

LOUISIANA AGRICULTURAL FINANCE AUTHORITY
DEPARTMENT OF AGRICULTURE AND FORESTRY
A COMPONENT UNIT OF THE
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
ISSUED FEBRUARY 2, 2011

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

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 14, 2010

Independent Auditor's Report

LOUISIANA AGRICULTURAL FINANCE AUTHORITY
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Agricultural Finance Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010. These financial statements are the responsibility of management of the Louisiana Agricultural Finance Authority. 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 Agricultural Finance Authority as of June 30, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010, on our consideration of the Louisiana Agricultural Finance Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 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 on pages 5 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

CLM:CGEW:EFS:THC:dl

Lafa 2010

Management's discussion and analysis of the Louisiana Agricultural Finance Authority's (authority) financial performance presents a narrative overview and analysis of the authority's financial activities for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this information in conjunction with the authority's basic financial statements, which begins on page 9.

FINANCIAL HIGHLIGHTS

- The authority's assets exceeded its liabilities at the close of fiscal year 2010 by \$58,917,427, which represents a 3.1% increase from last fiscal year. The net assets increased by \$1,794,456.
- The authority's operating revenue decreased by \$2,479,386 (or 16.8%), and the change in net assets decreased by \$22,071,256 (or 92.5%).

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of two sections: Management's Discussion and Analysis (this section) and the basic financial statements (including the notes to the financial statements).

Basic Financial Statements

The basic financial statements present information for the authority, as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the authority's financial position is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing how the authority's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the authority's cash changed as a result of current year operations. The cash flows statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by Governmental Accounting Standards Board (GASB) Statement No. 34.

FINANCIAL ANALYSIS OF THE AUTHORITY

Statement of Net Assets
As of June 30, 2010 and June 30, 2009
(in thousands)

	June 30, 2010	June 30, 2009 (Restated)
Current and other assets	\$113,554	\$97,685
Capital assets	51,050	52,093
Total assets	<u>164,604</u>	<u>149,778</u>
Other liabilities	10,571	20,790
Long-term debt outstanding	95,116	71,865
Total liabilities	<u>105,687</u>	<u>92,655</u>
Net assets:		
Invested in capital assets, net of debt	15,365	18,874
Restricted	8,078	26,012
Unrestricted	<u>35,474</u>	<u>12,237</u>
Total net assets	<u><u>\$58,917</u></u>	<u><u>\$57,123</u></u>

Restricted net assets represent those assets that are not available for spending as a result of debt covenants and/or legislative requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

Statement of Revenues, Expenses, and
Changes in Net Assets
For the Years Ended June 30, 2010 and June 30, 2009
(in thousands)

	June 30, 2010	June 30, 2009
Operating revenues	\$12,284	\$14,764
Operating expenses	(18,951)	(13,158)
Operating income (loss)	<u>(6,667)</u>	<u>1,606</u>
Nonoperating revenues (expenses)	8,461	15,874
Transfers in	<u>NONE</u>	<u>6,386</u>
Net increase (decrease) in net assets	<u><u>\$1,794</u></u>	<u><u>\$23,866</u></u>

Operating revenues decreased \$2,479,386 as a result of decreased intergovernmental revenues from the Louisiana Department of Agriculture from the Licensing and Regulatory Board Fund and the Gaming Control Fund. Revenues received from these funds totaled approximately \$2 million and \$6 million, respectively. Net nonoperating revenues decreased by \$7,413,227. The authority's total revenues decreased by \$9,850,879 (or 32.1%). The total cost of all programs and services increased by \$5,834,376 (or 44.1%).

CAPITAL ASSETS

At the end of 2010, the authority had \$51,050,481 invested in a broad range of capital assets, including land, buildings, equipment, and construction-in-progress. This amount represents a net decrease (including additions and deductions) of \$1,042,294 (or 2%) over the last year, as adjusted.

**Capital Assets at Year-End
(Net of Depreciation, in thousands)**

	2010	2009 Restated
Land	\$6,857	\$6,864
Buildings and land improvements	33,462	30,381
Equipment	10,046	13,967
Construction-in-progress	685	881
Total	\$51,050	\$52,093

DEBT ADMINISTRATION

The authority has \$71,865,062 of revenue bonds outstanding at June 30, 2010, compared to \$89,086,750 last year, a decrease of 19.3%. The authority does not have general obligation bonds, and the revenue bonds were private placement bonds that do not require rating.

The authority had no claims and judgments in the prior year. However, during the fiscal year ended June 30, 2010, the authority was party to a lawsuit filed against the authority on October 14, 2009, by Texans Federal Credit Union (Texans) for recovery under a loan guarantee of \$3.2 million made by the State Market Commission (SMC) on behalf of the Louisiana Cypress Mill (cypress mill) (notes 10 and 11). Act 24 of 2009 transferred all appropriate funds and all property of SMC to the authority. The unfinished business and obligations of SMC shall be administered by the authority.

