

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Financial Statements with Supplementary Information**

**June 30, 2012**

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

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**Independent Auditors' Report**

Board of Directors  
Louisiana Beef Industry Council  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Beef Industry Council, a component unit of the State of Louisiana, as of June 30, 2012, as listed in the table of contents. These basic financial statements are the responsibility of the Louisiana Beef Industry Council's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 Beef Industry Council as of June 30, 2012, and the results of its operations 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 September 4, 2012, on our consideration of the Louisiana Beef Industry Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of expressing an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules and the Division of Administration reporting package listed in the table of contents are presented for purposes of additional analysis and not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Louisiana Beef Industry Council has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be part of the basic financial statements.

*Griffin & Company, LLC*

September 4, 2012

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Statement of Net Assets**

**June 30, 2012**

<u>Assets</u>		
Cash & cash equivalents	\$ 487,464	
Accounts receivable	<u>42,859</u>	
		<u>530,323</u>
<u>Liabilities</u>		
Accounts payable & accrued expenses	<u>37,426</u>	
Total liabilities		<u>37,426</u>
<u>Net Assets</u>		
Unrestricted	<u>492,897</u>	
Total net assets		<u>\$ 492,897</u>

See accompanying notes to the financial statements.

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**

**For the Year Ended June 30, 2012**

<b>Operating Revenues:</b>		
Federal assessment \$1.00	\$ 355,256	
Less: Distribution	<u>(177,628)</u>	177,628
LA \$ .50 assessment	150,466	
Less: Refunds	<u>(505)</u>	<u>149,961</u>
<b>Total operating revenues</b>		<b>327,589</b>
<b>Operating Expenses:</b>		
Advertising and promotion	110,831	
General and administrative	150,550	
Industry information	1,858	
Travel	16,923	
Education	<u>19,300</u>	
<b>Total operating expenses</b>		<u><b>299,462</b></u>
<b>Operating income</b>		<b>28,127</b>
<b>Non-Operating Revenues:</b>		
Interest income	<u>1,923</u>	
<b>Total non-operating revenues</b>		<u><b>1,923</b></u>
<b>Increase in net assets</b>		<b>30,050</b>
<b>Net assets, beginning of year</b>		<u><b>462,847</b></u>
<b>Net assets, end of year</b>		<u><u><b>\$ 492,897</b></u></u>

See accompanying notes to the financial statements.

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Statement of Cash Flows**

**For the Year Ended June 30, 2012**

<b>Cash flows from operating activities:</b>		
Cash receipts from assessments	\$ 509,724	
Cash payments to suppliers for goods and services	<u>(525,009)</u>	
Net cash used by operating activities		(15,285)
<b>Cash flows from investing activities:</b>		
Interest earned on certificates of deposit	<u>1,923</u>	
Net cash provided by investing activities		<u>1,923</u>
Net decrease in cash		(13,362)
Cash and cash equivalents - beginning of year		<u>500,826</u>
Cash and cash equivalents - end of year		<u><u>\$ 487,464</u></u>
<b>Reconciliation of operating income to net cash used by operating activities:</b>		
Operating income		\$ 28,127
Adjustments to reconcile operating income to net cash used by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	\$ 4,507	
Accounts payable & accrued expenses	<u>(47,919)</u>	
Total adjustments		<u>(43,412)</u>
Net cash used by operating activities		<u><u>\$ (15,285)</u></u>

See accompanying notes to the financial statements.

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Notes to Financial Statements**

**June 30, 2012**

**(1) Summary of Significant Accounting Policies**

**(a) Introduction**

The Louisiana Beef Industry Council (The Council) is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture, as provided by Louisiana Revised Statutes (LSA-R.S) 2:2051. The Council consists of eleven members, whom are the commissioner of agriculture, the president of the Louisiana Cattlemen's Association and nine cattle producers. Five cattle producers are, appointed by the executive committee of the Louisiana Cattlemen's Association, one representative of the Louisiana Livestock Auction Markets Association, and three representatives of the Louisiana Farm Bureau Federation. The Commissioner of Agriculture serves as an ex-officio member of the Council. The members serve three-year terms with no member serving more than two consecutive terms. The Council is charged with the responsibility of helping develop, maintain and expand the state, national and foreign markets for cattle and beef productions produced, processed, or manufactured in this state, and to permit the cattle production and feeding industry of this state to contribute to the development and sustenance of Louisiana and Nationally coordinated programs of product improvement. Operations of the Council are funded by an assessment levied on Louisiana cattle marketed within or outside of the state. The assessment revenues are established by the Federal Beef Promotion and Research Act No. 24 of 2009, of the Louisiana Legislature.

**(b) Basis of Presentation**

The accompanying general purpose financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units. Application of GAAP often requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Council has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board statements, in accounting for enterprise funds and business-type activities.

**(c) Reporting Entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included in the reporting entity. In conformance with GASB Codification Section 2100, this entity is a component unit of the State of Louisiana because the Council is not legally separate and the state holds the Council's corporate powers. The accompanying basic financial statements present only the transactions of the Louisiana Beef Industry Council, a component unit of the State of Louisiana.

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Notes to Financial Statements**

**June 30, 2012**

**(1) Summary of Significant Accounting Policies**

**(d) Basis of Accounting**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

**(e) Cash, Cash Equivalents and Certificates of Deposit**

Cash and cash equivalents include amounts in demand deposits and certificate of deposits with a maturity of three months or less when purchased. Under State law, the Council may deposit funds in 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 Council may invest in certificates of deposit of State banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**(f) Capital Assets**

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimate fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Assets are depreciated using the straight-line method over the useful lives of the assets as followings:

Office furniture	5 - 7 years
Equipment	5 – 10 years

**(g) Revenues and Expenses**

Revenues and expenses are recorded on the accrual basis of accounting. Operating revenues and expenses include income and expenditures related to the continuing operation of the Council. Principal operating revenues are federal assessments established in accordance with the Federal Beef Promotion and Research Act of 2009 on all Louisiana cattle purchased or sold within or outside of Louisiana and a state assessment on all cattle marketed within or outside Louisiana. The Cattlemen’s Beef Promotion and Research Board receives \$0.50 of the federal assessments. These distributions are deducted from the federal assessments on the Statement of Revenues, Expenses and Changes in Fund Net Assets. Principal operating expenses are the costs of providing services and include administrative expenses. Other revenues and expense are classified as non-operating in the financial statements. Using the accrual method of accounting, the revenues for assessments are recorded in the Statement of Revenue, Expenses, and Changes in Fund Net assets as earned. Expenses are recorded as they are incurred.

LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

(h) General and Administrative Expenses

The Board has entered into an General and Administrative Services Agreement with the Louisiana Cattlemen's Association (LCA) whereby LCA will provide certain general administrative services to the Board in return for reimbursement of all direct and indirect cost related to the provided services. During 2012, the Board paid LCA \$130,000 for services related to this agreement.

