

LOUISIANA EGG COMMISSION
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
ISSUED OCTOBER 26, 2005

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

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STEVE J. THERIOT, CPA

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STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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October 13, 2005

Independent Auditor's Report
on the Financial Statements

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

We have audited the accompanying basic financial statements of the Louisiana Egg Commission, a component unit of the State of Louisiana, as of June 30, 2005, and for the years ended June 30, 2005 and 2004. These financial statements are the responsibility of management of the Louisiana Egg Commission. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Egg Commission as of June 30, 2005, and its changes in financial position and its cash flows for the years ended June 30, 2005 and 2004, 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. While the Louisiana Egg Commission did not directly suffer any major effects of these two hurricanes, the long-term effects of these events directly on the commission cannot be determined at this time.

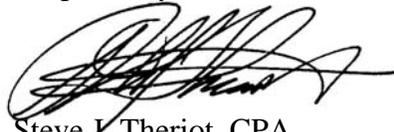
LOUISIANA EGG COMMISSION

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2005, on our consideration of the Louisiana Egg Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and 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.

The commission has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the Louisiana Egg Commission's basic financial statements. The accompanying Schedule of Per Diem Paid Board Members and the Annual Fiscal Report to the Office of the Governor, Division of Administration, Office of Statewide Reporting and Accounting Policy are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The schedule and the report have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

BB:CGEW:THC:ss

[EGG05]

**LOUISIANA EGG COMMISSION
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

Statement of Net Assets, June 30, 2005

ASSETS

Current assets:

Cash and cash equivalents (note 2)	\$96,112
Receivables - assessments (note 3)	5,000

Total assets	101,112
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LIABILITIES

NONE

NET ASSETS - unrestricted	\$101,112
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The accompanying notes are an integral part of this statement.

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**LOUISIANA EGG COMMISSION
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA****Statements of Revenues, Expenses,
and Changes in Fund Net Assets
For the Years Ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES		
Licenses and fees	\$23,600	\$23,911
Assessments	59,096	58,520
Total operating revenues	<u>82,696</u>	<u>82,431</u>
OPERATING EXPENSES		
Administrative services (note 4)	30,714	30,000
Travel	661	1,203
Operating services	30,322	7,182
Supplies	7,448	14,193
Other charges	1,959	4,553
Total operating expenses	<u>71,104</u>	<u>57,131</u>
OPERATING INCOME	<u>11,592</u>	<u>25,300</u>
NONOPERATING REVENUES		
Use of money and property	<u>565</u>	<u>314</u>
Change in net assets	12,157	25,614
TOTAL NET ASSETS AT BEGINNING OF YEAR - AS RESTATED (note 6)	<u>88,955</u>	<u>63,341</u>
TOTAL NET ASSETS AT END OF YEAR	<u><u>\$101,112</u></u>	<u><u>\$88,955</u></u>

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

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**LOUISIANA EGG COMMISSION
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

**Statements of Cash Flows
For the Years Ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Cash received from assessments, licenses, and fees	\$82,375	\$81,481
Cash paid to suppliers for goods and services	<u>(71,104)</u>	<u>(57,131)</u>
Net cash provided by operating activities	<u>11,271</u>	<u>24,350</u>
Cash flows from investing activities:		
Interest received	<u>565</u>	<u>314</u>
Net increase in cash and cash equivalents	11,836	24,664
Cash and cash equivalents at beginning of year	<u>84,276</u>	<u>59,612</u>
Cash and cash equivalents at end of year	<u><u>\$96,112</u></u>	<u><u>\$84,276</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$11,592	\$25,300
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
(Increase) in accounts receivable	(321)	(853)
Decrease in accounts payable	<u>NONE</u>	<u>(97)</u>
Net cash provided by operating activities	<u><u>\$11,271</u></u>	<u><u>\$24,350</u></u>

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

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INTRODUCTION

The Louisiana Egg Commission is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture and Forestry, as provided by Louisiana Revised Statutes (R.S.) 3:551.1-11. The commission is composed of 12 members, 10 of whom are appointed by the governor upon the joint recommendation of the Poultry Industries of Louisiana, Incorporated, and/or the Louisiana Egg Council, and the Commissioner of Agriculture and Forestry. Two of the members are appointed by the governor from the public at-large. Members are appointed to six-year terms, and the appointments are staggered so that either two or four members' terms expire every two years. The Commissioner of Agriculture and Forestry is an ex-officio member with voting privileges. Commission members receive per diem payments of \$40 for attending commission meetings as authorized by R.S. 3:551.3.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The 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

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the reporting entity to be the State of Louisiana. The commission is considered to be a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the commission members and can impose his will on the commission. The accompanying financial statements present only the activity of the Louisiana Egg 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 statement. 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 the operations are included on the Statement of Net Assets.

