

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



FINANCIAL STATEMENT AUDIT
ISSUED MAY 16, 2007

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

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STEVE J. THERIOT, CPA

DIRECTOR OF FINANCIAL AUDIT

THOMAS H. COLE, CPA

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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. Eight copies of this public document were produced at an approximate cost of \$26.16. 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.la.state.la.us. When contacting the office, you may refer to Agency ID No. 3598 or Report ID No. 06703185 for additional information.

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Year Ended June 30, 2006

Exhibit

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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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April 26, 2007

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 (commission), a component unit of the State of Louisiana within the Louisiana Department of Agriculture and Forestry, as of June 30, 2006, and for the years ended June 30, 2006 and 2005. These financial statements are the responsibility of management of the 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, 2006, and its changes in financial position and its cash flows for the years ended June 30, 2006 and 2005, 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 commission cannot be determined at this time.

LOUISIANA SWEET POTATO ADVERTISING
AND DEVELOPMENT COMMISSION

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2007, on our consideration of the commission's internal control over financial reporting and 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the commission's basic financial statements. The accompanying Annual Fiscal Report to the Office of the Governor, Division of Administration, Office of Statewide Reporting and Accounting Policy is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The report has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 commission did not include this information in the financial statements for the year ended June 30, 2006.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

BB:CGEW:THC:ss

[POTATO06]

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

Statement of Net Assets, June 30, 2006

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$259,570
Receivables - assessments (note 3)	5,812

Total assets 265,382

LIABILITIES - current accounts payable 38,617

NET ASSETS - unrestricted \$226,765

The accompanying notes are an integral part of this statement.

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

**Statements of Revenues, Expenses,
and Changes in Net Assets
For the Years Ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES		
Assessments	<u>\$208,972</u>	<u>\$174,080</u>
OPERATING EXPENSES		
Personal services and related benefits (note 4)	5,103	4,490
Travel	1,065	4,354
Operating services	101,011	142,689
Supplies	257	41
Professional services		3,042
other charges	32,276	27,984
Intergovernmental	44,660	35,108
Total operating expenses	<u>184,372</u>	<u>217,708</u>
OPERATING INCOME (loss)	<u>24,600</u>	<u>(43,628)</u>
NONOPERATING REVENUES		
Use of money and property	889	394
Other revenues	7,298	3,208
Miscellaneous	11,703	16,530
Total nonoperating revenues	<u>19,890</u>	<u>20,132</u>
Change in net assets	44,490	(23,496)
NET ASSETS AT BEGINNING OF YEAR - AS RESTATED (note 5)	<u>182,275</u>	<u>205,771</u>
NET ASSETS AT END OF YEAR	<u><u>\$226,765</u></u>	<u><u>\$182,275</u></u>

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

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

**Statements of Cash Flows
For the Years Ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Cash received from customers	\$229,218	\$148,022
Cash paid to suppliers for goods and services	<u>(158,032)</u>	<u>(206,710)</u>
Net cash provided (used) by operating activities	<u>71,186</u>	<u>(58,688)</u>
Cash flows from noncapital and related financing activities:		
Miscellaneous receipts/disbursements	11,703	16,530
Cash flows from investing activities:		
Interest earned on investments	<u>8,187</u>	<u>3,602</u>
Net increase in cash and cash equivalents	91,076	(38,556)
Cash and cash equivalents at beginning of year	<u>168,494</u>	<u>207,050</u>
Cash and cash equivalents at end of year	<u><u>\$259,570</u></u>	<u><u>\$168,494</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income	\$24,600	(\$43,628)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	20,246	(26,058)
Increase in accounts payable	<u>26,340</u>	<u>10,998</u>
Net cash provided (used) by operating activities	<u><u>\$71,186</u></u>	<u><u>(\$58,688)</u></u>

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

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INTRODUCTION

The Louisiana Sweet Potato Advertising and Development Commission (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 commissioner appoints the commission members and can impose his will on the commission. The accompanying

LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION

financial statements present only the activity of the 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenue of the commission derives from assessments levied on the shipment of sweet potatoes. All revenues and expenses not meeting this definition 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 2005-2006 fiscal year on June 29, 2005. 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, a certificate of deposit, and a certificate of deposit. 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 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, 2006.

