

**LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE**

STATE OF LOUISIANA

FINANCIAL REPORT

**For the year ended
June 30, 2019**

(With Accountant's Report Thereon)

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

For the year ended June 30, 2019

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MICHAEL K. GLOVER
CERTIFIED PUBLIC ACCOUNTANT
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INDEPENDENT AUDITOR'S REPORT

Louisiana Beef Industry Council
Department of Agriculture
State of Louisiana
Baton Rouge, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the business type activities of Louisiana Beef Industry Council, a component unit of the State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise of Louisiana Beef Industry Council basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant ant accounting estimates made by management, as well as evaluation the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Unqualified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Beef Industry Council a component unit of the State of Louisiana, as of June 30, 2019, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the Louisiana Beef Council Board's basic financial statements. The accompanying supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and not a required part of the basic financial statements.

The accompanying supplemental schedules and the Division of Administration Annual Fiscal Report listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying supplemental schedules and the Division of Administration Annual Fiscal Report listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reports

Internal Control Over Compliance

In accordance with *Government Audit Standards*, I have also issued my report dated August 8, 2019, on my consideration of Louisiana Beef Industry Council internal control over financial reporting and my test of its compliance with certain provision of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my 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* in considering Louisiana Beef Industry Council internal control over financial reporting and compliance.

Compliance with the Act, Order and Beef Board Investment Policy

In accordance with the Beef Promotion and Research Act of 1985 (the Act), the Beef Promotion and Research Order (the Order) and the Beef Board Investment Policy dated March 14, 2017, I have also issued my report dated August 8, 2019, on my consideration of Louisiana Beef Industry Council compliance in the use of funds collected by the Council. The purpose of that report is to provide negative assurance regarding compliance with the Act, the Order and with the Beef Board Investment Policy for Qualified State Beef Councils (QSBC) dated March 14, 2016, which describe the use of funds collected by the Council insofar as they related to the accounting matters and the type of investments in which the Council may invest. That report is not a required report by *Government Auditing Standards* but is a required report by the QSBC.


Baton Rouge, LA
August 8, 2019

MICHAEL K. GLOVER
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based On An Audit of the Financial Statements Performed in Accordance with Government
Auditing Standards

Louisiana Beef Industry Council
Department of Agriculture
State of Louisiana
Baton Rouge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statement of the business-type activities of the Louisiana Beef Industry Council, a component unit of the State of Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Louisiana Beef Industry Council basic financial statements and have issued my report thereon dated August 8, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Louisiana Beef Industry Council's internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Beef Industry Council's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Louisiana Beef Industry Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal controls 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. 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.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Beef Industry Council, a component unit of the Department of Agriculture, State of Louisiana, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on the compliance with those provisions was not an objective on my audit and, accordingly, I do not express such an opinion. The results of my test disclosed instances of noncompliance of other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned cost as item 2019-01.

The Beef Industry Response to Findings

The Beef Industry response to the finding identified in my audit is described in the accompanying schedule of findings and questioned cost. The Beef Industry Council response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baton Rouge, LA


August 8, 2019

MICHAEL K. GLOVER
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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

Louisiana Beef Industry Council
Department of Agriculture
State of Louisiana
Baton Rouge, Louisiana

I have audited the financial statement of the Louisiana Beef Industry Council (the Council), a component unit of the State of Louisiana, as of and for the year ended June 30, 2019, and have issued my report thereon dated August 8, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

I conducted my 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 I 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 my audit, I assessed the risk that noncompliance with the Act and the Order as explained above, could cause the financial statements to be materially misstated.

In connection with my audit, nothing came to my attention, that caused me to believe that (i) the Louisiana Beef Industry Council was not in compliance with the Beef Promotion and Research Act of 1985 (the "Act") and the Beef Promotion and Research Order (the "Order") relative to the use of funds collected by the Council insofar as they relate to accounting matters, or (ii) that the Council failed to accurately allocate expenses that it shared with any other entity or funding source in a manner that complies with the Act and Order. Further, nothing came to my attention that caused me to believe the Council was not in compliance with the provisions of the Beef Board Investment Policy for Qualified State Beef Councils Date March 14, 2016, which describes the type of instruments in which the Council may invest except for the amount of collateral that was assigned to protect the deposits of the Council as explained in the attached schedule. Finding CBB 2019-01 My audit was not, however, 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.