Revenues are recognized in the accounting period when they are earned and expenses are recognized when the related liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenue of the commission consists of assessments on Louisiana egg producers.

E. BUDGET PRACTICES

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

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include interest-bearing demand deposits, certificates of deposit, and cash in the state treasury. Under state law, the commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the commission may invest in time certificates of deposit of state banks organized under the laws of 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, 2005.

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

The commission has no full-time employees. Employees of the Louisiana Department of Agriculture and Forestry perform all transactions. Therefore, no compensated absences, pension benefits, or postretirement benefits are provided by the commission.

I. NET ASSETS

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net assets generally are classified in the following components:

Invested in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted consists 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 consists of all other net assets that are not included in the other categories previously mentioned.

J. ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents consist of demand deposits, certificates of deposit, and cash in the state treasury. At June 30, 2005, the commission has cash and cash equivalents (book balances) of \$96,112 as follows:

Interest-bearing demand deposits	\$11,709
Savings accounts	2,418
Certificates of deposit	41,453
Cash in state treasury	<u>40,532</u>
 Total	 <u><u>\$96,112</u></u>

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 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 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>Program or Type</u>	<u>Amount</u>
Bank One - Demand Account	Operating Account	\$12,849
Bank One - Savings Account	Operating Account	2,418
Bank One - Certificate of Deposit	Operating Account	<u>41,453</u>
 Total		 <u><u>\$56,720</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, 2005, the commission has receivable balances for dairy assessments totaling \$5,000. The commission has not established an allowance for doubtful accounts.

4. ADMINISTRATIVE SERVICES

As shown on Statement B, the commission paid \$60,714 for the years ended June 30, 2005 and 2004, to the Louisiana Department of Agriculture and Forestry for administering and collecting assessments and license fees on the sale of eggs. R.S. 3:551.6(C) allows the Louisiana Department of Agriculture and Forestry to charge the commission all costs incurred in collecting the assessments and license fees.

5. RISK MANAGEMENT

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

There is no pending litigation or claims against the commission at June 30, 2005, which if asserted, in the opinion of the commission's legal advisors, would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements.

6. NET ASSETS RESTATED

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

Net assets, June 30, 2003	\$63,590
Adjustments:	
Change in accounts receivable estimate	(12)
Unlocated differences in account balances	<u>(237)</u>
Net assets, June 30, 2003, as restated	<u><u>\$63,341</u></u>

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PER DIEM PAID COMMISSION MEMBERS

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

Per diem payments are authorized by Louisiana Revised Statute 3:551.3. Commission members are paid \$40 for each day spent in actual attendance of meetings of the commission.

**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 Egg Commission as of June 30, 2005, and the results of its 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 EGG COMMISSION
DEPARTMENT OF AGRICULTURE AND FORESTRY
STATE OF LOUISIANA**

**Schedule of Per Diem Paid Board Members
For the Years Ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Anthony Berner	\$80	\$40
Michael Doss	80	40
Taylor Fernandez	80	80
Jason Jordan		40
Jeff Kleinpeter	40	40
Robert Lewis	80	80
James Pruitt	80	40
B. J. Sonnier	80	80
Robert Yarborough	80	80
	<u>80</u>	<u>80</u>
Total	<u>\$600</u>	<u>\$520</u>

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LOUISIANA EGG COMMISSION

(Agency Name)
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2004

C O N T E N T S

TRANSMITTAL LETTER
AFFIDAVIT

Statements

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 20_04

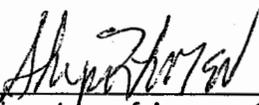
Louisiana Egg Commission
(Agency Name)

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

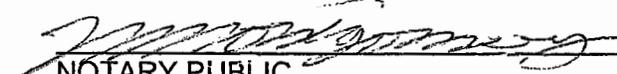
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

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 Egg Commission (Agency) at June 30, 2004,
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 16th day of August, 20_04.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: Linda R. Chaney
Title: Fiscal Director
Telephone No.: 225 952 8165
Date: August 16, 2004

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
STATEMENT OF NET ASSETS
AS OF June 30, 20 04