On May 13, 2010, the Nineteenth Judicial District Court for the Parish of East Baton Rouge granted Texans' motion for partial summary judgment. The authority is appealing the judgment. There is a reasonable possibility of an unfavorable outcome. The estimated potential loss is \$3,200,000.

**CONTACTING THE LOUISIANA AGRICULTURAL
FINANCE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide residents, taxpayers, customers, and investors and creditors with a general overview of the authority's finances and to show the authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Corinne Brousseau, Louisiana Department of Agriculture and Forestry, Post Office Box 631, Baton Rouge, Louisiana 70821-0631.

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

Statement of Net Assets, June 30, 2010

ASSETS

Current assets:

Cash (note 2)	\$1,100,760
Accounts receivable (net)	15,428
Due from primary government (note 9)	2,408,629
Interest receivable	200,000
Notes receivable (note 3)	7,669,582
Deferred charges and prepaid expenses	46,875
Unamortized debt issuance cost	201,884
Total current assets	<u>11,643,158</u>

Noncurrent assets:

Restricted assets:

Cash (note 2)	8,107,674
Notes receivable (note 3)	24,742,922
Interest receivable	7,129,688
Notes receivable (note 3)	60,610,448
Deferred charges and prepaid expenses	490,234
Unamortized debt issue costs	828,965
Property, plant, and equipment (net of depreciation) (note 4)	51,050,481
Other noncurrent assets	900
Total noncurrent assets	<u>152,961,312</u>

TOTAL ASSETS

164,604,470

LIABILITIES

Current liabilities:

Accounts payable	7,590
Liabilities payable from restricted assets	29,811
Due to federal government	477,042
Deferred revenue	1,500

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA AGRICULTURAL FINANCE AUTHORITY
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Statement of Net Assets, June 30, 2010**

LIABILITIES (CONT.)

Current liabilities: (Cont.)

Bonds payable (note 6)	\$9,081,688
Accrued interest on bonds payable	973,561
Total current liabilities	<u>10,571,192</u>

Noncurrent liabilities:

Due to Office of Community Development (note 3)	32,332,477
Bonds payable (note 6)	62,783,374
Total noncurrent liabilities	<u>95,115,851</u>

TOTAL LIABILITIES 105,687,043

NET ASSETS

Invested in capital assets, net of related debt	15,365,291
Restricted for capital projects	6,170,674
Restricted for other specific purposes	1,907,187
Unrestricted	<u>35,474,275</u>

TOTAL NET ASSETS \$58,917,427

(Concluded)

The accompanying notes are an integral part of this statement.

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

**Statement of Revenues, Expenses,
and Changes in Net Assets
For the Year Ended June 30, 2010**

OPERATING REVENUES:

Rental income pledged as security for revenue bonds	\$2,513,253
Intergovernmental (note 12)	7,569,454
Use of money and property	2,163,921
Other	37,727
Total operating revenues	<u>12,284,355</u>

OPERATING EXPENSES:

Administrative services	158,952
Contractual services	189,406
Operating services	1,675,573
Supplies	254,373
Professional services	223,602
Amortization of bond issuance costs	198,380
Interest expense	3,130,093
Federal grants	7,632,687
Miscellaneous	21,333
Depreciation expense (note 4)	5,466,315
Total operating expenses	<u>18,950,714</u>

OPERATING LOSS (6,666,359)

NONOPERATING REVENUES (Expenses):

Nonoperating revenue - federal revenues	8,565,735
Nonoperating expense - federal expenses	(119,720)
Capital contributions	10,000
Gain on disposal of fixed assets	4,800
Net nonoperating revenues	<u>8,460,815</u>

Change in net assets 1,794,456

NET ASSETS - BEGINNING OF YEAR, Restated (note 8) 57,122,971

TOTAL NET ASSETS AT END OF YEAR \$58,917,427

The accompanying notes are an integral part of this statement.

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

**Statement of Cash Flows
For the Year Ended June 30, 2010**

Cash flows from operating activities:

Cash received from customers	\$9,899,149
Cash payments to suppliers for goods and services	(1,770,929)
Administration of loan programs	(8,333,535)
Cash payments for interest	(5,484,389)
Other operating revenues	177,324
Net cash used by operating activities	<u>(5,512,380)</u>

Cash flows from noncapital financing activities:

Federal loans receipts	40,788,723
Federal loans disbursements	(32,438,125)
Other	1,995,797
Net cash provided by noncapital financing activities	<u>10,346,395</u>

Cash flows from capital and related financing activities:

Principal paid on bonds	(17,221,688)
Acquisition/construction of capital assets	(4,499,353)
Proceeds from sale of capital assets	7,500
Other	(554,841)
Net cash used by capital and related financing activities	<u>(22,268,382)</u>

Net decrease in cash (17,434,367)

Cash at beginning of year 26,642,801

Cash at end of year \$9,208,434

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA AGRICULTURAL FINANCE AUTHORITY
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA
Statement of Cash Flows, 2010**

Reconciliation of Operating Loss to Net Cash

Provided by Operating Activities:

Operating loss	<u>(\$6,666,359)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	5,664,695
Changes in assets and liabilities:	
(Increase) in receivables	(2,783)
(Increase) in due from other funds	(177,411)
(Increase) in other assets	(1,951,203)
(Decrease) in accounts payable	(17,600)
Increase in due to other funds	4,249
(Decrease) in other liabilities	<u>(2,365,968)</u>
Total adjustments	<u>1,153,979</u>
Net cash used by operating activities	<u><u>(\$5,512,380)</u></u>

Reconciliation of Cash to the Statement of Net Assets

Cash classified as current assets	\$1,100,760
Cash classified as noncurrent assets	<u>8,107,674</u>
Total Cash	<u><u>\$9,208,434</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

INTRODUCTION

The Louisiana Agricultural Finance Authority (authority) is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statutes (R.S.) 3:261-284, within the Department of Agriculture and Forestry, State of Louisiana, and is domiciled in East Baton Rouge Parish. The authority consists of nine members, one of whom is the commissioner of the Department of Agriculture and Forestry and eight members appointed by the governor. The members may receive a per diem not to exceed \$40 per meeting, plus mileage expenses. The authority has no employees. Employees of the Department of Agriculture and Forestry perform the administrative and accounting functions of the authority.

The authority was established to issue bonds to provide financing for agricultural loans through the purchase or guarantee of existing loans or negotiation of new loans and to supervise and use public employees, equipment, and material in carrying out public work. The bonds are limited special obligations of the authority and do not constitute a general, special, or moral obligation of the State of Louisiana. In addition, the authority can issue revenue bonds for the purpose of acquiring, constructing, renovating, and equipping an office building and connected related facilities for use by the Department of Agriculture and Forestry in connection with the promotion and assistance of agriculture and forestry within the state. The revenue bonds are limited obligations of the authority and do not constitute a debt of the State of Louisiana. Upon termination of the authority by law, R.S. 3:283 requires that all rights, money, assets, and revenues in excess of obligations be deposited in the state General Fund.

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 authority 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 authority has elected to follow GASB pronouncements issued after November 30, 1989, rather than FASB pronouncements.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The authority is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints eight of the nine authority members and is able to impose his will on the

authority. The accompanying financial statements present only the activity of the authority. Annually, the State of Louisiana issues basic financial statements that include the activity contained in the accompanying financial statements.

C. BASIS OF ACCOUNTING

For financial reporting purposes, the authority is considered a special-purpose government engaged only in business type activities. All activities of the authority are accounted for within a single proprietary (enterprise) fund.

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 authority 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.

Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with the authority'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 authority is rental fees for office space and intergovernmental revenue from the Department of Agriculture and Forestry. Operating expenses include administrative expenses, interest, and depreciation on capital assets.

D. BUDGET PRACTICES

Although not required to submit a budget for legislative approval, the authority prepares and submits an operating budget to its Board of Directors for approval.

E. CASH

Cash represents amounts in demand deposits and amounts on deposit with the fiscal agent bank. Under state law, the authority 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 authority 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.

F. CAPITAL ASSETS

Property and equipment are valued at historical cost except for donated capital assets, which are recorded at their estimated value at the time of donation. Equipment includes all items valued at or above \$5,000. Depreciation of all exhaustible capital assets of the authority is charged as an expense against operations. Depreciation is computed using the straight-line method based on the estimated useful lives as follows:

	Years
Buildings and improvements	40
Equipment	5 or 10

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

The authority has no employees. Department of Agriculture and Forestry employees perform the administrative and accounting functions for the authority. Therefore, no compensated absences, pension benefits, or postretirement benefits are provided by the authority.

H. LONG-TERM OBLIGATIONS

Long-term obligations consist of bonds payable. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. In addition, long-term obligations consist of monies due to the Division of Administration, Office of Community Development (OCD). This amount relates to the Louisiana Farm and Agribusiness Recovery Loan and Grant Program (see note 3).

I. NET ASSETS

Net assets comprise the various net earnings from operations, 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 net assets subject to 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.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the authority's policy is to first apply the expense toward restricted resources, then toward unrestricted resources.

2. CASH

For reporting purposes, cash represents amounts in interest-bearing demand deposits and amounts on deposit with the fiscal agent bank. At June 30, 2010, the authority has cash deposits (book balances) of \$9,208,434 as follows:

Interest-bearing demand deposits	\$4,253,600
Cash with fiscal agent	<u>4,954,834</u>
Total	<u><u>\$9,208,434</u></u>

Custodial credit risk is the risk that in the event of a bank failure, the authority's deposits may not be recovered. Under state law, the authority'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 authority 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>Program or Type</u>	<u>Amount</u>
Capital One - Demand Account	Operating Account	\$4,530,996
Hancock Bank - Fiscal Agent	Investment Account	<u>4,954,834</u>
Total		<u><u>\$9,485,830</u></u>

3. NOTES RECEIVABLE

Notes receivable totaling \$93,022,952 reported on the Statement of Net Assets at June 30, 2010, is composed of the following:

<u>Type</u>	<u>Balance at June 30, 2010</u>	<u>Noncurrent Portion</u>
Lacassine Syrup Mill	\$60,000,000	\$60,000,000
Louisiana Farm and Agribusiness Recovery Loan and Grant Program	32,332,477	24,742,922
State Market Commission and Farm Youth Loan Program	<u>690,475</u>	<u>610,448</u>
Total	<u><u>\$93,022,952</u></u>	<u><u>\$85,353,370</u></u>

At June 30, 2006, the authority entered into a lease-purchase agreement with Lake Charles Cane-Lacassine Mill, LLC (LLC), for the Lacassine Syrup Mill (mill), located in Lacassine, Louisiana. The LLC leased the mill and certain equipment for \$60 million plus annual interest of 3%. Included in the agreement was an operating lease for land on which the mill was constructed. The term of the lease agreement was from June 29, 2006, to December 31, 2051.

The authority granted the LLC an option to purchase the mill at any time during the term of the agreement. On November 2, 2006, the LLC exercised the option to purchase the mill and equipment. The authority financed the purchase with a \$60 million promissory note plus 3% annual interest to be paid in 44 successive annual installments beginning on December 31, 2007.

The authority and the LLC amended the land portion of the agreement to include a 55-year second term. Initially, the LLC will pay the user fee assessed to all tenants and/or occupants within the Lacassine industrial park. Beginning in the second term, land lease payments will be \$500 per acre per annum and will increase to \$2,500 per acre per annum following any year in which the syrup plant is idle for more than one-half of the sugarcane harvest season for reasons controlled by the LLC.

On November 30, 2009, under a cooperative endeavor agreement, effective March 23, 2009, between the authority and the Division of Administration, OCD, the authority began issuing loans and grants for the Louisiana Farm and Agribusiness Recovery Loan and Grant Program. The funds were awarded by the U.S. Department of Housing and Urban Development with Community Development Block Grant Program (CDBG) funds, which are administered through OCD. At June 30, 2010, agribusiness and farm loans outstanding total \$32,332,477, the current portion of which totals \$7,589,555. These loans are reported as notes receivable on the Statement of Net Assets.

Amounts due to OCD totaling \$32,332,477 reported on the Statement of Net Assets represent the outstanding balance of notes receivable, including amounts paid by borrowers to the authority but not remitted to OCD at June 30, 2010. In accordance with the cooperative endeavor agreement between the authority and OCD, the authority is liable to OCD only for the payments received from the borrower; the authority is not responsible to OCD for any unpaid amounts.

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets and related depreciation for the fiscal year ended June 30, 2010, follows:

	Beginning Balance July 1, 2009	Prior Period Adjustments	Restated Balance July 1, 2009	Additions	Transfers	Deletions	Ending Balance June 30, 2010
Capital assets not being depreciated:							
Land	\$6,857,275	\$6,618	\$6,863,893			(\$6,500)	\$6,857,393
Construction-in-progress	881,016	2	881,018	\$655,614	(\$851,245)		685,387
Total capital assets not being depreciated	<u>7,738,291</u>	<u>6,620</u>	<u>7,744,911</u>	<u>655,614</u>	<u>(851,245)</u>	<u>(6,500)</u>	<u>7,542,780</u>
Capital assets being depreciated:							
Buildings	35,914,396		35,914,396	3,693,564	851,245		40,459,205
Land improvements	7,261,228		7,261,228				7,261,228
Equipment	25,537,128	(828,000)	24,709,128	92,793		(52,159)	24,749,762
Total capital assets being depreciated	<u>68,712,752</u>	<u>(828,000)</u>	<u>67,884,752</u>	<u>3,786,357</u>	<u>851,245</u>	<u>(52,159)</u>	<u>72,470,195</u>
Less accumulated depreciation for:							
Buildings	(10,762,545)		(10,762,545)	(1,085,370)			(11,847,915)
Land improvements	(2,032,467)		(2,032,467)	(378,046)			(2,410,513)
Equipment	(10,802,343)	60,467	(10,741,876)	(4,002,899)		40,709	(14,704,066)
Total accumulated depreciation	<u>(23,597,355)</u>	<u>60,467</u>	<u>(23,536,888)</u>	<u>(5,466,315)</u>	<u>NONE</u>	<u>40,709</u>	<u>(28,962,494)</u>
Total capital assets (net)	<u>\$52,853,688</u>	<u>(\$760,913)</u>	<u>\$52,092,775</u>	<u>(\$1,024,344)</u>	<u>NONE</u>	<u>(\$17,950)</u>	<u>\$51,050,481</u>

Information relating to construction-in-progress follows:

<u>Project</u>	<u>Costs to Date</u>	<u>Estimated Completion Date</u>	<u>Estimated Cost to Complete</u>
Natchitoches project	\$490,629	10/31/2010	\$33,906
Baton Rouge generator shed	8,331	9/17/2010	1,454
St. Martinville warehouse	186,426	10/31/2010	28,806
Total	<u>\$685,386</u>		<u>\$64,166</u>

5. LEASES

A. Capital Leases

The authority has no capital leases.