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 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.

LOUISIANA SWEET POTATO ADVERTISING
AND DEVELOPMENT COMMISSION

2. CASH AND CASH EQUIVALENTS

As reflected on Statement A, the commission has deposits in bank accounts totaling \$259,570 at June 30, 2006. 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 commission's deposits may not be recovered. Under state law, the commission'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 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 commission 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 Institution</u>	<u>Amount</u>
Interest-bearing demand deposits	\$45,850
Certificate of deposit	30,466
Cash in state treasury	<u>183,963</u>
Balance at June 30, 2006	<u><u>\$260,279</u></u>

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, 2006, the commission has receivable balances for assessments totaling \$5,812. The commission has not established an allowance for doubtful accounts.

**4. POST RETIREMENT 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 \$5,103 and \$4,490 for the years ended June 30, 2006, and 2005, respectively. The commission has no active employees; the Department of Agriculture and Forestry handles all functions.

5. RESTATEMENT OF BEGINNING NET ASSETS

The beginning net assets as reflected on Statement B have been restated to reflect the following changes:

Net assets, June 30, 2004	\$209,817
Change in accounts receivable estimate	<u>(4,046)</u>
Net assets, June 30, 2004, as restated	<u><u>\$205,771</u></u>

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**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 Sweet Potato Advertising and Development Commission as of June 30, 2006, and the results of changes in fund 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

Louisiana Sweet Potato Advertising and Development Commission

(Agency Name)

STATE OF LOUISIANA

Annual Financial Statements

June 30, 2006

C O N T E N T S

TRANSMITTAL LETTER

AFFIDAVIT

Statements

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3	Schedules of Long-Term Debt
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5 Schedule 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)**

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- 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, 2006

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

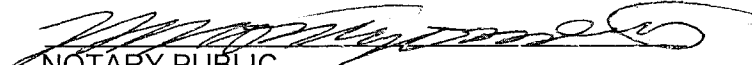
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

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, 2006 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, 2006.



Signature of Agency Official



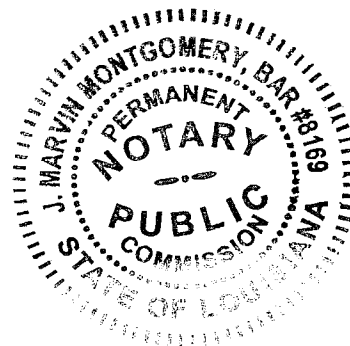
NOTARY PUBLIC

Prepared by: Linda R. Chaney

Title: Fiscal Director

Telephone No.: (225) 952 8165

Date: _____



STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
BALANCE SHEET
AS OF June 30 , 20 06

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$259,570
Investments	
Receivables (net of allowance for doubtful accounts)(Note U)	5,812
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	265,382

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	0
Total assets	\$265,382

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$38,617
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	38,617

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	0
Total liabilities	38,617

NET ASSETS

Invested in capital assets, net of related debt	
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	226,765
Total net assets	226,765
Total liabilities and net assets	265,382

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 FUND NET ASSETS
FOR THE YEAR ENDED June 30, 20 06

OPERATING REVENUES	
Sales of commodities and services	\$208,972
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Other	_____
Total operating revenues	<u>208,972</u>
OPERATING EXPENSES	
Cost of sales and services	178,204
Administrative	6,168
Depreciation	_____
Amortization	_____
Total operating expenses	<u>184,372</u>
Operating income(loss)	<u>24,600</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues (expenses)	_____
Taxes	_____
Use of money and property	8,187
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	11,703
Other expense	_____
Total non-operating revenues(expenses)	<u>19,890</u>
Income(loss) before contributions, extraordinary items & transfers	<u>44,490</u>
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	<u>44,490</u>
Total net assets – beginning as restated	<u>182,275</u>
Total net assets – ending	<u><u>\$226,765</u></u>