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C1)	\$ 84,276
Investments (Note C2)	_____
Receivables (net of allowance for doubtful accounts)(Note U)	4,679
Due from other funds (Note Y)	_____
Due from federal government	_____
Inventories	_____
Prepayments	_____
Notes receivable	_____
Other current assets	_____
Total current assets	88,955

NONCURRENT ASSETS:

Restricted assets (Note F):	_____
Cash	_____
Investments	_____
Receivables	_____
Notes receivable	_____
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	\$ 88,955

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ _____
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)	_____
Notes payable	_____
Liabilities payable from restricted assets (Note Z)	_____
Bonds payable	_____
Other long-term liabilities	_____
Total current liabilities	0

NON-CURRENT LIABILITIES:

Contracts payable	_____
Reimbursement contracts payable	_____
Compensated absences payable (Note K)	_____
Capital lease obligations (Note J)	_____
Notes payable	_____
Liabilities payable from restricted assets (Note Z)	_____
Bonds payable	_____
Other long-term liabilities	_____
Total long-term liabilities	0
Total liabilities	0

NET ASSETS

Invested in capital assets, net of related debt	_____
Restricted for:	_____
Capital projects	_____
Debt service	_____
Unemployment compensation	_____
Other specific purposes	_____
Unrestricted	88,955
Total net assets	88,955
Total liabilities and net assets	\$ 88,955

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

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED June 30, 20 04

OPERATING REVENUES	
Sales of commodities and services	\$ <u>58,521</u>
Assessments	<u>23,910</u>
Use of money and property	<u>82,431</u>
Licenses, permits, and fees	<u>23,910</u>
Other	<u>82,431</u>
Total operating revenues	<u>82,431</u>
OPERATING EXPENSES	
Cost of sales and services	<u>27,131</u>
Administrative	<u>30,000</u>
Depreciation	<u> </u>
Amortization	<u> </u>
Total operating expenses	<u>57,131</u>
Operating income(loss)	<u>25,300</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	<u> </u>
Intergovernmental revenues (expenses)	<u> </u>
Taxes	<u> </u>
Use of money and property	<u>314</u>
Gain (loss) on disposal of fixed assets	<u> </u>
Federal grants	<u> </u>
Interest expense	<u> </u>
Other	<u> </u>
Total non-operating revenues(expenses)	<u>314</u>
Income(loss) before contributions and transfers	<u>25,614</u>
Capital contributions	<u> </u>
Transfers in	<u> </u>
Transfers out	<u> </u>
Change in net assets	<u>25,614</u>
Total net assets – beginning as restated	<u>63,341</u>
Total net assets – ending	\$ <u><u>88,955</u></u>

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

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30 , 20 04

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Component Unit:					
<u>LOUISIANA EGG COMMISSION</u>	\$ <u>57,131</u>	\$ <u> </u>	\$ <u> NONE </u>	\$ <u> NONE </u>	\$ <u>(57,131)</u>
General revenues:					
Taxes					<u>82,431</u>
State appropriations					<u> </u>
Grants and contributions not restricted to specific programs					<u> </u>
Interest					<u>314</u>
Miscellaneous					<u> </u>
Special items					<u> </u>
Transfers					<u> </u>
Total general revenues, special items, and transfers					<u>82,745</u>
Change in net assets					<u>25,614</u>
Net assets - beginning					<u>63,341</u>
Net assets - ending					\$ <u><u>88,955</u></u>

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

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30, 20 04

Cash flows from operating activities

Cash received from customers	\$ 81,481
Cash payments to suppliers for goods and services	<u>(57,131)</u>
Cash payments to employees for services	_____
Payments in lieu of taxes	_____
Internal activity-payments to other funds	_____
Claims paid to outsiders	_____
Other operating revenues(expenses)	_____
Net cash provided(used) by operating activities	<u>24,350</u>

Cash flows from non-capital financing activities

State appropriations	_____
Proceeds from sale of bonds	_____
Principal paid on bonds	_____
Interest paid on bond maturities	_____
Proceeds from issuance of notes payable	_____
Principal paid on notes payable	_____
Interest paid on notes payable	_____
Operating grants received	_____
Other	_____
Transfers in	_____
Transfers out	_____
Net cash provided(used) by non-capital financing activities	<u>0</u>

Cash flows from capital and related financing activities

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

Cash flows from investing activities

Purchases of investment securities	_____
Proceeds from sale of investment securities	_____
Interest and dividends earned on investment securities	<u>314</u>
Net cash provided(used) by investing activities	<u>314</u>

Net increase(decrease) in cash and cash equivalents	<u>24,664</u>
Cash and cash equivalents at beginning of year	<u>59,612</u>
Cash and cash equivalents at end of year	<u>\$ 84,276</u>