B. Operating Leases

The total payments for operating leases, consisting of land and office space leases, during the fiscal year 2009-2010 amounted to \$95,900. The following is a schedule by years of future minimum annual rental payments required under operating leases:

<u>Year ending June 30,</u>	<u>Office Space</u>	<u>Land</u>	<u>Total Minimum Payments Required</u>
2011	\$46,216	\$2,739	\$48,955
2012	46,216	1,800	48,016
2013	46,216		46,216
2014	19,257		19,257
Total	<u>\$157,905</u>	<u>\$4,539</u>	<u>\$162,444</u>

C. Lessor - Operating Leases

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting) and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale, and the lessor simply records rent revenues as they become due. The following property is on lease or held for leasing as of June 30, 2010:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Amount</u>
Buildings	\$14,626,127	(\$5,672,070)	\$8,954,057
Land	475,734		475,734
Total carrying amount of property	<u>\$15,101,861</u>	<u>(\$5,672,070)</u>	<u>\$9,429,791</u>

The following is a schedule by year of minimum future rentals on noncancelable operating leases as of June 30, 2010:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$2,170,496
2012	1,797,689
2013	1,797,689
2014	1,797,689
2015	1,738,994
2016-2020	6,032,813
2021-2025	305,965
2026-2030	305,965
2031-2035	305,965
2036-2040	305,965
2041-2045	305,965
2046-2050	305,965
2051-2055	10,407
Total	<u><u>\$17,181,567</u></u>

No contingent rentals were received from operating leases for the fiscal year ended June 30, 2009.

6. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the authority for the year ended June 30, 2010:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>June 30, 2009</u>			<u>June 30, 2010</u>	<u>Due Within</u>
					<u>One Year</u>
Bonds payable	<u>\$89,086,750</u>	<u>NONE</u>	<u>(\$17,221,688)</u>	<u>\$71,865,062</u>	<u>\$9,081,688</u>

Details of all bonds outstanding at June 30, 2010, follow:

<u>Issued for</u>	<u>Date Issued</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2009</u>	<u>Issued (Redeemed)</u>	<u>Outstanding June 30, 2010</u>	<u>Maturity Date</u>	<u>Interest Rates</u>
Series 2004 - Lacassine Syrup Plant	3/2/2004	\$45,000,000	\$45,000,000	(\$15,000,000)	\$30,000,000	9/15/2015	fixed
Series 2006:							
Building projects	3/30/2006	3,804,219	3,043,375	(760,844)	2,282,531	9/15/2012	variable
Building projects	3/30/2006	3,804,219	3,043,375	(760,844)	2,282,531	9/15/2012	variable
Series 2006 B	4/27/2006	2,000,000	1,600,000	(400,000)	1,200,000	9/15/2012	variable
Series 2007:							
Building projects and equipment purchases	3/26/2007	6,000,000	5,400,000	(300,000)	5,100,000	9/15/2026	variable
Multi-buildings and equipment purchases	10/1/2007	31,000,000	31,000,000		31,000,000	9/15/2017	5.25%
Total		<u>\$91,608,438</u>	<u>\$89,086,750</u>	<u>(\$17,221,688)</u>	<u>\$71,865,062</u>		

Debt service requirements to maturity are as follows:

<u>Fiscal year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$9,081,688	\$2,702,639	\$11,784,327
2012	9,196,687	2,541,791	11,738,478
2013	9,376,687	2,321,859	11,698,546
2014	7,685,000	2,049,169	9,734,169
2015	8,005,000	1,711,699	9,716,699
2016-2020	26,420,000	2,812,576	29,232,576
2021-2025	1,500,000	402,750	1,902,750
2026-2030	600,000	48,330	648,330
Total	<u>\$71,865,062</u>	<u>\$14,590,813</u>	<u>\$86,455,875</u>

The Series 2007 revenue bonds in the amount of \$31,000,000 issued on October 1, 2007, are secured by revenues from a lease agreement between the authority and the Louisiana Department of Agriculture and Forestry (LDAF). Interest is fixed at 5.25% for the term of the bonds and calculated on the basis of a 360-day year consisting of twelve 30-day months.

Unamortized bond issuance costs associated with the Series 2007 revenue bonds issued on October 1, 2007, include legal and other fees. The original issuance costs were \$366,150. These costs will be amortized over the life of the bonds using the straight-line method. The balance of unamortized bond issuance costs at June 30, 2010, is \$268,510. The bond issuance costs amortized in fiscal year 2009-2010 were \$36,615.

The Series 2007 revenue bonds in the amount of \$6,000,000 issued on March 26, 2007 are secured by revenue from a lease agreement between the authority and LDAF. The initial interest rate on the bonds is fixed at 5.37% until September 15, 2012, and then will be adjusted on September 15, 2012; September 15, 2017; and September 15, 2022, to 65% of the then applicable swap rate plus 198 basis points.