(i) Encumbrances

Encumbrance accounting is used to record purchase orders as they are incurred to reserve that portion of the application appropriation. This method of accounting is not employed.

(j) Statement of Cash Flows

The statement of cash flows is prepared using the direct method. For purposes of this statement, the Board considers all highly liquid investments with a maturity of three months or less when purchased as a cash equivalent.

(k) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(2) Deposits with Financial Institutions

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance at all times equals 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.

The deposits at June 30, 2011 consist of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Book balance of bank accounts	\$ <u>282,019</u>	<u>205,445</u>	<u>487,464</u>
Deposits in bank accounts per bank	\$ <u>284,750</u>	<u>205,445</u>	<u>490,195</u>

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Notes to Financial Statements**

**June 30, 2012**

**(2) Deposits with Financial Institutions**

The Council's deposits were not exposed to custodial credit risk as all balances were either covered by deposit insurance or pledged securities. The following is a breakdown by banking institution and amount of the "Deposits in bank accounts per bank" balances shown previously:

<u>Banking Institution</u>	<u>Amount</u>
American Gateway Bank – transaction accounts	\$ 284,750
Plaquemine Bank & Trust Company – certificate of deposit	<u>205,445</u>
Total	\$ <u>490,195</u>

**(3) Litigation and Claims**

According to the Council, there is no litigation pending, or claim, against The Council which has the probability of a material adverse affect on The Council's statement of net assets as of June 30, 2012.

**(4) Council Members Per Diem**

The Council members do not receive a per diem for attending board meetings.

**(5) Evaluation of Subsequent Events**

The Council has evaluated subsequent events through September 4, 2012, the date which the financial statements were available to be issued.

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Statement of Revenues & Expenses by Assessment Source**

**For the Year Ended June 30, 2012**

**(See Independent Auditors' Report)**

	<u>\$1.00</u> <u>Assesment</u>	<u>\$0.50</u> <u>Assesment</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Assessments	\$ 367,837	150,466	518,303
Less: CBPRB Remittance	(177,628)	-	(177,628)
Assessments to Other States	(12,581)	-	(12,581)
Refunds	-	(505)	(505)
	<u>177,628</u>	<u>149,961</u>	<u>327,589</u>
<b>Net operating revenues</b>	<u>177,628</u>	<u>149,961</u>	<u>327,589</u>
<b>Operating Expenses:</b>			
Advertising and promotion	101,051	9,780	110,831
General and administrative	16,194	134,356	150,550
Industry information	1,262	596	1,858
Travel	13,833	3,090	16,923
Education	3,140	16,160	19,300
<b>Total operating expenses</b>	<u>135,480</u>	<u>163,982</u>	<u>299,462</u>
<b>Operating income (loss)</b>	<u>42,148</u>	<u>(14,021)</u>	<u>28,127</u>
<b>Non-Operating Revenues:</b>			
Interest income	1,085	838	1,923
<b>Total non-operating revenues</b>	<u>1,085</u>	<u>838</u>	<u>1,923</u>
<b>Net income (loss)</b>	<u>43,233</u>	<u>(13,183)</u>	<u>30,050</u>

**This schedule is prepared in accordance with the reporting requirements of the Beef Promotion and Research Program. The account groups may be different than the grouping in the statements of revenues, expenses, and changes in fund net assets included in the financial statements.**

Louisiana Beef Industry Council  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2012

C O N T E N T S

Affidavit

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Statement of Cash Flows	D
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- Y. Due to/Due from and Transfers
- Z. Liabilities Payable from Restricted Assets
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- CC. Impairment of Capital Assets  
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Schedules

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**See the Appendix Packet on our Website (OSRAP Memo 13-01)**

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended June 30, 2012

Louisiana Beef Industry Council  
4921 I-10 Frontage Road  
Port Allen, Louisiana 70767-4195

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  
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Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Robert Joyner, Executive Director of the Louisiana Beef Industry Council who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Beef Industry Council at June 30, 2012 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 6 day of

Sept., 2012.

Robert Joyner (LADL #003185012)  
Signature of Agency Official

Jeanette S. Laurent  
NOTARY PUBLIC

My Commission expires with life

Prepared by: Robert J. Furman, CPA

Title: Partner, Griffin & Company, LLC

Telephone No.: 985-727-9924

Date: August 30, 2012

Email Address: rfurman@griffinandco.com

Jeanette S. Laurent  
Notary Public #005921  
530 Court  
Port Allen, LA 70767

**STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
BALANCE SHEET  
AS OF JUNE 30, 2012**

**Statement A**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 487,464
Restricted Cash and Cash Equivalents	_____
Investments	_____
Derivative instrument	_____
Deferred outflow of resources	_____
Receivables (net of allowance for doubtful accounts)(Note U)	42,859
Due from other funds (Note Y)	_____
Due from federal government	_____
Inventories	_____
Prepayments	_____
Notes receivable	_____
Other current assets	_____
Total current assets	<u>530,323</u>

**NONCURRENT ASSETS:**

Restricted assets (Note F):	_____
Cash	_____
Investments	_____
Receivables	_____
Investments	_____
Notes receivable	_____
Capital assets, net of depreciation (Note D)	_____
Land and non-depreciable easements	_____
Buildings and improvements	_____
Machinery and equipment	_____
Infrastructure	_____
Intangible assets	_____
Construction/Development-in-progress	_____
Other noncurrent assets	_____
Total noncurrent assets	-
Total assets	<u>\$ 530,323</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$ 37,426
Derivative instrument	_____
Deferred inflow of resources	_____
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: (Note K)	_____
Contracts payable	_____
Compensated absences payable	_____
Capital lease obligations	_____
Claims and litigation payable	_____
Notes payable	_____
Pollution remediation obligation	_____
Bonds payable (include unamortized costs)	_____
Other long-term liabilities	_____
Total current liabilities	<u>37,426</u>

**NONCURRENT LIABILITIES: (Note K)**

Contracts payable	_____
Compensated absences payable	_____
Capital lease obligations	_____
Claims and litigation payable	_____
Notes payable	_____
Pollution remediation obligation	_____
Bonds payable (include unamortized costs)	_____
OPEB payable	_____
Other long-term liabilities	_____
Total noncurrent liabilities	-
Total liabilities	<u>37,426</u>

**NET ASSETS**

Invested in capital assets, net of related debt	_____
Restricted for:	_____
Capital projects	_____
Debt Service	_____
Unemployment compensation	_____
Other specific purposes	_____
Unrestricted	492,897
Total net assets	<u>492,897</u>
Total liabilities and net assets	<u>\$ 530,323</u>