(Continued)

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
 LOUISIANA EGG COMMISSION (BTA)
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED June 30 , 20 04

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

Operating income(loss)	\$ 25,300
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:	
Depreciation/amortization	_____
Provision for uncollectible accounts	_____
Changes in assets and liabilities:	
(Increase)decrease in accounts receivable	(853)
(Increase)decrease in due from other funds	_____
(Increase)decrease in prepayments	_____
(Increase)decrease in inventories	_____
(Increase)decrease in other assets	_____
Increase(decrease) in accounts payable and accruals	(97)
Increase(decrease) in accrued payroll and related benefits	_____
Increase(decrease) in compensated absences payable	_____
Increase(decrease) in due to other funds	_____
Increase(decrease) in deferred revenues	_____
Increase(decrease) in other liabilities	_____
Net cash provided(used) by operating activities	<u>\$ 24,350</u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	_____
Contributions of fixed assets	_____
Purchases of equipment on account	_____
Asset trade-ins	_____
Other (specify)	_____
_____	_____
_____	_____
Total noncash investing, capital, and financing activities:	<u>0</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20 04

INTRODUCTION

The Louisiana Egg Commission (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 3:551.1-11. The following is a brief description of the operations of the commission (BTA) which includes the parish/parishes in which the (BTA) is located:

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

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

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 Egg 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 EGG COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20_04

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>APPROPRIATIONS</u>
Original approved budget	\$ _____
Amendments:	_____
The Egg Commission does not adopt a formal budget on a fiscal year basis. The commission may allocate amounts to be spent on specific projects.	_____

Final approved budget	\$ <u> 0</u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

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 of state banks organized under the laws of Louisiana, national banks having their principal 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.

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

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20 04

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.

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name. **(separate disclosure no longer required)**

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name. **(separate disclosure no longer required)**

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name. **(separate disclosure still required)**

GASB Statement 40 only requires category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial institution, or 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, 2004, consisted of the following:

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20_04

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ <u>10,224</u>	\$ <u>40,896</u>	\$ <u>0</u>	\$ <u>51,120</u>
Bank balances (category 3 only, if any)				
Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized				0
b. Uninsured and collateralized with securities held by the pledging institution				0
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entities name</u>				0
Total Category 3 bank balances	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u>0</u>
Total bank balances (All categories including category 3 reported above)	\$ <u>10,224</u>	\$ <u>40,896</u>	\$ <u>0</u>	\$ <u>51,120</u>

NOTE: The "Total Bank Balances" 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.	Bank One	Checking	\$ <u>8,170</u>
2.	Bank One	Savings	<u>2,411</u>
3.	Bank One	Certificate of Deposit	<u>40,896</u>
4.			
Total			\$ <u>51,477</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included in the balance sheet.

Cash in State Treasury	\$ <u>33,156</u>
Petty cash	\$ <u>NONE</u>

2. INVESTMENTS

The commission has no investments at June 30, 2004.

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20_04

D. CAPITAL ASSETS

The commission has no investments at June 30, 2004.

E. INVENTORIES

The commission has no inventory at June 30, 2004.

F. RESTRICTED ASSETS

The commission has no restricted assets at June 30, 2004.

G. LEAVE

The commission has no employees at June 30, 2003.

H. RETIREMENT SYSTEM

The commission has no employees at June 30, 2004.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The commission has no employees at June 30, 2004.

J. LEASES

The commission has no leases at June 30, 2004.

K. LONG-TERM LIABILITIES

The commission has no long-term liabilities at June 30, 2004.

L. LITIGATION

The commission has no litigation at June 30, 2004.

M. RELATED PARTY TRANSACTIONS

The commission has no related party transactions at June 30, 2004.

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2004

N. ACCOUNTING CHANGES

The commission made no accounting changes during the fiscal year ended June 30, 2004.

O. IN-KIND CONTRIBUTIONS

The commission had no in-kind contributions at June 30, 2004.

P. DEFEASED ISSUES

The commission has no defeased issues at June 30, 2004.

Q. COOPERATIVE ENDEAVORS

The commission has no cooperative endeavors at June 30, 2004.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The commission has no government-mandated nonexchange transactions (grants) at June 30, 2004.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

The commission has no violations of finance-related legal or contractual provisions at June 30, 2004.

T. SHORT-TERM DEBT

The commission had no short-term debt at June 30, 2004.

