administrative services. Therefore, no compensated absences, pension benefits, or postretirement benefits are provided by the board.

I. NET ASSETS

Net assets comprise the difference between assets and liabilities in the Statement of Net Assets. Net assets generally are classified in the following 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 net assets consist 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 net assets consist of all other net assets that are not included in the other categories previously mentioned.

2. CASH

As reflected on Statement A, the board has deposits in bank accounts totaling \$353,170 at June 30, 2007. Deposits in bank accounts are stated at cost, which approximates market.

Custodial credit risk is the risk that in the event of a bank failure, the board’s deposits may not be recovered. Under state law, the board’s deposits must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair 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 securities are held in the name of the board or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

The following is a breakdown by banking institution and amount of the collected bank balances:

<u>Banking Instituion</u>	<u>Amount</u>
JP Morgan Chase Bank - operating account	\$90,307
Capital One Bank - savings account	<u>262,863</u>
Total	<u><u>\$353,170</u></u>

3. RECEIVABLES

At June 30, 2007, the board has receivable balances for dairy assessments totaling \$27,475. The board has not established an allowance for doubtful accounts.

4. ADMINISTRATIVE SERVICES

As shown on Statement B, the board paid administrative service costs totaling \$11,845 for the year ended June 30, 2007, to the Louisiana Department of Agriculture and Forestry for administering and collecting assessments on the sale of milk and milk products. R.S. 3:557.7(B) allows the Louisiana Department of Agriculture and Forestry to retain a portion not to exceed 3% of the total assessments collected by the department to defray the costs of collecting the assessments.

5. RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state’s self-insurance fund operated by the Office of Risk Management, the agency responsible for the state’s risk management program, or by General Fund appropriation.

There is no pending litigation or claims against the board at June 30, 2007, which if asserted, in the opinion of the commission's legal advisors, would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements. In addition, the commission has paid no settlements in the last three years.

This page is intentionally blank.

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Per diem payments are authorized by Louisiana Revised Statute 3:557.4. Board members are paid \$40 per day for each day spent in actual attendance of board meetings.

**ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR,
DIVISION OF ADMINISTRATION,
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

The annual fiscal report presents the financial position of the Louisiana Dairy Industry Promotion Board as of June 30, 2007, and the results of its changes in 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.

This page is intentionally blank.

**LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

**Schedule of Per Diem Paid Board Members
For the Year Ended June 30, 2007**

Lanny Connerly	\$120
Roy Ingraffia	80
Oliver Mitchell	120
Eugene Robertson	200
James Rogers	280
Jerry Simpson	80
	<hr/>
Total	\$880
	<hr/> <hr/>

This page is intentionally blank.

DAIRY INDUSTRY PROMOTION BOARD

(Agency Name)

STATE OF LOUISIANA

Annual Financial Statements

June 30, 2007

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

Statements

Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities (includes Instructions)	C
Statement of Cash Flows	D

Notes to the Financial Statements

A.	Summary of Significant Accounting Policies
B.	Budgetary Accounting
C.	Deposits with Financial Institutions and Investments (Additional info in Appendix B)
D.	Capital Assets
E.	Inventories
F.	Restricted Assets
G.	Leave
H.	Retirement System
I.	Post Retirement Health Care and Life Insurance Benefits
J.	Leases
K.	Long-Term Liabilities
L.	Contingent Liabilities
M.	Related Party Transactions
N.	Accounting Changes
O.	In-Kind Contributions
P.	Defeased Issues
Q.	Cooperative Endeavors
R.	Government-Mandated Nonexchange Transactions (Grants)
S.	Violations of Finance-Related Legal or Contractual Provisions
T.	Short-Term Debt
U.	Disaggregation of Receivable Balances
V.	Disaggregation of Payable Balances
W.	Subsequent Events
X.	Segment Information
Y.	Due to/Due from and Transfers
Z.	Liabilities Payable from Restricted Assets
AA.	Prior-Year Restatement of Net Assets
BB.	Net Assets Restricted by Enabling Legislation (Additional information in Appendix C)
CC.	Impairment of Capital Assets (Additional information in Appendix D)
DD.	Employee Termination Benefits

Schedules

1	Schedule of Per Diem Paid to Board Members
2	Not included in this packet
3	Schedules of Long-Term Debt
4	Schedules of Long-Term Debt Amortization

- 5 Schedules of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non GAAP Basis **(Only applicable for entities whose budget is appropriated by the legislature)**
- 15 Schedule of Comparison Figures