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

**Statement B**

**STATE OF LOUISIANA**  
**LOUISIANA BEEF INDUSTRY COUNCIL**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<b>OPERATING REVENUE</b>	
Sales of commodities and services	\$ _____
Assessments	_____ 505,722
Use of money and property	_____
Licenses, permits, and fees	_____
Other	_____
Total operating revenues	_____ 505,722
<b>OPERATING EXPENSES</b>	
Cost of sales and services	_____ 327,045
Administrative	_____ 150,550
Depreciation	_____
Amortization	_____
Total operating expenses	_____ 477,595
Operating income(loss)	_____ 28,127
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	_____ 1,923
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	_____
Other expense	_____
Total non-operating revenues(expenses)	_____ 1,923
Income(loss) before contributions, extraordinary items, & transfers	_____ 30,050
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	_____ 30,050
Total net assets – beginning	_____ 462,847
Total net assets – ending	\$ _____ 492,897

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

**STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

**Statement C**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Entity	\$ <u>477,595</u>	\$ <u>505,722</u>	\$ _____	\$ _____
General revenues:				
Taxes				_____
State appropriations				_____
Grants and contributions not restricted to specific programs				_____
Interest				<u>1,923</u>
Miscellaneous				_____
Special items				_____
Extraordinary item - Loss on impairment of capital assets				_____
Transfers				_____
Total general revenues, special items, and transfers				<u>1,923</u>
Change in net assets				<u>30,050</u>
Net assets - beginning as restated				<u>462,847</u>
Net assets - ending				\$ <u><u>492,897</u></u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Statement D  
(continued)**

<b>Cash flows from operating activities</b>		
Cash receipts from customers	\$ 509,724	
Cash receipts from interfund services provided		
Other operating cash receipts, if any		
Cash payments to suppliers for goods or services	(525,009)	
Cash payments to employees for services		
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any		
Net cash provided(used) by operating activities		(15,285)
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		-
<b>Cash flows from capital and related financing activities</b>		
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		-
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	1,923	
Net cash provided(used) by investing activities		1,923
Net increase(decrease) in cash and cash equivalents		(13,362)
Cash and cash equivalents at beginning of year		500,826
Cash and cash equivalents at end of year	\$	<u>487,464</u>



**STATE OF LOUISIANA**  
**LOUISIANA BEEF INDUSTRY COUNCIL**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2012**

**INTRODUCTION**

The Louisiana Beef Industry Council (The Council) is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture, as provided by Louisiana Revised Statutes (LSA-R.S) 2:2051. The Council consists of eleven members, whom are the commissioner of agriculture, the president of the Louisiana Cattlemen's Association and nine cattle producers. Five cattle producers are, appointed by the executive committee of the Louisiana Cattlemen's Association, one representative of the Louisiana Livestock Auction Markets Association, and three representatives of the Louisiana Farm Bureau Federation. The commissioner of Agriculture serves as an ex-officio member of the Council. The members serve three-year terms with no member serving more than two consecutive terms. The Council is charged with the responsibility of helping develop, maintain and expand the state, national and foreign markets for cattle and beef productions produced, processed, or manufactured in this state, and to permit the cattle production and feeding industry of this state to contribute to the development and sustenance of Louisiana and Nationally coordinated programs of product improvement. Operations of the Council are funded by an assessment levied on Louisiana cattle marketed within or outside of the state. The assessment revenues are established by the Federal Beef Promotion and Research Act No. 24 of 2009, of the Louisiana Legislature.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 Beef Industry Council present information only as to the transactions of the programs of the Board 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 Louisiana Beef Industry Council 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 BEEF INDUSTRY COUNCIL  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

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 Louisiana Beef Industry Council 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 Committee on the Budget, 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 includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>561,950</u>
Amendments:	<hr style="border: 1px solid black;"/> <hr style="border: 1px solid black;"/> <hr style="border: 1px solid black;"/>
Final approved budget	\$ <u><u>561,950</u></u>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Memo 13-01, Appendix A, for information related to 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 Louisiana Beef Industry Council may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana Beef Industry Council may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of 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.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

**STATE OF LOUISIANA**  
**LOUISIANA BEEF INDUSTRY COUNCIL**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2012**

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be 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.

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

The deposits at June 30, 2012, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 282,019	\$ 205,445	\$	\$ 487,464
Deposits in bank accounts per bank	\$ 284,750	\$ 205,445	\$	\$ 490,195
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution	34,750			
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

NOTE: The “Deposits in bank accounts per bank” will not necessarily equal the “Deposits per Balance Sheet” due to outstanding items.

The following is a breakdown by banking institution, program, and amount of the “Deposits in bank accounts per bank” balances shown above:

**STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Great American Bank</u>	<u>Interest Bearing Checking</u>	\$ <u>284,750</u>
2. <u>Plaquemine Bank &amp; Trust Company</u>	<u>Certificate of Deposit</u>	<u>205,445</u>
3. _____	_____	_____
4. _____	_____	_____
Total		\$ <u><u>490,195</u></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 on the balance sheet.

Cash in State Treasury	\$ _____
Petty cash	\$ _____

- 2. INVESTMENTS (NOT APPLICABLE)
  
- D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS (NOT APPLICABLE)
- E. INVENTORIES (NOT APPLICABLE)
- F. RESTRICTED ASSETS (NOT APPLICABLE)
- G. LEAVE (NOT APPLICABLE)
- H. RETIREMENT SYSTEM (NOT APPLICABLE)
- I. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (NOT APPLICABLE)
- J. LEASES (NOT APPLICABLE)
- L. CONTINGENT LIABILITIES (NOT APPLICABLE)
- M. RELATED PARTY TRANSACTIONS (NOT APPLICABLE)
- N. ACCOUNTING CHANGES (NOT APPLICABLE)
- O. IN-KIND CONTRIBUTIONS (NOT APPLICABLE)
- P. DEFEASED ISSUES (NOT APPLICABLE)
- Q. REVENUES – PLEDGED OR SOLD (GASB 48) (NOT APPLICABLE)
- R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) (NOT APPLICABLE)

STATE OF LOUISIANA  
 LOUISIANA BEEF INDUSTRY COUNCIL  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2012

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS (NOT APPLICABLE)**

**T. SHORT-TERM DEBT (NOT APPLICABLE)**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2012, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	\$ 42,859	\$	\$	\$	\$ 42,859
Gross receivables	\$ 42,859	\$ -	\$ -	\$ -	\$ 42,859
Less allowance for uncollectible accounts					
Receivables, net	\$ 42,859	\$ -	\$ -	\$ -	\$ 42,859
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2012, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$ 37,426	\$	\$	\$	\$ 37,426
					-
Total payables	\$ 37,426	\$ -	\$ -	\$ -	\$ 37,426

**W. SUBSEQUENT EVENTS (NOT APPLICABLE)**

**X. SEGMENT INFORMATION (NOT APPLICABLE)**

**Y. DUE TO/DUE FROM AND TRANSFERS (NOT APPLICABLE)**

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS (NOT APPLICABLE)**

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS (NOT APPLICABLE)**

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) (NOT APPLICABLE)**

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES (NOT APPLICABLE)**

**DD. EMPLOYEE TERMINATION BENEFITS (NOT APPLICABLE)**

**STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

**EE. POLLUTION REMEDIATION OBLIGATIONS (NOT APPLICABLE)**

**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) (NOT APPLICABLE)**

**GG. RESTRICTED NET ASSETS – OTHER SPECIFIC PURPOSES (NOT APPLICABLE)**

**STATE OF LOUISIANA  
 LOUISIANA BEEF INDUSTRY COUNCIL  
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
 JUNE 30, 2012  
 (Fiscal close)**