Unamortized bond issuance costs associated with the Series 2007 revenue bonds include legal and other fees. The original issuance costs were \$58,000. These costs will be amortized over the life of the bonds using the straight-line method. The balance of unamortized bond issuance costs at June 30, 2010, is \$48,755. The bond issuance costs amortized in fiscal year 2009-2010 were \$2,831.

The Series 2006 and Series 2006B revenue bonds are secured by income and revenues in the Feed, Fertilizer, and Pesticide Funds (License and Regulatory Boards Funds Account). The interest rate on the bonds is variable and is calculated by multiplying the London Interbank Offered Rate (LIBOR) by 65% and adding 119 basis points. Interest is calculated on the basis of a 360-day year based on actual days elapsed.

Unamortized bond issuance costs associated with the Series 2006 and 2006B revenue bonds include legal and other fees. The original issuance costs were \$11,317. These costs will be amortized over the life of the bonds using the straight-line method. The balance of unamortized bond issuance costs at June 30, 2010, is \$3,872. The bond issuance costs amortized in fiscal year 2009-2010 were \$1,750.

The Series 2004 Lacassine Syrup Plant revenue bonds totaling \$45,000,000 are secured by the net revenues from the operation of the facilities and the avails of the net slot machine proceeds described in R.S. 27:392(B)(4). The bonds may be fixed per annum (term) or fluctuating per annum (weekly) rate bonds bearing interest at a rate not exceeding 12% per annum. Interest at the weekly rate and interest at the term rate for any period of one year or less is computed on the basis of a 365- or 366-day year. Interest at the term rate for any period of more than one year is computed on the basis of a 360-day year with 12 months of 30 days each.

Unamortized bond issuance costs associated with the Series 2004 revenue bonds include legal and other fees. The original issuance costs were \$307,326 plus underwriter's fees totaling \$170,000. Because of the interest rate conversion, the issuance costs have now been increased to \$803,448 (\$248,607 - remainder of previous issuance costs plus \$554,841 for the current year issuance costs). These costs will be amortized over the life of the bonds using the straight-line method. The balance of unamortized bond issuance costs at June 30, 2010, is \$709,712. The bond issuance costs amortized in fiscal year 2009-2010 were \$110,309.

Capital Lease Obligations

The authority did not have any capital lease obligations at June 30, 2010.

7. CONDUIT DEBT OBLIGATIONS

In August 1995, the GASB issued Interpretation No. 2 (Disclosure of Conduit Debt Obligations). Governmental entities may enter into arrangements whereby a nongovernmental entity is able to finance the acquisition of facilities by issuing conduit debt obligations, which the GASB describes as follows:

Certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not part of the issuer's financial reporting entity.

The GASB concluded that conduit debt does not create a liability and, therefore, does not have to be presented on the governmental entity's financial statements.

The authority is authorized by R.S. 3:266 to issue bonds to provide financing for agricultural loans through the purchase or guarantee of existing loans or negotiation on new loans. During 1986, the authority issued two bond issues (1986A I and 1986A II) totaling \$300,000,000 that are currently in default.

Debt issued by the authority for which the authority and the government have no responsibility for repayment is not recorded in the accompanying financial statements and is comprised of the following issues:

<u>Issued for</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Maturity Dates</u>	<u>Authorized and Issued</u>	<u>Retired to Date</u>	<u>Outstanding June 30, 2010</u>
Agricultural Loan Program:						
	8.25%	1986A I	various	\$150,000,000	\$107,938,898	\$42,061,102
	8.80%	1986A II	various	<u>150,000,000</u>	<u>105,653,156</u>	<u>44,346,844</u>
Total				<u>\$300,000,000</u>	<u>\$213,592,054</u>	<u>\$86,407,946</u>

Both of the 1986 bond issues were payable solely from the proceeds of two Guaranteed Investment Contracts with Executive Life Insurance Company and from certain agricultural loans permitted under the financing program. The commissioner of insurance from the state of California placed Executive Life Insurance Company into conservatorship on April 11, 1991. Both of the 1986 series bonds subsequently defaulted.

Trustees of the two 1986 series defaulted bonds, referred to as LAFA I and LAFA II, have received distributions on behalf of bondholders under a modified plan of rehabilitation for Executive Life Insurance Company. Distributions through the fiscal year ended June 30, 2010, under the modified plan, including interest, total \$154,523,387 for the LAFA I bonds and \$154,226,287 for the LAFA II bonds. These distributions include court-ordered trust administration costs of \$4,708,984 for the LAFA I bonds and \$4,708,715 for the LAFA II bonds. Principal and interest of \$107,938,898 and \$41,890,695, respectively, have been paid for the LAFA I series bonds, and principal and interest of \$105,653,156 and \$43,879,606, respectively,

have been paid for the LAFA II series bonds. Under the plan, distributions can continue until the conservator declares that they are complete or the modified plan has expired.