Appendix

- A Instructions for the Simplified Statement of Activities
- B Information for Note C - Deposits with Financial Institutions and Investments
- C Information for Note BB - net assets Restricted by Enabling Legislation
- D Information for Note CC - Impairment of Capital Assets

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 20_07

DAIRY INDUSTRY PROMOTION BOARD
(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 Dairy Industry Promotion Board (Agency) at June 30, 2007, 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 28th day of August, 20_07.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: Linda R. Chaney
Title: Fiscal Director
Telephone No.: (225) 952 8165
Date: _____



STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
BALANCE SHEET
AS OF June 30, 20 07

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 353,170
Investments	
Receivables (net of allowance for doubtful accounts)(Note U)	<u>27,475</u>
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	<u>380,645</u>

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Notes receivable	
Investments	
Capital assets (net of depreciation)(Note D)	
Land	
Buildings and improvements	
Machinery and equipment	
Infrastructure	
Construction in progress	
Other noncurrent assets	
Total noncurrent assets	<u>0</u>
Total assets	<u>\$ 380,645</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 112,909
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)	
Claims and litigation payable (Note K)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total current liabilities	<u>112,909</u>

NON-CURRENT LIABILITIES:

Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations (Note J)	
Claims and litigation payable (Note K)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total long-term liabilities	<u>0</u>
Total liabilities	<u>112,909</u>

NET ASSETS

Invested in capital assets, net of related debt	
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	<u>267,736</u>
Total net assets	<u>267,736</u>
Total liabilities and net assets	<u>\$ 380,645</u>

The accompanying notes are an integral part of this financial statement
Statement A

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED June 30, 20_07

OPERATING REVENUES	
Sales of commodities and services	\$ <u>363,741</u>
Assessments	<u> </u>
Use of money and property	<u> </u>
Licenses, permits, and fees	<u> </u>
Other	<u> </u>
Total operating revenues	<u>363,741</u>
OPERATING EXPENSES	
Cost of sales and services	<u>378,114</u>
Administrative	<u>19,106</u>
Depreciation	<u> </u>
Amortization	<u> </u>
Total operating expenses	<u>397,220</u>
Operating income(loss)	<u>(33,479)</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	<u> </u>
Intergovernmental revenues (expenses)	<u> </u>
Taxes	<u> </u>
Use of money and property	<u>6,370</u>
Gain on disposal of fixed assets	<u> </u>
Loss on disposal of fixed assets	<u> </u>
Federal grants	<u> </u>
Interest expense	<u> </u>
Other revenue	<u>7,227</u>
Other expense	<u> </u>
Total non-operating revenues(expenses)	<u>13,597</u>
Income(loss) before contributions, extraordinary items & transfers	<u>(19,882)</u>
Capital contributions	<u> </u>
Extraordinary item - Loss on impairment of capital assets	<u> </u>
Transfers in	<u> </u>
Transfers out	<u> </u>
Change in net assets	<u>(19,882)</u>
Total net assets – beginning as restated	<u>287,618</u>
Total net assets – ending	\$ <u><u>267,736</u></u>

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

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30, 20 07

	<u>Program Revenues</u>			<u>Net (Expense)</u>	
		<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>	
	<u>Expenses</u>	<u>Charges for</u>	<u>Grants and</u>	<u>Grants and</u>	
		<u>Services</u>	<u>Contributions</u>	<u>Contributions</u>	
				<u>Changes in</u>	
				<u>Net Assets</u>	
Component Unit:					
Dairy Industry Promotion Board	\$ <u>397,220</u>	\$ <u>NONE</u>	\$ <u>NONE</u>	\$ <u>NONE</u>	\$ <u>(397,220)</u>
General revenues:					
Taxes					<u>363,741</u>
State appropriations					<u> </u>
Grants and contributions not restricted to specific programs					<u> </u>
Interest					<u>6,370</u>
Miscellaneous					<u>7,227</u>
Special items					<u> </u>
Extraordinary Item - Loss on Impairment of Capital Assets					<u> </u>
Transfers					<u> </u>
Total general revenues, special items, extraordinary losses, and transfers					<u>377,338</u>
Change in net assets					<u>(19,882)</u>
Net assets - beginning					<u>287,618</u>
Net assets - ending					\$ <u>267,736</u>

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30, 20 07

Cash flows from operating activities

Cash received from customers	\$ 367,364	
Cash payments to suppliers for goods and services	<u>(314,204)</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>53,160</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	_____	
Transfers In	_____	
Transfers Out	_____	
Other	<u>7,227</u>	
Net cash provided(used) by non-capital financing activities		<u>7,227</u>