Name	\$	Amount
<u>Jack Cutshall</u>	\$	<u>0</u>
<u>Giles Brown</u>		<u>0</u>
<u>Danny Cole</u>		<u>0</u>
<u>Dr. Mack Lea</u>		<u>0</u>
<u>Daryl Robertson</u>		<u>0</u>
<u>Clayton Brister</u>		<u>0</u>
<u>Mike Kovac</u>		<u>0</u>
<u>Dr. Brent Robbins, Ex-Officio</u>		<u>0</u>
<u>Ron Harrell</u>		<u>0</u>
<u>Calvin Lebouef</u>		<u>0</u>
<u>Phillip Simmons</u>		<u>0</u>
<u>Wesley Ridgedell</u>		<u>0</u>
<u> </u>		<u> </u>
<u> </u>		<u> </u>
<u> </u>		<u> </u>
Total	\$	<u><u>-</u></u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**STATE OF LOUISIANA**  
**LOUISIANA BEEF INDUSTRY COUNCIL**  
**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$3 million**, explain the reason for the change.

	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 507,645	\$ 556,590	\$ (48,945)	\$ (8.79)
Expenses	477,595	589,873	(112,278)	(19.03)
2) Capital assets	-	-	-	-
Long-term debt	-	-	-	-
Net Assets	492,897	462,847	30,050	6.49
Explanation for change:	_____			
	_____			
	_____			
	_____			

**REPORT ON COMPLIANCE WITH THE FEDERAL BEEF PROMOTION AND RESEARCH ACT OF 1985, THE BEEF PROMOTION AND RESEARCH ORDER AND THE AGRICULTURAL MARKETING SERVICES INVESTMENT POLICY; BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Directors  
Louisiana Beef Industry Council  
Department of Agriculture  
State of Louisiana  
Port Allen, Louisiana**

We have audited the basic financial statements of the Louisiana Beef Industry Council, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, and have issued our report dated September 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Compliance with the Federal Beef Promotion and Research Act of 1985, and the Beef Promotion and Research Order (the "Order") and the agriculture marketing services investment policy is the responsibility of the Louisiana Beef Industry Council's management. As part of our audit, we assess the risk that noncompliance with the Act and the Order as explained above, could cause the financial statements to be materially misstated. We concluded that the risk of such material misstatement was sufficiently low that it was not necessary to perform test of the Louisiana Beef Industry Council's compliance with the Act and the Order.

However, in connection with our audit, nothing came to our attention that caused us to believe that the Louisiana Beef Industry Council has not complied, in all material respects, with the provision of the Order relative to the use of funds collected by the Council insofar as they relate to accounting matters.

Further, nothing came to our attention that caused us to believe the Council was not in compliance with the provisions of the Beef Board Investment Policy for Qualified State Beef Councils Date February 1, 2006, which describes the type of instruments in which the Council may invest. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended for the information of the Council and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Griffin & Company, LLC*

September 4, 2012

**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**

Board of Directors  
Louisiana Beef Industry Council  
State of Louisiana  
Port Allen, Louisiana

We have audited the basic financial statements of the Louisiana Beef Industry Council, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, and have issued our report dated September 4, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of American and the standards applicable to financial audit 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 Beef Industry Council'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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weakness and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies internal control over financial reporting that we consider to be material weaknesses, as defined above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Council's internal control to be a significant deficiency:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Council's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Beef Industry Council'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 Louisiana Beef Industry Council, management and the Louisiana State Legislative Auditor 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.

*Griffin & Company, LLC*

September 4, 2012

**LOUISIANA BEEF INDUSTRY COUNCIL  
DEPARTMENT OF AGRICULTURE  
STATE OF LOUISIANA**

**Schedule of Findings and Management Corrective Action Plan**

**June 30, 2012**

**Summary of Audit Results:**

- 1. Type of Report Issued – Unqualified**
- 2. Internal Control Over Financial Reporting**
  - a. Significant Deficiencies – Yes (2012-1)**
  - b. Material Weaknesses – No**
- 3. Compliance and Other Matters – No**
- 4. Management Letter - No**

**Finding 2012-1:**

***Criteria:***

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

***Condition & Cause:***

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Board's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

***Recommendation:***

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

***Management Corrective Action Plan:***

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare The Council's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

LOUISIANA BEEF INDUSTRY COUNCIL  
DEPARTMENT OF AGRICULTURE  
STATE OF LOUISIANA

Status of Prior Audit Findings

June 30, 2012

**Finding 2011-1:**

*Criteria:*

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

*Condition & Cause:*

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Board's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

*Recommendation:*

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

*Management Corrective Action Plan:*

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare The Council's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

*Status:*

There is no change in the status of this finding.

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

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**Independent Auditors' Report**

**Board of Directors  
Louisiana Beef Industry Council  
State of Louisiana  
Baton Rouge, Louisiana**

We have audited the accompanying basic financial statements of the Louisiana Beef Industry Council, a component unit of the State of Louisiana, as of June 30, 2011, as listed in the table of contents. These basic financial statements are the responsibility of the Louisiana Beef Industry Council's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 basic financial statements are free of material misstatement. And audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 Beef Industry Council as of June 30, 2011, and the results of its operations 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 August 30, 2011, on our consideration of the Louisiana Beef Industry Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of expressing an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules and the Division of Administration reporting package listed in the table of contents are presented for purposes of additional analysis and not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Louisiana Beef Industry Council has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be part of the basic financial statements.

*Griffin & Company, LLC*

August 30, 2011

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Statement of Net Assets**

**June 30, 2011**

<u>Assets</u>		
Cash & cash equivalents	\$ 500,826	
Accounts receivable	<u>47,366</u>	
		<u>548,192</u>
<u>Liabilities</u>		
Accounts payable & accrued expenses	<u>85,345</u>	
Total liabilities		<u>85,345</u>
<u>Net Assets</u>		
Unrestricted	<u>462,847</u>	
Total net assets		<u>\$ 462,847</u>

See accompanying notes to the financial statements.

