



DARYL G. PURPERA,  
CPA, CFE

## Report Highlights

# Louisiana Agricultural Finance Authority

## Louisiana Department of Agriculture and Forestry

Audit Control # 80120124  
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### Why We Conducted This Audit

We conducted a financial statement audit of the Louisiana Agricultural Finance Authority for the year ended June 30, 2012, as part of the audit of the state and to provide public accountability over public funds.

### What We Found

- The Louisiana Agricultural Finance Authority's (authority's) financial statements, as adjusted, are fairly stated.
- The authority's original Annual Fiscal Report (report) required significant modifications and corrections. The authority revised and resubmitted its report to correct errors. However, audit adjustments were necessary to correct errors in the final revised report.
- The former Commissioner of Agriculture developed the Lacassine mill for sugar cane farmers in the area.
- At its March 23, 2012, meeting, the authority's board declared Lake Charles Cane-Lacassine Mill, LLC (LLC) in default on its obligation to purchase the mill, which resulted in the removal of \$60,000,000 and \$9,337,812 from the authority's notes receivable and accrued interest receivable amounts, respectively.
- On September 11, 2012, the authority took possession of the mill. The authority obtained a fair market valuation for the mill property, dated January 15, 2013, and has included the estimated value of \$8,549,581 in its capital assets.
- The authority and the State Market Commission guaranteed two LLC loans, on which the LLC has defaulted. The outstanding principal and interest on the loans totaling \$6,567,705 has been included in the authority's liabilities. The net effect of these adjustments is a decrease in net assets totaling \$67,355,936.
- On May 15, 2012, the 19<sup>th</sup> Judicial District Court of East Baton Rouge Parish issued a final judgment of \$4.6 million in favor of Texans Credit Union (Texans) pursuant to a lawsuit filed against the authority and other parties to enforce a State Market Commission guarantee of a loan to Louisiana State Cypress, which defaulted on its obligation to Texans in fiscal 2010. On September 11, 2012, the authority and Texans agreed to settle the lawsuit for \$1,280,000, thereby relieving the authority of the additional \$3.3 million loss.

View the full report at [www.lfa.la.gov](http://www.lfa.la.gov).