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 06

<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>184,372</u>	\$	<u>NONE</u>
		\$	<u>NONE</u>
		\$	<u>NONE</u>
		\$	<u>(184,372)</u>
General revenues:			
Taxes			<u>208,972</u>
State appropriations			<u></u>
Grants and contributions not restricted to specific programs			<u></u>
Interest			<u>8,187</u>
Miscellaneous			<u>11,703</u>
Special items			<u></u>
Extraordinary Item - Loss on Impairment of Capital Assets			<u></u>
Transfers			<u></u>
Total general revenues, special items, and transfers			<u>228,862</u>
Change in net assets			<u>44,490</u>
Net assets - beginning			<u>182,275</u>
Net assets - ending			<u>\$ 226,765</u>

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
STATE OF CASH FLOWS
FOR THE YEAR ENDED June 30, 2006

Cash flows from operating activities

Cash received from customers	\$229,218	
Cash payments to suppliers for goods and services	<u>(158,032)</u>	
Cash payments to employees for services	<u> </u>	
Payments in lieu of taxes	<u> </u>	
Internal activity-payments to other funds	<u> </u>	
Claims paid to outsiders	<u> </u>	
Other operating revenues(expenses)	<u> </u>	
Net cash provided(used) by operating activities		<u>\$71,186</u>

Cash flows from non-capital financing activities

State appropriations	<u> </u>	
Proceeds from sale of bonds	<u> </u>	
Principal paid on bonds	<u> </u>	
Interest paid on bond maturities	<u> </u>	
Proceeds from issuance of notes payable	<u> </u>	
Principal paid on notes payable	<u> </u>	
Interest paid on notes payable	<u> </u>	
Operating grants received	<u> </u>	
Transfers In	<u> </u>	
Transfers Out	<u> </u>	
Other	<u>11,703</u>	
Net cash provided(used) by non-capital financing activities		<u>11,703</u>

Cash flows from capital and related financing activities

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

Cash flows from investing activities

Purchases of investment securities	<u> </u>	
Proceeds from sale of investment securities	<u> </u>	
Interest and dividends earned on investment securities	<u>8,187</u>	
Net cash provided (used) by investing activities		<u>8,187</u>

Net increase(decrease) in cash and cash equivalents	<u>91,076</u>
Cash and cash equivalents at beginning of year	<u>168,494</u>
Cash and cash equivalents at end of year	<u><u>\$259,570</u></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, 2006

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

Operating income(loss)		24,600
Adjustments to reconcile operating income(loss) to net cash		<u> </u>
Depreciation/amortization		<u> </u>
Provision for uncollectible accounts		<u> </u>
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	20,246	<u> </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	26,340	<u> </u>
Increase(decrease) in accrued payroll and related benefits		<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>71,186</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> </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.

Statement D

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 06

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, 2006

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	\$	<u>203,847</u>
Amendments:		<hr style="border: 0; border-top: 1px solid black;"/> <hr style="border: 0; border-top: 1px solid black;"/> <hr style="border: 0; border-top: 1px solid black;"/> <hr style="border: 0; border-top: 1px solid black;"/>
Final approved budget	\$	<u><u>203,847</u></u>

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 commission (BTA) 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 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 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, 2006

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, 2006, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ 45,141	\$ 30,466	\$ 0	\$ 75,607
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
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, <u>but not in the entities name</u>				0
Total Bank Balances - All Deposits	\$ 45,850	\$ 30,466	\$	\$ 76,316

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:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. Whitney Bank	Checking	\$ 45,850
2. Bank One	Certificate of Deposit	30,466
Total		<u>\$ 76,316</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, 2006

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>183,963</u>
Petty cash	\$	<u>NONE</u>

2. INVESTMENTS

The commission has no investments at June 30, 2006.

D. CAPITAL ASSETS

The commission has no capital assets at June 30, 2006.