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**

**For the Year Ended June 30, 2011**

<b>Operating Revenues:</b>		
Federal assessment \$1.00	\$ 380,675	
Less: Distribution	<u>(190,338)</u>	
		190,337
LA \$ .50 assessment	169,670	
Less: Refunds	<u>(1,789)</u>	
		<u>167,881</u>
<b>Total operating revenues</b>		<b>358,218</b>
<b>Operating Expenses:</b>		
Advertising and promotion	187,984	
Research	9,190	
General and administrative	144,408	
Industry information	16,098	
Consumer information	3,571	
Travel	19,165	
Education	<u>17,330</u>	
<b>Total operating expenses</b>		<u>397,746</u>
<b>Operating loss</b>		<b>(39,528)</b>
<b>Non-Operating Revenues:</b>		
Interest income	<u>6,245</u>	
<b>Total non-operating revenues</b>		<u>6,245</u>
<b>Decrease in net assets</b>		<b>(33,283)</b>
<b>Net assets, beginning of year</b>		<b>476,983</b>
<b>Prior period adjustment</b>		<u>19,147</u>
<b>Net assets, end of year</b>		<b>\$ <u><u>462,847</u></u></b>

See accompanying notes to the financial statements.

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Statement of Cash Flows**

**For the Year Ended June 30, 2011**

<b>Cash flows from operating activities:</b>		
Cash receipts from assessments	\$ 585,055	
Cash payments to suppliers for goods and services	<u>(535,198)</u>	
Net cash provided by operating activities		49,857
<b>Cash flows from investing activities:</b>		
Interest earned on certificates of deposit	<u>6,245</u>	
Net cash provided by investing activities		<u>6,245</u>
Net increase in cash		56,102
Cash and cash equivalents - beginning of year		<u>444,724</u>
Cash and cash equivalents - end of year		\$ <u><u>500,826</u></u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss		\$ (39,528)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Prior period adjustment	\$ 19,147	
Changes in assets and liabilities:		
Accounts receivable	5,812	
Accounts payable & accrued expenses	<u>64,426</u>	
Total adjustments		<u>89,385</u>
Net cash provided by operating activities		\$ <u><u>49,857</u></u>

See accompanying notes to the financial statements.

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Notes to Financial Statements**

**June 30, 2011**

**(1) Summary of Significant Accounting Policies**

**(a) Introduction**

The Louisiana Beef Industry Council (The Council) is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture, as provided by Louisiana Revised Statutes (LSA-R.S) 2:2051. The Council consists of eleven members, whom are the commissioner of agriculture, the president of the Louisiana Cattlemen's Association and nine cattle producers. Five cattle producers are, appointed by the executive committee of the Louisiana Cattlemen's Association, one representative of the Louisiana Livestock Auction Markets Association, and three representatives of the Louisiana Farm Bureau Federation. The Commissioner of Agriculture serves as an ex-officio member of the Council. The members serve three-year terms with no member serving more than two consecutive terms. The Council is charged with the responsibility of helping develop, maintain and expand the state, national and foreign markets for cattle and beef productions produced, processed, or manufactured in this state, and to permit the cattle production and feeding industry of this state to contribute to the development and sustenance of Louisiana and Nationally coordinated programs of product improvement. Operations of the Council are funded by an assessment levied on Louisiana cattle marketed within or outside of the state. The assessment revenues are established by the Federal Beef Promotion and Research Act No. 24 of 2009, of the Louisiana Legislature.

**(b) Basis of Presentation**

The accompanying general purpose financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units. Application of GAAP often requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**(c) Reporting Entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included in the reporting entity. In conformance with GASB Codification Section 2100, this entity is a component unit of the State of Louisiana because the Council is not legally separate and the state holds the Council's corporate powers. The accompanying basic financial statements present only the transactions of the Louisiana Beef Industry Council, a component unit of the State of Louisiana.

LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

(d) Basis of Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

(e) Cash, Cash Equivalents and Certificates of Deposit

Cash and cash equivalents include amounts in demand deposits and certificate of deposits with a maturity of three months or less when purchased. Under State law, the Council may deposit funds in 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 Council may invest in certificates of deposit of State banks organized under Louisiana law and national banks having their principal offices in Louisiana.

(f) Capital Assets

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimate fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Assets are depreciated using the straight-line method over the useful lives of the assets as followings:

Office furniture	5 - 7 years
Equipment	5 - 10 years

(g) Revenues and Expenses

Revenues and expenses are recorded on the accrual basis of accounting. Operating revenues and expenses include income and expenditures related to the continuing operation of the Council. Principal operating revenues are federal assessments established in accordance with the Federal Beef Promotion and Research Act of 2009 on all Louisiana cattle purchased or sold within or outside of Louisiana and a state assessment on all cattle marketed within or outside Louisiana. The Cattlemen's Beef Promotion and Research Board receives \$0.50 of the federal assessments. These distributions are deducted from the federal assessments on the Statement of Revenues, Expenses and Changes in Fund Net Assets. Principal operating expenses are the costs of providing services and include administrative expenses. Other revenues and expense are classified as non-operating in the financial statements. Using the accrual method of accounting, the revenues for assessments are recorded in the Statement of Revenue, Expenses, and Changes in Fund Net assets as earned. Expenses are recorded as they are incurred.

LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

(h) General and Administrative Expenses

The Board has entered into an General and Administrative Services Agreement with the Louisiana Cattlemen's Association (LCA) whereby LCA will provide certain general administrative services to the Board in return for reimbursement of all direct and indirect cost related to the provided services. During 2010, the Board paid LCA \$130,000 for services related to this agreement.

(i) Encumbrances

Encumbrance accounting is used to record purchase orders as they are incurred to reserve that portion of the application appropriation. This method of accounting is not employed.

(j) Statement of Cash Flows

The statement of cash flows is prepared using the direct method. For purposes of this statement, the Board considers all highly liquid investments with a maturity of three months or less when purchased as a cash equivalent.

(k) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(2) Deposits with Financial Institutions

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance at all times equals 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.

The deposits at June 30, 2011 consist of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Book balance of bank accounts	\$ 296,918	203,908	500,826
Deposits in bank accounts per bank	\$ 313,080	203,908	516,988

LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA

Notes to Financial Statements

June 30, 2011

(2) Deposits with Financial Institutions

The Council's deposits were not exposed to custodial credit risk as all balances were either covered by deposit insurance or pledged securities. The following is a breakdown by banking institution and amount of the "Deposits in bank accounts per bank" balances shown previously:

<u>Banking Institution</u>	<u>Amount</u>
Plaquemine Bank & Trust Company – transaction accounts	\$ 115,821
Plaquemine Bank & Trust Company – money market account	197,259
Plaquemine Bank & Trust Company – certificate of deposit	<u>203,908</u>
Total	\$ <u>516,988</u>

(3) Litigation and Claims

According to the Council, there is no litigation pending, or claim, against The Council which has the probability of a material adverse affect on The Council's statement of net assets as of June 30, 2011.

(4) Council Members Per Diem

The Council members do not receive a per diem for attending board meetings.

(5) Prior Period Adjustment

During 2011, the Board determined that the year end adjustments that had been made in the prior fiscal year to record accounts receivable and a portion of accounts payable were calculated using incorrect data. As a result of this error, accounts receivable and assessment revenue was overstated by \$28,899 and accounts payable and CBPRB Remittances were overstated by \$9,752 as of and for the year ended June 30, 2010. The correction of these misstatements increases net assets by \$19,147.