Michael K. Glover APAC
August 8, 2019

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE

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
Exception to Investment Policy
JUNE 30, 2019

QSBC 2019-01	Not in compliance with QSBC investment policies
Criteria	The investment policies requires the daily balance should total in aggregate no more than 110% of the FDIC insurance and collateral.
Condition	The amount of coverage to cover the bank balance as required by the QSBC was \$41,023 below this requirement.
Effect	Not being in compliance with the QSBC investment policy.
Recommendation	Review the requirements with the financial institution and have them consider changing their method of determining the amount of collateral that needs to be assigned to this account to be in compliance with the QSBC investment policy.
Planned corrective Action	Management has met with the management of the financial institution and they have agreed to change their method of calculating the collateral requirement of this agency and to assign the additional collateral to comply with the QSBC investment policy.

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$ 478,099
Accounts receivables	22,856
Prepaid Expenses	<u>446</u>
Total assets	<u>\$ 501,401</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 36,749
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NET POSITION

Unassigned fund balance	<u>464,652</u>
Total liabilities and net position	<u>\$ 501,401</u>

The notes are an integral part of this statement.

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Operating revenues:	
Federal assessment \$1.00	\$ 329,902
Less: Distribution	<u>164,949</u>
	164,953
Louisiana \$.50 assessment	27
Grant income	<u>30,000</u>
Total revenues	194,980
Operating expenses:	
Program expenses:	110,171
General and administrative	
Administrative	25,600
Accounting	3,800
Advertising	11,990
Miscellaneous	<u>11,690</u>
Total general and administrative expenses	53,080
Grant expense	<u>30,000</u>
Total operating expenses	<u>193,251</u>
Change in net position	1,729
NONOPERATING REVENUES	
Investment income	<u>2</u>
Income (loss)	1,731
Total net position-beginning	<u>462,921</u>
Total net position-ending	<u>\$ 464,652</u>

The notes are an integral part of these financial statements.

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities:	
Cash receipts from assessments	\$ 363,119
Cash payments to other suppliers for goods and services	<u>(352,420)</u>
Net cash provided (used) by operating activities	10,699
Cash Flows From Investing Activities:	
Interest received	<u>2</u>
Net (decrease) in cash and cash equivalents	10,701
Cash and cash equivalents, beginning of year	<u>467,398</u>
Cash and cash equivalents, end of year	<u><u>\$ 478,099</u></u>
RECONCILIATION OF OPERATING INCOME AND NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 1,729
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in assets and liabilities	
Accounts receivable	3,191
Accounts payable	5,779
Net cash provided (used) by operating activities	<u><u>\$ 10,699</u></u>

The notes are an integral part of these financial statements.

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA

Notes to Financial Statements

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 and Forestry, as provided by Louisiana Statutes R.S 36:629(E). This Act rescinded RS 3:2058(B) and (C) and 2062 dissolving the previous Louisiana Beef Industry Council. The Council is composed of nine members. The board will comprise two members appointed by the Louisiana Livestock Auction Markets Association (LAMA), three members will be appointed by Louisiana Farm Bureau Association (LFBA), three members will be appointed by the Louisiana Cattlemen Association (LCA) and one member will be appointed by the Cattle Producers of Louisiana (CPL). The Commissioner of Agriculture serves as an ex-officio member of the Council. The members shall serve as follows: one member from both LFBA and LCA will serve a one year term, one member from LAMA, LFBA and LCA will serve a two year term and one member from LAMA, LFBA, LCA and CPL will serve a three-year term. No member will serve more than two consecutive three year terms. The mission of the council is to increase consumer beef demand by engaging in effective promotion, education, research, information, and communication programs while being good stewards of the checkoff monies paid by Louisiana cattle producers pursuant to the federal 1985 Farm Bill and Louisiana Act No.428 of 2017.

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.