Cash flows from capital and related financing activities

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>6,370</u>	
Net cash provided(used) by investing activities		<u>6,370</u>

Net increase(decrease) in cash and cash equivalents 66,757

Cash and cash equivalents at beginning of year 286,413

Cash and cash equivalents at end of year \$ 353,170

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30 , 20 07

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

Operating income(loss)	\$ <u>(33,479)</u>
Adjustments to reconcile operating income(loss) to net cash	
Depreciation/amortization	_____
Provision for uncollectible accounts	_____
Changes in assets and liabilities:	
(Increase)decrease in accounts receivable	_____ 3,622
(Increase)decrease in due from other funds	_____
(Increase)decrease in prepayments	_____
(Increase)decrease in inventories	_____
(Increase)decrease in other assets	_____
Increase(decrease) in accounts payable accruals	_____ 83,017
Increase(decrease) in accrued payroll and related benefits	_____
Increase(decrease) in compensated absences payable	_____
Increase(decrease) in due to other funds	_____
Increase(decrease) in deferred revenues	_____
Increase(decrease) in other liabilities	_____
Net cash provided(used) by operating activities	\$ <u><u>53,160</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	_____
Contributions of fixed assets	_____
Purchases of equipment on account	_____
Asset trade-ins	_____
Other (specify)	_____
_____	_____
_____	_____
Total noncash investing, capital, and financing activities:	<u><u>NONE</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

INTRODUCTION

The Dairy Industry Promotion Board (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 3:557.1-12. The following is a brief description of the operations of the board (BTA) which includes the parish/parishes in which the (BTA) is located:

The Louisiana Dairy Industry Promotion 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 3:557.1-12. The board consists of nine members, eight of whom are appointed by the Commissioner of Agriculture and Forestry. These eight members represent three geographical areas of the state and are selected by the commissioner from a slate of candidates proposed by the Louisiana Farm Bureau Federation and by dairy cooperatives having a membership of at least 25 producers. The ninth member is the Commissioner of Agriculture and Forestry who serves as ex-officio with all rights, duties, and privileges of the other members. Eight alternates are appointed by the Commissioner of Agriculture and Forestry who serve in the absence of the appointed members. All board members and alternates serve terms concurrent with the commissioner and receive \$40 per diem for attending board meetings and other official business of the board.

The board is charged with the responsibility of promoting knowledge of the health giving qualities and dietary values of milk and other dairy products and effectively promoting the consumption of Louisiana milk and other Louisiana dairy products to assure a sufficient quantity of such products for Louisiana consumers. The board is engaged in dairy product promotion and nutrition education through various advertising and promotion programs, school nutrition education programs, school food service programs, and retail marketing programs. The board does not use a brand name or trade name in its advertising and promotion programs nor does it use funds for the purpose of influencing governmental policy or actions.

Operations of the board are funded entirely with self-generated revenues, financed by dairy producers from assessments collected from processors who buy milk directly from producers or through cooperative associations. The board has no employees. Personnel of the Louisiana Department of Agriculture and Forestry perform all collection and administrative functions of the board. The board reimburses the department for these services.

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 Dairy Industry Promotion Board present information only as to the transactions of the programs of the board as authorized by Louisiana statutes and administrative regulations.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

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 board 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.

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 board (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:

SELF GENERATED APPROPRIATIONS

Original approved budget	\$	378,975
Amendments:		_____

Final approved budget	\$	378,975

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

- C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note.

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 board (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the board (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; 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.

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.

Beginning in FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2007, consisted of the following:

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

	<u>Cash</u>	<u>Certificates</u> <u>of Deposit</u>	<u>Other</u> <u>Savings</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ <u>90,307</u>	\$ <u>0</u>	\$ <u>262,863</u>	\$ <u>353,170</u>
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized	_____	_____	_____	0
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	0
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entities name</u>	_____	_____	_____	0
 Total Bank Balances-All Deposits	 \$ <u>108,357</u>	 \$ <u>0</u>	 \$ <u>262,863</u>	 \$ <u>371,220</u>

NOTE: The "Total Bank Balances – All Deposits" 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:

1. <u>Capital One Bank</u>	<u>Savings</u>	<u>262,863</u>
2. <u>Bank One</u>	<u>Checking</u>	<u>108,357</u>
3. _____	_____	_____
4. _____	_____	_____
 Total		 \$ <u>371,220</u>

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	\$ <u>-0-</u>
Petty cash	\$ _____

2. INVESTMENTS

The board has no investments at June 30, 2007.