(6) Evaluation of Subsequent Events

The Council has evaluated subsequent events through August 30, 2011, the date which the financial statements were available to be issued.

**LOUISIANA BEEF INDUSTRY COUNCIL  
STATE OF LOUISIANA**

**Statement of Revenues & Expenses by Assessment Source**

**For the Year Ended June 30, 2011**

**(See Independent Auditors' Report)**

	<u>\$1.00</u> <u>Assesment</u>	<u>\$0.50</u> <u>Assesment</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Assessments	\$ 397,079	169,670	566,749
Less: CBPRB Remittance	(190,338)	-	(190,338)
Assessments to Other States	(16,404)	-	(16,404)
Refunds	<u>-</u>	<u>(1,789)</u>	<u>(1,789)</u>
Net operating revenues	<u>190,337</u>	<u>167,881</u>	<u>358,218</u>
<b>Operating Expenses:</b>			
Advertising and promotion	163,847	24,137	187,984
Research	7,940	1,250	9,190
General and administrative	9,190	135,218	144,408
Industry information	8,945	7,153	16,098
Consumer information	3,571		3,571
Travel	11,603	7,562	19,165
Education	468	16,862	17,330
Total operating expenses	<u>205,564</u>	<u>192,182</u>	<u>397,746</u>
Operating loss	<u>(15,227)</u>	<u>(24,301)</u>	<u>(39,528)</u>
<b>Non-Operating Revenues:</b>			
Interest income	<u>3,123</u>	<u>3,122</u>	<u>6,245</u>
Total non-operating revenues	<u>3,123</u>	<u>3,122</u>	<u>6,245</u>
Net loss	<u><u>(12,104)</u></u>	<u><u>(21,179)</u></u>	<u><u>(33,283)</u></u>

This schedule is prepared in accordance with the reporting requirements of the Beef Promotion and Research Program. The account groups may be different than the grouping in the statements of revenues, expenses, and changes in fund net assets included in the financial statements.

STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
Annual Financial Statements  
June 30, 2011

C O N T E N T S

AFFIDAVIT

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STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended June 30, 2011

**Louisiana Beef Industry Council**  
**4921 I-10 Frontage Road**  
**Port Allen, Louisiana 70767-4195**

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

**LLAFileroom@lla.la.gov.**

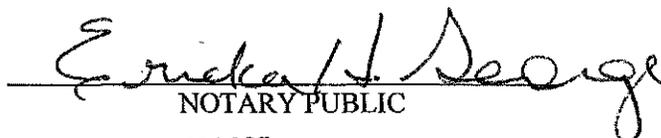
Physical Address:  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

**AFFIDAVIT**

Personally came and appeared before the undersigned authority, Robert Joyner, Executive Director of Louisiana Beef Industry Council who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Beef Industry Council at June 30, 2011 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 29<sup>th</sup> day of August, 2011.

  
Signature of Agency Official

  
NOTARY PUBLIC

ERICKA H. GEORGE  
NOTARY PUBLIC NO. 60472  
STATE OF LOUISIANA  
PARISH OF IBERVILLE  
My Commission is for Life

Prepared by: Robert J. Furman, CPA

Title: Partner, Griffin & Company, LLC

Telephone No.: 985-727-9924

Date: August 29, 2011

Email Address: rfurman@griffinandco.com

**STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
BALANCE SHEET  
AS OF JUNE, 2011**

**Statement A**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 500,826
Restricted Cash and Cash Equivalents	-
Investments - Certificates of Deposit	-
<b>Derivative instrument</b>	-
<b>Deferred outflow of resources</b>	-
Receivables (net of allowance for doubtful accounts)(Note U)	47,366
Due from other funds (Note Y)	-
Due from federal government	-
Inventories	-
Prepayments	-
Notes receivable	-
Other current assets	-
Total current assets	<u>548,192</u>

**NONCURRENT ASSETS:**

Restricted assets (Note F):	-
Cash	-
Investments	-
Receivables	-
Investments	-
Notes receivable	-
Capital assets, net of depreciation (Note D)	-
Land and non-depreciable easements	-
Buildings and improvements	-
Machinery and equipment	-
Infrastructure	-
<b>Intangible assets</b>	-
Construction/Development-in-progress	-
Other noncurrent assets	-
Total noncurrent assets	-
Total assets	<u>\$ 548,192</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$ 85,345
<b>Derivative instrument</b>	-
<b>Deferred inflow of resources</b>	-
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: (Note K)	-
Contracts payable	-
Compensated absences payable	-
Capital lease obligations	-
Claims and litigation payable	-
Notes payable	-
<b>Pollution remediation obligation</b>	-
Bonds payable (include unamortized costs)	-
Other long-term liabilities	-
Total current liabilities	<u>85,345</u>

**NONCURRENT LIABILITIES: (Note K)**

Contracts payable	-
Compensated absences payable	-
Capital lease obligations	-
Claims and litigation payable	-
Notes payable	-
<b>Pollution remediation obligation</b>	-
Bonds payable (include unamortized costs)	-
OPEB payable	-
Other long-term liabilities	-
Total noncurrent liabilities	-
Total liabilities	<u>85,345</u>

**NET ASSETS**

Invested in capital assets, net of related debt	-
Restricted for:	-
Capital projects	-
Debt service	-
Unemployment compensation	-
Other specific purposes	-
Unrestricted	462,847
Total net assets	<u>462,847</u>
Total liabilities and net assets	<u>\$ 548,192</u>

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

STATE OF LOUISIANA  
 LOUISIANA BEEF INDUSTRY COUNCIL  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2011

Statement B

<b>OPERATING REVENUE</b>	
Sales of commodities and services	\$ -
Assessments	-
Use of money and property	550,345
Licenses, permits, and fees	-
Other	-
Total operating revenues	550,345
<b>OPERATING EXPENSES</b>	
Cost of sales and services	445,465
Administrative	144,408
Depreciation	-
Amortization	-
Total operating expenses	589,873
Operating income(loss)	(39,528)
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State appropriations	-
Intergovernmental revenues(expenses)	-
Taxes	-
Use of money and property	6,245
Gain on disposal of fixed assets	-
Loss on disposal of fixed assets	-
Federal grants	-
Interest expense	-
Other revenue	-
Other expense	-
Total non-operating revenues(expenses)	6,245
Income(loss) before contributions, extraordinary items, & transfers	(33,283)
Capital contributions	-
Prior period adjustment	19,147
Transfers in	-
Transfers out	-
Change in net assets	(14,136)
Total net assets – beginning	476,983
Total net assets – ending	\$ 462,847