E. INVENTORIES

The commission has no inventory at June 30, 2006.

F. RESTRICTED ASSETS

The commission has no restricted assets at June 30, 2006.

G. LEAVE

The commission has no employees at June 30, 2006.

H. RETIREMENT SYSTEM

The commission has no employees at June 30, 2006.

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: (NOTE: Ensure that the number of retirees is disclosed below)

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, 2006

**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 (part b below).

The commission (BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for post employment health care 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 by the (BTA). Complete (a) below if the cost of retiree post employment health care benefits can be separated from active employees, otherwise complete paragraph (b),

a) For 2005, the cost of providing those benefits for the 1 retirees (# of retirees) totaled \$5,103.

b) 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 _____, 20____. The cost of providing those benefits for _____ retirees (# of retirees) is not separable from the cost of providing benefits for the _____ active employees (# of active employees).

J. LEASES

The commission has no leases at June 30, 2006.

K. LONG-TERM LIABILITIES

The commission has no long-term liabilities at June 30, 2006.

L. CONTINGENT LIABILITIES

The commission has no contingent liabilities at June 30, 2006.

M. RELATED PARTY TRANSACTIONS

The commission has no related party transactions at June 30, 2006.

N. ACCOUNTING CHANGES

The commission made no accounting changes during the fiscal year ended June 30, 2006.

O. IN-KIND CONTRIBUTIONS

The commission had no in-kind contributions at June 30, 2006.

STATE OF LOUISIANA
LOUISIANA SWEET POTATO ADVERTISING AND DEVELOPMENT COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2006

P. DEFEASED ISSUES

The commission has no defeased issues at June 30, 2006.

Q. COOPERATIVE ENDEAVORS

The commission has no cooperative endeavors at June 30, 2006.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The commission has no government-mandated nonexchange transactions (grants) at June 30, 2006.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

The commission has no violations of finance-related legal or contractual provisions at June 30, 2006.

T. SHORT-TERM DEBT

The commission has no short-term debt at June 30, 2006.

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2006, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Advertising & Development	\$ 5,812	\$ 0	\$ 0	\$ 0	\$ 5,812
Gross receivables	\$ 5,812	\$ 0	\$ 0	\$ 0	\$ 5,812
Less allowance for uncollectible accounts	0	0	0	0	0
Receivables, net	<u>\$ 5,812</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,812</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2006

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

Fund (gen. Fund, gas tax fund, etc.)	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Advertising & Development	\$ 38,617	\$	\$	\$	\$ 38,617
Total payables	\$ <u>38,617</u>	\$ <u>NONE</u>	\$ <u>NONE</u>	\$ <u>NONE</u>	\$ <u>38,617</u>

W. SUBSEQUENT EVENTS

The commission has no subsequent events at June 30, 2006.

X. SEGMENT INFORMATION

Not Required.

Y. DUE TO/DUE FROM AND TRANSFERS

The commission has no due to/due from or transfers at June 30, 2006.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The commission has no restricted assets at June 30, 2006.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2006.

Fund balance July 1, 2005, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2005, <u>As restated</u>
\$ _____	\$ _____	\$ _____

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

(NOTE: Net Assets at July 1, 2005, previously reported, must correspond to Net Assets at June 30, 2005, 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, 2006

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION

The commission has no net assests restricted by enabling legislation at June 30, 2006.

CC. IMPAIRMENT OF CAPITAL ASSETS

The commission has no impairment of capital assets at June 30, 2006.

DD. EMPLOYEE TERMINATION BENEFITS

The commission has no employee termination benefits at June 30, 2006.

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 reportable conditions and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.

LOUISIANA SWEET POTATO ADVERTISING
AND DEVELOPMENT COMMISSION



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April 26, 2007

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 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 (commission), a component unit of the State of Louisiana within the Louisiana Department of Agriculture and Forestry, as of and for the two years ended June 30, 2006, and June 30, 2005, and have issued our report thereon dated April 26, 2007. 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 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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by errors or fraud 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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 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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[DAIRY06]