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 Government Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting and Measurement Focus

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

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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA

Notes to Financial Statements

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Con't.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits that mature within 90 days or less when purchased. Under state law, the Council may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

Under state law, the districts may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

Capital Assets

Capital assets purchased in excess of \$5,000 are recorded at historical cost and depreciated over their estimated useful lives(excluding salvage value). Estimated useful live is management's estimate of how long the asset is estimated to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Furniture	5-7 years
Equipment	5-10 years

Revenues and Expenses

Revenues and expense 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 and authorized expenditures of the \$1.00 assessment (check off) come exclusively from the Federal Act and Order. The \$1.00 will be assessed on all Louisiana cattle purchased or sold within or outside of Louisiana and a state assessment of \$.50 on all cattle marketed within or outside Louisiana. The Cattlemen's Beef Promotion and Research Board receives \$.50 of the federal assessments. These distributions are deducted from the federal assessments on the Statement of Revenue, Expenses and Changes in Fund Net Position. Principal operating expenses are the costs of providing services and include administrative expenses. Other revenues and expenses 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 Position as earned. Expenses are recorded as they occur.

General and Administrative Expenses

LBIC entered into an agreement to provide administrative services to an outside individual with accounting services to an outside firm. The amount paid to the outside accounting firm was \$15,600 and \$10,000 to the outside individual.

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.

Statement of Cash Flows

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

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA

Notes to Financial Statements

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Con't.

Fund Equity

GASB 54 Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned,

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board – the highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual requirements.

Assigned Fund Balance – These are amounts that are constrained by the Board's *intent* to be used for specific purposes, but are neither restricted nor committed. The board's management has the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. This represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is the board's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Note 2. Receivables

At June 30, 2019 the balance of receivables was \$22,856. These are assessments on the sale of cattle through June 30, 2019 that were not collected until after June 30, 2019. The Council uses the direct write off method for allowance for bad debts. Although this is not an acceptable method under generally accepted accounting principles, the Council does not think there is any material difference between this and the allowance method used for GAAP. All receivables at June 30, 2019 were collected after year end.

Note 3. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposits. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The depository bank places approved pledged securities for safekeeping and trust with the District's in an amount that was not sufficient to protect Council's funds on a day-to-day basis. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposits Insurance Corporation (FDIC) Insurance.

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA

Notes to Financial Statements

Note 4. Deposits with Financial Institutions

The deposits at June 30, 2019, consisted of the following:

<u>Depository Account</u>	<u>Amount</u>
Insured	\$ 250,000
Collateralized	
Uncollateralized	13,911
Collateralized with securities held by the pledging financial institution	219,232
Collateralized with securities held by the pledging financial institutions trust department	
Total bank balances exposed to custodial credit risk	\$ <u>483,143</u>
Total bank balances	\$ <u>483,143</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the bank failure the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. At June 30, 2019, \$13,911 of the government's bank balance of \$483,143 was exposed to custodial credit risk as shown above.

Note 5 - Accounts Payable - Trade

At June 30, 2019 the balance of accounts payable was \$36,749. Of this amount, federal assessments of the \$1 check off money that was due for May and June revenue was \$11,270 and \$25,479 was for overhead and program expenses approved in 2019 not paid until after June 30, 2019.

Note 6 - Litigations

There are not pending litigations or claims against the Council at year end.

Note 7.- Council Members Per Diem

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

Note 8.- Changes in revenue and expenses

The Federal assessment \$1 check off revenue as shown on the Statement of Revenues, Expenses and Changes in Net Position decreased \$16,717 or 4.82% from fiscal year end June 30, 2018 to June 30, 2019. The decrease is due to price decreases and less cattle sales from the previous year.

There was a \$39,429 or a 78% increase in Program expenses from the fiscal year ended June 30, 2018 to June 30, 2019 due to the LBIC approving more programs.

Note 9 – Subsequent Events

The Council has evaluated subsequent events for potential recognition of disclosure in the financial statements through August 8, 2019, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA

STATEMENT OF NET POSITION BY ASSESSMENT SOURCE

June 30, 2019

	\$1.00 <u>Assessment</u>	\$0.50 <u>Assessment</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 464,693	\$ 13,406	\$ 478,099
Accounts receivable-trade	22,856	-	22,856
Prepaid expenses	<u>446</u>	<u>-</u>	<u>446</u>
 Total assets	 <u>\$ 487,995</u>	 <u>\$ 13,406</u>	 <u>\$ 501,401</u>
 LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable - trade	\$ 36,749	\$ -	\$ 36,749
 Net position - unassigned fund balance	 <u>451,246</u>	 <u>13,406</u>	 <u>464,652</u>
 Total liabilities and net position	 <u>\$ 487,995</u>	 <u>\$ 13,406</u>	 <u>\$ 501,401</u>