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

**STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

**Statement C**

See Appendix B for instructions

			Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Entity	\$ 592,220	\$ 552,692	\$ -	\$ -	\$ (39,528)
General revenues:					
Taxes					-
State appropriations					-
Grants and contributions not restricted to specific programs					-
Interest					6,245
Miscellaneous					-
Special items					-
Extraordinary item - Loss on impairment of capital assets					-
Transfers					-
Total general revenues, special items, and transfers					6,245
Change in net assets					(33,283)
Net assets - beginning as restated					496,130
Net assets - ending					\$ 462,847

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Statement D**  
(continued)

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 595,605	
Cash payments to suppliers for goods and services	(545,748)	
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>49,857</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations	-	
Federal receipts	-	
Federal disbursements	-	
Principal paid on notes payable	-	
Interest paid on notes payable	-	
Operating grants received	-	
Transfers in	-	
Transfers out	-	
Other	-	
Net cash provided(used) by non-capital financing activities		<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
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>-</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities	-	
Proceeds from sale of investment securities	-	
Interest and dividends earned on investment securities	6,245	
Net cash provided(used) by investing activities		<u>6,245</u>
Net increase(decrease) in cash and cash equivalents		<u>56,102</u>
Cash and cash equivalents at beginning of year		<u>444,724</u>
Cash and cash equivalents at end of year	\$	<u><u>500,826</u></u>

**STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Statement D  
(concluded)**

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

Operating income(loss)	\$	<u>(39,528)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization		<u>-</u>
Provision for uncollectible accounts		<u>-</u>
Prior period adjustment		<u>19,147</u>
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		<u>5,812</u>
(Increase)decrease in due from other funds		<u>-</u>
(Increase)decrease in prepayments		<u>-</u>
(Increase)decrease in inventories		<u>-</u>
(Increase)decrease in other assets		<u>-</u>
Increase(decrease) in accounts payable and accruals		<u>64,426</u>
Increase(decrease) in compensated absences payable		<u>-</u>
Increase(decrease) in due to other funds		<u>-</u>
Increase(decrease) in deferred revenues		<u>-</u>
Increase(decrease) in OPEB payable		<u>-</u>
Increase(decrease) in other liabilities		<u>-</u>
Net cash provided(used) by operating activities	\$	<u>49,857</u>

**Schedule of noncash investing, capital, and financing activities:**

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

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA**  
**LOUISIANA BEEF INDUSTRY COUNCIL**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2011**

**INTRODUCTION**

The Louisiana Beef Industry Council (The Council) is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture, as provided by Louisiana Revised Statutes (LSA-R.S) 2:2051. The Council consists of eleven members, whom are the commissioner of agriculture, the president of the Louisiana Cattlemen's Association and nine cattle producers. Five cattle producers are, appointed by the executive committee of the Louisiana Cattlemen's Association, one representative of the Louisiana Livestock Auction Markets Association, and three representatives of the Louisiana Farm Bureau Federation. The commissioner of Agriculture serves as an ex-officio member of the Council. The members serve three-year terms with no member serving more than two consecutive terms. The Council is charged with the responsibility of helping develop, maintain and expand the state, national and foreign markets for cattle and beef productions produced, processed, or manufactured in this state, and to permit the cattle production and feeding industry of this state to contribute to the development and sustenance of Louisiana and Nationally coordinated programs of product improvement. Operations of the Council are funded by an assessment levied on Louisiana cattle marketed within or outside of the state. The assessment revenues are established by the Federal Beef Promotion and Research Act No. 24 of 2009, of the Louisiana Legislature.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 Beef Industry Council present information only as to the transactions of the programs of the Board 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 Louisiana Beef Industry Council 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 BEEF INDUSTRY COUNCIL  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2011**

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 Louisiana Beef Industry Council 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 Committee on the Budget, 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 includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>570,000</u>
Amendments:	<div style="border-top: 1px solid black; border-bottom: 1px solid black; height: 1.2em; width: 100%;"></div>
Final approved budget	\$ <u><u>570,000</u></u>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix C for information related to 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 Louisiana Beef Industry Council may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana Beef Industry Council may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of 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.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

**STATE OF LOUISIANA**  
**LOUISIANA BEEF INDUSTRY COUNCIL**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2011**

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be 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.

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

The deposits at June 30, 2011, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 296,918	\$ 203,908	\$ -	\$ 500,826
Deposits in bank accounts per bank	\$ 313,080	\$ 203,908	\$ -	\$ 516,988
Bank balances exposed to custodial credit risk:				
a. Uninsured and uncollateralized	\$ -	\$ 151,167	\$ -	\$ 151,167
b. Uninsured and collateralized with securities held by the pledging institution	-	-	-	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's	-	151,167	-	151,167
	-	-	-	-

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per Balance Sheet" due to outstanding items.

**STATE OF LOUISIANA  
LOUISIANA BEEF INDUSTRY COUNCIL  
Notes to the Financial Statement  
As of and for the year ended June 30, 2011**

The following is a breakdown by banking institution, program, and amount of the “Deposits in bank accounts per bank” balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Plaquemine Bank &amp; Trust Company</u>	<u>Non-Interest Bearing Checking</u>	\$ <u>104,840</u>
2. <u>Plaquemine Bank &amp; Trust Company</u>	<u>Non-Interest Bearing Checking</u>	<u>10,981</u>
3. <u>Plaquemine Bank &amp; Trust Company</u>	<u>Money Market</u>	<u>197,259</u>
4. <u>Plaquemine Bank &amp; Trust Company</u>	<u>Certificate of Deposit</u>	<u>203,908</u>
Total		\$ <u>516,988</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 on the balance sheet.

Cash in State Treasury	\$ <u>          -</u>
Petty cash	\$ <u>          -</u>

- 2. INVESTMENTS (NOT APPLICABLE)
- 3. CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES (NOT APPLICABLE)
- 4. DERIVATIVES (GASB 53) (NOT APPLICABLE)
- 5. POLICIES (NOT APPLICABLE)
- 6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS (NOT APPLICABLE)
- D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS (NOT APPLICABLE)
- E. INVENTORIES (NOT APPLICABLE)
- F. RESTRICTED ASSETS (NOT APPLICABLE)
- G. LEAVE (NOT APPLICABLE)
- H. RETIREMENT SYSTEM (NOT APPLICABLE)
- I. OTHER POSTEMPLOYMENT BENEFITS (NOT APPLICABLE)
- J. LEASES (NOT APPLICABLE)
- K. LONG-TERM LIABILITIES (NOT APPLICABLE)
- L. CONTINGENT LIABILITIES (NOT APPLICABLE)