8. NET ASSETS RESTATED

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

Net assets, June 30, 2009	\$57,884,692
Capital assets:	
State Market Commission (SMC)	(738,692)
Federal Expense - Hammond Upgrade	112
Depreciation	(22,333)
Due from SMC	<u>(808)</u>
Net assets at June 30, 2009, as restated	<u><u>\$57,122,971</u></u>

9. DUE FROM PRIMARY GOVERNMENT

At June 30, 2010, the authority has amounts due to/from the primary government for the following:

<u>Source</u>	<u>Total</u>
Department of Agriculture and Forestry:	
Boll Weevil Eradication Program - rental payment	\$28,800
Repayment of bond proceeds	1,750,683
Rental payment	298,333
Cash discount on trucks/dozers	241,448
Other	22,758
Personal services	(39,051)
Governor's Office of Homeland Security and Emergency Preparedness	87,952
Division of Administration:	
OCD	17,213
Office of Risk Management	<u>493</u>
Total due from primary government	<u><u>\$2,408,629</u></u>

10. LOAN GUARANTEES

On November 3, 2006, the authority guaranteed a \$4,000,000 loan between the Lake Charles Cane-Lacassine Mill, LLC and Jeff Davis Bank and Trust Company. Principal outstanding on the loan at June 30, 2010, totals \$2,840,000.

On June 29, 2006, the SMC guaranteed a \$7,000,000 loan between the Lake Charles Cane-Lacassine Mill, LLC and Hancock Bank. Principal outstanding on the loan at June 30, 2010, totals \$4,200,000.

On June 28, 2007, SMC guaranteed a \$3,150,000 loan between LA State Cypress, LLC (cypress mill) and Texans Credit Union (Texans) located in Richardson, Texas.

The Louisiana Attorney General (AG) issued AG Opinion 08-0258 on March 26, 2009, and AG Opinion 09-0120 on September 22, 2009, for the SMC and the authority, respectively. The opinions state that the SMC and the authority must obtain Louisiana State Bond Commission (Bond Commission) approval before guaranteeing any loans. None of these loan guarantees were approved by the Bond Commission.

On April 24, 2009, SMC entered into a *Dation En Paiement* with the cypress mill, which had notified SMC that the cypress mill was going to default on its loan obligation to Texans and under which SMC took possession of cypress mill assets with a fair market value totaling \$3,227,707 at March 5, 2009.

11. RISK MANAGEMENT

The authority is exposed to various risks of losses related to general liability: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The authority is a party to various legal proceedings incidental to its business but is not involved in litigation seeking damages. In the opinion of management, all such matters are adequately covered by insurance purchased from the Office of Risk Management and are not expected to have a material effect on the financial statements.

On July 30, 2009, Texans, which had provided a loan to the cypress mill and which the SMC had guaranteed without Bond Commission approval, notified the authority that the cypress mill had defaulted on its loan with Texans. In addition, Texans demanded that the authority pay all past due amounts under the loan within 30 days of the notice of default. To date, the authority has made no payments to Texans.

On October 14, 2009, Texans filed a lawsuit against the cypress mill, the Louisiana Department of Agriculture and Forestry, the SMC, and the authority seeking, "...all principal, interest, default interest and late fees due under the Cypress Note, along with reasonable attorney's fees and collection costs; and for all other relief to which TCU [Texans Credit Union] may be entitled."

On May 13, 2010, the Nineteenth Judicial District Court for the Parish of East Baton Rouge granted Texans' motion for partial summary judgment, stating, "...Attorney General Opinion 08-0258 was misapplied to this factual situation and holding that the State Market Commission was not required to obtain the approval of the Louisiana State Bond Commission prior to making a loan guarantee in favor of Texans Credit Union."

The court ordered that the judgment be designated a partial final judgment pursuant to the Louisiana Code of Civil Procedure, Article 1915(B)(1) for the purposes of appeal, allowing an immediate appeal of the judgment. The authority is preparing its appeal of the summary judgment. There is a reasonable possibility of an unfavorable outcome. The estimated potential loss is \$3,200,000.

Texans has filed a separate lawsuit against the SMC and the authority seeking to revoke the *Dation en Paiement* of the assets of the cypress mill to the authority. There is a reasonable possibility of an unfavorable outcome. The estimated potential loss is \$10,000.

The authority entered into a contract with Arkel Sugar Incorporated (Arkel) to provide engineering services related to the Lacassine Syrup Mill (mill) in Jefferson Davis Parish. Arkel has filed a lawsuit against the authority contending that certain design services performed by Arkel were not in the scope of work under the contract and that Arkel should be paid an additional \$609,573 for the services. The authority contends that the design work was within the scope of the contract and that the contract had a cap amount within which Arkel agreed to do all necessary work and is therefore not entitled to any additional compensation. There is a reasonable possibility of an unfavorable outcome. The estimated maximum potential loss is \$1,500,000.