D. CAPITAL ASSETS

The board has no capital assets at June 30, 2007.

E. INVENTORIES

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

The board has no inventory at June 30, 2007.

F. RESTRICTED ASSETS

The board has no restricted assets at June 30, 2007.

G. LEAVE

The board has no employees at June 30, 2007.

H. RETIREMENT SYSTEM

The board has no employees at June 30, 2007.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The board has no employees at June 30, 2007.

J. LEASES

The board has no leases at June 30, 2007.

K. LONG-TERM LIABILITIES

The board has no long-term liabilities at June 30, 2007.

L. CONTINGENT LIABILITIES

The board has no contingent liabilities at June 30, 2007.

M. RELATED PARTY TRANSACTIONS

The board has no related party transactions at June 30, 2007.

N. ACCOUNTING CHANGES

The board made no accounting changes during this fiscal year ended June 30, 2007.

O. IN-KIND CONTRIBUTIONS

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20_07

The board had no in-kind contributions at June 30, 2007.

P. DEFEASED ISSUES

The board has no defeased issues at June 30, 2007.

Q. COOPERATIVE ENDEAVORS

The board has no cooperative endeavors at June 30, 2007.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The board has no government-mandated nonexchange transactions (grants) at June 30, 2007.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

The board has no violations of finance-related legal or contractual provisions at June 30, 2007.

T. SHORT-TERM DEBT

The board had no short-term debt at June 30, 2007.

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 20_07_, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Promotion	\$ 27,475	\$	\$	\$	\$ 27,475
					0
Gross receivables	\$ 27,475	\$ 0	\$ 0	\$ 0	\$ 27,475
Less allowance for uncollectible accounts	0	0	0	0	0
Receivables, net	\$ 27,475	\$ 0	\$ 0	\$ 0	\$ 27,475
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ 0

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 20_07_, were as follows:

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

<u>Activity</u>	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Other Payables</u>	<u>Total Payables</u>
Promotion	\$ 112,909	\$ NONE	\$ NONE	\$ NONE	\$ 112,909

W. SUBSEQUENT EVENTS

The board has no subsequent events at June 30, 2007.

X. SEGMENT INFORMATION

Not required.

Y. DUE TO/DUE FROM AND TRANSFERS

The board has no due to/from and transfers at June 30, 2007.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The board has no restricted assets at June 30, 2007.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS ** - SEE NOTE ON PAGE 8

The following adjustments were made to restate beginning net assets for June 30, 2007.

<u>Ending Net Assets</u> <u>July 1, 2007,</u> <u>previously reported</u>	<u>Adjustments</u> <u>+ or (-)</u>	<u>Beginning net</u> <u>assets, July 1, 2007,</u> <u>As restated</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.)

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION

The board has no net assets restricted by enabling legislation at June 30, 2007.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

CC. IMPAIRMENT OF CAPITAL ASSETS

The board has no impairment of capital assets at June 30, 2007.

DD. EMPLOYEE TERMINATION BENEFITS

The board has no employee termination benefits at June 30, 2007.

** Net assets reported to the Division of Administration at June 30, 2006 were \$295,060. This amount was submitted and included in the CAFR – The net assets as reported by the Legislative Auditor at June 30, 2006, were \$287,618. The 2006 receivables were overstated by \$7,442. We have complied with the Legislative Auditor's request and adjusted the net assets to reflect the amount of \$287,618.

STATE OF LOUISIANA
DAIRY INDUSTRY PROMOTION BOARD (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2007
(Fiscal Close)

<u>Name</u>	<u>Amount</u>
<u>Lanny Connerly</u>	\$ <u>120.00</u>
<u>Roy Ingraffia</u>	<u>120.00</u>
<u>Oliver Mitchell</u>	<u>120.00</u>
<u>Eugene Robertson</u>	<u>160.00</u>
<u>James Rogers</u>	<u>280.00</u>
<u>Jerry Simpson</u>	<u>80.00</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	\$ <u><u>880.00</u></u>

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

This page is intentionally blank.



LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

March 10, 2008

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

LOUISIANA DAIRY INDUSTRY PROMOTION BOARD
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Dairy Industry Promotion Board (board), a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the board's basic financial statements and have issued our report thereon dated March 10, 2008. Our report was modified to include an emphasis of a matter regarding the impact of hurricanes Katrina and Rita. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the board's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the board'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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board, its management, others within the entity, and the Louisiana Legislature 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

DAL:CGEW:THC:dl

DAIRY07