STATE OF LOUISIANA  
 LOUISIANA BEEF INDUSTRY COUNCIL  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2011

- M. RELATED PARTY TRANSACTIONS (NOT APPLICABLE)
- N. ACCOUNTING CHANGES (NOT APPLICABLE)
- O. IN-KIND CONTRIBUTIONS (NOT APPLICABLE)
- P. DEFEASED ISSUES (NOT APPLICABLE)
- Q. REVENUES – PLEDGED OR SOLD (GASB 48) (NOT APPLICABLE)
- R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) (NOT APPLICABLE)
- S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS (NOT APPLICABLE)
- T. SHORT-TERM DEBT (NOT APPLICABLE)
- U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2011, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	\$ 47,366	\$ -	\$ -	\$ -	\$ 47,366
					-
Gross receivables	\$ 47,366	\$ -	\$ -	\$ -	\$ 47,366
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ 47,366	\$ -	\$ -	\$ -	\$ 47,366
Amounts not scheduled for collection during the subsequent year	\$ -	\$ -	\$ -	\$ -	\$ -

**STATE OF LOUISIANA  
 LOUISIANA BEEF INDUSTRY COUNCIL  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2011**

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2011, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$ 85,345	\$ -	\$ -	\$ -	\$ 85,345
					-
Total payables	\$ 85,345	\$ -	\$ -	\$ -	\$ 85,345

**W. SUBSEQUENT EVENTS (NOT APPLICABLE)**

**X. SEGMENT INFORMATION (NOT APPLICABLE)**

**Y. DUE TO/DUE FROM AND TRANSFERS (NOT APPLICABLE)**

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS (NOT APPLICABLE)**

**STATE OF LOUISIANA  
 LOUISIANA BEEF INDUSTRY COUNCIL  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2011**

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS**

The following adjustments were made to restate beginning net assets for June 30, 2011.

Ending net assets 6/30/10 as reported to OSRAP on PY AFR	*Adjustments to ending net assets 6/30/10 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg Balance 7/1/10) + or (-)	Beg net assets @ 7/1/10 as restated
\$ 476,983	\$	19,147	\$ 496,130
			-
			-
			-
			-

\*Include all audit adjustments accepted by the agency or entity.  
 Each adjustment must be explained in detail on a separate sheet.

EXPLANATION OF RESTATEMENT OF NET ASSETS – During 2011, the Board determined that the year end adjustments that had been made in the prior fiscal year to record accounts receivable and a portion of accounts payable were calculated using incorrect data. As a result of this error, accounts receivable and assessment revenue was overstated by \$28,899 and accounts payable and CBPRB Remittances were overstated by \$9,752 as of and for the year ended June 30, 2010. The correction of these misstatements increases net assets by \$19,147.

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE**

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE**

**DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE**

**EE. POLLUTION REMEDIATION OBLIGATIONS - NOT APPLICABLE**

**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE**

**STATE OF LOUISIANA  
 LOUISIANA BEEF INDUSTRY COUNCIL  
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
 JUNE 30, 2011  
 (Fiscal close)**

Name	Amount
<u>Jack Cutshall</u>	\$ <u>0</u>
<u>Giles Brown</u>	<u>0</u>
<u>Danny Cole</u>	<u>0</u>
<u>Dr. Mack Lea</u>	<u>0</u>
<u>Daryl Robertson</u>	<u>0</u>
<u>Clayton Brister</u>	<u>0</u>
<u>Mike Kovac</u>	<u>0</u>
<u>Dr. Brent Robbins, Ex-Officio</u>	<u>0</u>
<u>Ron Harrell</u>	<u>0</u>
<u>Calvin Lebouef</u>	<u>0</u>
<u>Phillip Simmons</u>	<u>0</u>
<u>Wesley Ridgedell</u>	<u>0</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
Total	\$ <u><u> </u></u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**STATE OF LOUISIANA**  
**LOUISIANA BEEF INDUSTRY COUNCIL**  
**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$3 million**, explain the reason for the change.

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 556,590	\$ 592,662	\$ (36,072)	\$ (6.1%)
Expenses	589,873	632,560	(42,687)	(6.7%)
2) Capital assets	-	-	-	-
Long-term debt	-	-	-	-
Net Assets	462,847	476,983	(14,136)	(3.0%)
Explanation for change:	<hr/> <hr/> <hr/> <hr/>			

SCHEDULE 15

**REPORT ON COMPLIANCE WITH THE FEDERAL BEEF PROMOTION AND RESEARCH ACT OF 1985, THE BEEF PROMOTION AND RESEARCH ORDER AND THE AGRICULTURAL MARKETING SERVICES INVESTMENT POLICY; BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Directors  
Louisiana Beef Industry Council  
Department of Agriculture  
State of Louisiana  
Port Allen, Louisiana**

**We have audited the basic financial statements of the Louisiana Beef Industry Council, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, and have issued our report dated August 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States.**

**We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.**

**Compliance with the Federal Beef Promotion and Research Act of 1985, and the Beef Promotion and Research Order (the "Order") and the agriculture marketing services investment policy is the responsibility of the Louisiana Beef Industry Council's management. As part of our audit, we assess the risk that noncompliance with the Act and the Order as explained above, could cause the financial statements to be materially misstated. We concluded that the risk of such material misstatement was sufficiently low that it was not necessary to perform test of the Louisiana Beef Industry Council's compliance with the Act and the Order.**

**However, in connection with our audit, nothing came to our attention that caused us to believe that the Louisiana Beef Industry Council has not complied, in all material respects, with the provision of the Order relative to the use of funds collected by the Council insofar as they relate to accounting matters.**

**Further, nothing came to our attention that caused us to believe the Council was not in compliance with the provisions of the Beef Board Investment Policy for Qualified State Beef Councils Date February 1, 2006, which describes the type of instruments in which the Council may invest. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.**

**This report is intended for the information of the Council and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.**

*Griffin & Company, LLC*

August 30, 2011

**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**

**Board of Directors  
Louisiana Beef Industry Council  
State of Louisiana  
Port Allen, Louisiana**

We have audited the basic financial statements of the Louisiana Beef Industry Council, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, and have issued our report dated August 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of American and the standards applicable to financial audit 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 Beef Industry Council'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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weakness and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies internal control over financial reporting that we consider to be material weaknesses, as defined above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Council's internal control to be a significant deficiency:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Council's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Beef Industry Council'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 Louisiana Beef Industry Council, management and the Louisiana State Legislative Auditor 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.

*Griffin & Company, LLC*

August 30, 2011

LOUISIANA BEEF INDUSTRY COUNCIL  
DEPARTMENT OF AGRICULTURE  
STATE OF LOUISIANA

Schedule of Findings and Management Corrective Action Plan

June 30, 2011

**Summary of Audit Results:**

1. Type of Report Issued – Unqualified
2. Internal Control Over Financial Reporting
  - a. Significant Deficiencies – Yes (2011-1)
  - b. Material Weaknesses – No
3. Compliance and Other Matters – No
4. Management Letter - No

**Finding 2011-1:**

***Criteria:***

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

***Condition & Cause:***

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Board's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

***Recommendation:***

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

***Management Corrective Action Plan:***

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare The Council's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

**LOUISIANA BEEF INDUSTRY COUNCIL  
DEPARTMENT OF AGRICULTURE  
STATE OF LOUISIANA**

**Status of Prior Audit Findings**

**June 30, 2011**

**There were no prior audit findings.**