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2004, were as follows:

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20_04

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Promotion	\$ 0	\$ 4,679	\$ 0	\$ 0	\$ 4,679
					0
Gross receivables	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Less allowance for uncollectible accounts	0	0	0	0	0
Receivables, net	\$ 0	\$ 4,679	\$ 0	\$ 0	\$ 4,679
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ 0

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 20_04, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Promotion	\$ 0	\$	\$	\$	\$ 0
					0
Total payables	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

W. SUBSEQUENT EVENTS

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.]

X. SEGMENT INFORMATION

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20_04

Type of goods or services provided by the segment promotion of eggs

A. Condensed statement of net assets:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Statement of Net Assets:

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ 88,955	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	88,955	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

STATE OF LOUISIANA
LOUISIANA EGG COMMISSION (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 20_04

Operating revenues	82,431	
Operating expenses	57,131	
Depreciation and amortization		
Operating income (loss)	25,300	0
Nonoperating revenues (expenses)	314	
Capital contributions/additions to permanent and term endowments		
Special and extraordinary items		
Transfers in		
Transfers out		
Change in net assets	25,614	0
Beginning net assets	63,341	
Ending net assets	88,955	0

- C. Condensed statement of cash flows:
- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
 - (2) Beginning cash and cash equivalent balances
 - (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ 24,350	\$
Net cash provided (used) by noncapital financing activities		
Net cash provided (used) by capital and related financing activities		
Net cash provided (used) by investing activities	314	
Beginning cash and cash equivalent balances	59,612	
Ending cash and cash equivalent balances	84,276	0

Y. DUE TO/DUE FROM AND TRANSFERS

The commission has no due to/from and transfers at June 30, 2004.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

The commission has no restricted assets at June 30, 2004.

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.



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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October 13, 2005

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

We have audited the financial statements of the Louisiana Egg Commission, a component unit of the State of Louisiana, as of June 30, 2005, and for the years ended June 30, 2005 and 2004, and have issued our report thereon dated October 13, 2005. 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 Louisiana Egg Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide 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 error 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Egg Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However,

providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Assessments and Fees Not Deposited Timely

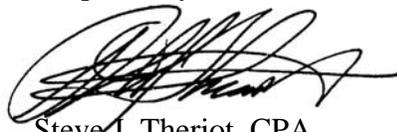
The Louisiana Egg Commission did not comply with state law for the timely deposit of annual license fees and assessments from individuals who produce, sell, and distribute eggs in accordance with Louisiana Revised Statutes 3:551.8 and 3:551.9. Article 7, Section 9 of the Louisiana Constitution requires that all money received by state agencies shall be deposited in the state treasury immediately upon receipt. The *Division of Administration and State Treasury Policies and Procedures Manual* defines immediately as “within 24 hours of receipt.” In addition, good internal control requires that fees and assessments received by the commission be deposited timely to properly safeguard assets. Total fees and assessments for fiscal years 2005 and 2004 were \$82,696 and \$82,431, respectively.

An analysis of 20 deposits from each of the fiscal years ended June 30, 2005 and June 30, 2004, disclosed that 27 deposits (67%) totaling \$49,684 were deposited from two to seven days after receipt. The commission did not have controls in place to ensure that deposits are made timely, and consequently, is at an increased risk of loss and/or theft of these funds. Furthermore, the commission is in noncompliance with state law.

The commission should establish controls to ensure that deposits are made timely as required by law. Management concurred in part with the finding and recommendation and stated that while controls were in place to ensure timely deposits, staffing changes in the department resulted in the untimely deposits (see Appendix A).

This report is intended solely for the information and use of the Louisiana Egg 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

BB:CGEW:THC:ss

[EGG05]

Management's Corrective Action
Plan and Response to the
Finding and Recommendation



LOUISIANA DEPARTMENT OF AGRICULTURE & FORESTRY
BOB ODOM, COMMISSIONER



October 11, 2005

RANDAL JOHNSON
DEPUTY COMMISSIONER

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Mr. Steve J. Theriot
Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

re: Louisiana Egg Commission
Assessments and License Fees

The Department does have sufficient control in place to ensure that deposits are made in a timely manner. During the past two fiscal years, with increasing costs and decreasing budget, we have had to trim the staff in our Revenue Section and add more responsibilities to each of the remaining technicians' positions. With the turnover in staff this caused, and with the training of new employees that took place, especially during the peak season of revenue collections, some deposits may not have been made within 24 hours of receipt.

At the present time, all deposits are being made in a timely manner.

Sincerely,

Skip Rhorer
Assistant Commissioner

SR:sw