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA

STATEMENT OF REVENUES AND EXPENSES BY ASSESSMENT SOURCE

FOR THE YEAR ENDED JUNE 30, 2019

	\$1.00 <u>Assessment</u>	\$0.50 <u>Assessment</u>	<u>Total</u>
Operating revenues:			
Federal assessment \$1.00	\$ 329,902	0	329,902
Less: Distribution	<u>164,949</u>	<u>0</u>	<u>164,949</u>
	164,953	0	164,953
Louisiana \$.50 assessment		27	27
Grant income	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Total revenues	194,953	27	194,980
Operating expenses:			
Program expenses:	102,761	7,410	110,171
General and administrative			
Administrative	25,600	0	25,600
Accounting	3,800	0	3,800
Advertising	11,990	0	11,990
Miscellaneous	<u>11,690</u>	<u>0</u>	<u>11,690</u>
Total general and administrative expenses	53,080	0	53,081
Grant expense	<u>30,000</u>	<u>0</u>	<u>30,000</u>
Total operating expenses	<u>185,841</u>	<u>7,410</u>	<u>193,252</u>
Change in net position	9,112	(7,383)	1,728
NONOPERATING REVENUES			
Investment income	<u>2</u>	<u>0</u>	<u>2</u>
Income (loss)	9,114	(7,383)	1,730
Total net position-beginning	446,026	16,895	462,921
Total net position-ending	<u>\$ 455,140</u>	<u>9,512</u>	<u>464,651</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, expense and changes in net position included in the financial statements.

Decrease in revenue

The Federal assessment \$1 check off revenue as shown on the Statement of Revenues, Expenses and Changes in Net Position decreased \$16,717 or 4.82% from fiscal year end June 30, 2018 to June 30, 2019. The decrease is due to price decreases and less cattle sales from the previous year.

There was a \$39,429 or a 78% increase in Program expenses from the fiscal year ended June 30, 2018 to June 30, 2019 due to the LBIC approving more programs.

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA

Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

I have audited the basic financial statements of the Louisiana Beef Industry Council as of and for the year ended June 30, 2019, and have issued my report thereon dated August 8, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2019 resulted in a modified opinion.

Section I - Summary of Auditor's Results

Financial statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
-Material weakness(es) identified?	_____ yes <u> x </u> no
-Significant deficiency(ies) identified?	_____ yes <u> x </u> none
-Noncompliance material to financial statements?	_____ yes <u> x </u> no
-Noncompliance and other matters?	<u> X </u> yes _____ no
 Was a management letter issued	 _____ yes <u> x </u> no

State Financial Assistance – None

Section II - Financial Statements Findings

2019-01	Insufficient collateral assigned to balances over the FDIC limits
Criteria	Louisiana Revised Statute 49:321 requires security for deposits of state funds
Condition	After reviewing the bank statement balance it came to my attention that the bank did not assign enough collateral to fully secure the deposits of this agency.
Effect	As of June 30, 2019, there was insufficient collateral of \$13,910.59 over the FDIC coverage plus the amount of collateral that was assigned by the financing institution.
Cause	The agency was not in compliance with Louisiana laws and regulations regarding sufficient security for deposits of state funds.
Recommendation	Review this finding with your banking institution and have them assign the collateral necessary to secure the deposits
Planned corrective action	Management has met with the management of the financial institution and they have agreed to change their method of calculating the collateral requirement of this agency.