The authority entered into a contract with SMAR International Corporation (SMAR) to provide goods and services to the mill. SMAR has filed a lawsuit against the authority in the amount of \$80,964 contending that certain invoices for goods and services were not paid. The authority contends that the unpaid liabilities are the responsibility of the Lake Charles Cane - Lacassine Mill, LLC (LLC). The authority's November 2, 2006, sale of the mill to the LLC transferred to the LLC the authority's unpaid liabilities for goods and services provided to the mill before the sale, which included goods and services provided by SMAR. There is a reasonable possibility of an unfavorable outcome. The estimated potential loss is \$90,000.

During the past three years, there were no claims against the authority that exceeded insurance coverage. During the year ended June 30, 2010, a total of \$87,458 was expended for legal services.

12. INTERGOVERNMENTAL REVENUES

During the fiscal year ended June 30, 2010, the authority received intergovernmental revenues from the primary government as follows:

<u>Source</u>	<u>Amount</u>
Department of Agriculture and Forestry:	
Gaming Control Fund	\$5,528,082
Licensing and Regulatory Board	2,000,000
Department of Transportation and Development -	
repairs at Woodworth Airport	22,762
Office of Risk Management - AES Truck	18,610
Total	\$7,569,454

13. REVENUE USED AS SECURITY FOR REVENUE BONDS

Pledged revenues are specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government. Pledged revenues must be disclosed for each period in which the secured debt remains outstanding and for each secured debt issued.

Specific pledged revenues are the net slot machine proceeds in R.S. 27:392(B)(4); the income and revenues in the Fertilizer Fund pursuant to R.S. 3:1311-1318; the income and revenues in the Feed Commission Fund pursuant to R.S. 3:1892-1907; the income and revenues in the Pesticide Fund pursuant to R.S. 3:3201-3257; and rental and lease income of the authority.

The debt secured by the pledge totals \$71,865,062. The approximate remaining amount of the pledge is \$86,455,875 at June 30, 2010, representing \$71,865,062 in principal and \$14,590,813 in interest. The term of the commitment was 23 years beginning in March 2004 and ending in September 2026. The dedicated revenues are pledged 100% annually up to the current amount due for principal and interest. For fiscal year 2010, the pledged revenues recognized totaled \$7,505,082. The principal requirement for fiscal year 2010 was \$17,221,688 and the interest requirement was \$4,670,014.

14. RELATED PARTY TRANSACTIONS

As discussed in note 3, during fiscal 2010, the authority began administering the Louisiana Farm and Agribusiness Recovery Loan and Grant Program, administered through OCD. Under the program, the authority has made loans and grants totaling \$1,133,916 to 29 individuals employed by LDAF or serve in a capacity within LDAF who for reporting purposes are considered related parties. These individuals, whose loans are allowable under R.S. 42:1113(D)(1)(c)(iii) and under the cooperative endeavor agreement between the authority and OCD, qualified for the loans based on pre-established criteria applied to all loan applicants.

15. SUBSEQUENT EVENTS

As discussed in note 10, on November 3, 2006, the authority guaranteed a \$4,000,000 loan between the LLC and Jeff Davis Bank and Trust Company (bank). The loan matures on November 3, 2012. Through June 30, 2010, the LLC has requested, and the bank has granted, seven loan extensions in an effort to avoid a default on the loan.

On November 17, 2010, the bank agreed to a further modification of the payment terms under the loan. Under the agreement, the LLC was required to make an immediate \$100,000 interest payment to the bank and has agreed to pay the remaining accrued interest due through December 15, 2010, on December 15, 2010. The principal payment past due as of the date of the agreement totaled \$1,240,000. The loan payment schedule was modified as follows:

	Payment Amount	Total
	<u> </u>	<u> </u>
March 31, 2011 - past due principal		\$620,000
November 3, 2011:		
Past due principal	\$620,000	
Current principal due	<u>800,000</u>	
Principal due November 3, 2011		<u>1,420,000</u>
Total		<u><u>\$2,040,000</u></u>

The LLC is also required to pay all accrued interest due with the November 2011 payment. The authority consented to the modification of the loan payment schedule in a resolution dated November 17, 2010.

Beginning with the fiscal year ending June 30, 2011, the authority will administer the Fisheries Recovery Program, which is part of the Louisiana Recovery Authority’s 2008 Hurricane Gustav and Ike Recovery Program. The program has been awarded \$21.9 million by the U.S. Department of Housing and Urban Development with Community Development Block Grant (CDBG) program funds administered through OCD.

On August 4, 2010, the authority received an additional \$5 million under the Louisiana Farm and Agribusiness Recovery Loan and Grant Program to be disbursed as grants to participating farmers. The funds were awarded by the U.S. Department of Housing and Urban Development with CDBG program funds administered through OCD.

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

December 14, 2010

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 AGRICULTURAL FINANCE AUTHORITY
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**
Baton Rouge, Louisiana

We have audited the basic financial statements of the Louisiana Agricultural Finance Authority (authority), a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 14, 2010. 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 authority'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 authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the authority's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 authority, its management, others within the entity, members of the authority, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE
Legislative Auditor

CLM:CGEW:EFS:THC:dl

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