LOUISIANA BEEF INDUSTRY COUNCIL
DEPARTMENT OF AGRICULTURE
STATE OF LOUISIANA

Current year Findings and Questioned Costs
For the year ended June 30, 2018

None

**OTHER SUPPLEMENTAL INFORMATION AND REPORTS REQUIRED BY
THE LOUISIANA DEPARTMENT OF ADMINISTRATION**

The following pages contain the Annual Financial Report Required by the Division of Administration

**ANNUAL FISCAL REPORT (AFR)
FOR 2019**

AGENCY: 20-11-10 - Louisiana Beef Industry Council

PREPARED BY: Michael Glover

PHONE NUMBER: 225-295-1860

EMAIL ADDRESS: mike@mglovercpa.com

SUBMITTAL DATE: 08/14/2019 01:25 PM

STATEMENT OF NET POSITION

ASSETS

CURRENT ASSETS:

CASH AND CASH EQUIVALENTS	478,099.00
RESTRICTED CASH AND CASH EQUIVALENTS	0.00
INVESTMENTS	0.00
RESTRICTED INVESTMENTS	0.00
DERIVATIVE INSTRUMENTS	0.00
RECEIVABLES (NET)	22,856.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
AMOUNTS DUE FROM PRIMARY GOVERNMENT	0.00
DUE FROM FEDERAL GOVERNMENT	0.00
INVENTORIES	0.00
PREPAYMENTS	446.00
NOTES RECEIVABLE	0.00
OTHER CURRENT ASSETS	0.00
TOTAL CURRENT ASSETS	\$501,401.00

NONCURRENT ASSETS:

RESTRICTED ASSETS:

CASH	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
OTHER	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
CAPITAL ASSETS (NET OF DEPRECIATION & AMORTIZATION)	
LAND	0.00
BUILDINGS AND IMPROVEMENTS	0.00
MACHINERY AND EQUIPMENT	0.00
INFRASTRUCTURE	0.00
INTANGIBLE ASSETS	0.00
CONSTRUCTION IN PROGRESS	0.00
OTHER NONCURRENT ASSETS	0.00
TOTAL NONCURRENT ASSETS	\$0.00
TOTAL ASSETS	\$501,401.00

DEFERRED OUTFLOWS OF RESOURCES

ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVES	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS PAID PRIOR TO MEETING TIME REQUIREMENTS	0.00
INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEREE)	0.00
LOSSES FROM SALE-LEASEBACK TRANSACTIONS	0.00
DIRECT LOAN ORIGINATION COSTS FOR MORTGAGE LOANS HELD FOR SALE	0.00
ASSET RETIREMENT OBLIGATIONS	0.00
OPEB-RELATED DEFERRED OUTFLOWS OF RESOURCES	0.00
PENSION-RELATED DEFERRED OUTFLOWS OF RESOURCES	0.00

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TOTAL DEFERRED OUTFLOWS OF RESOURCES **\$0.00**

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES **\$501,401.00**

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUALS 36,749.00
ACCRUED INTEREST 0.00
DERIVATIVE INSTRUMENTS 0.00
AMOUNTS DUE TO PRIMARY GOVERNMENT 0.00
DUE TO FEDERAL GOVERNMENT 0.00
AMOUNTS HELD IN CUSTODY FOR OTHERS 0.00
UNEARNED REVENUES 0.00
OTHER CURRENT LIABILITIES 0.00

CURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE 0.00
COMPENSATED ABSENCES PAYABLE 0.00
CAPITAL LEASE OBLIGATIONS 0.00
ESTIMATED LIABILITY FOR CLAIMS 0.00
NOTES PAYABLE 0.00
BONDS PAYABLE 0.00
OPEB LIABILITY 0.00
POLLUTION REMEDIATION OBLIGATIONS 0.00
OTHER LONG-TERM LIABILITIES 0.00
TOTAL CURRENT LIABILITIES **\$36,749.00**

NONCURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE 0.00
COMPENSATED ABSENCES PAYABLE 0.00
CAPITAL LEASE OBLIGATIONS 0.00
ESTIMATED LIABILITY FOR CLAIMS 0.00
NOTES PAYABLE 0.00
BONDS PAYABLE 0.00
TOTAL OPEB LIABILITY 0.00
NET PENSION LIABILITY 0.00
POLLUTION REMEDIATION OBLIGATIONS 0.00
OTHER LONG-TERM LIABILITIES 0.00
UNEARNED REVENUE 0.00
TOTAL LONG-TERM LIABILITIES **\$0.00**
TOTAL LIABILITIES **\$36,749.00**

DEFERRED INFLOWS OF RESOURCES

ACCUMULATED INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES 0.00
DEFERRED AMOUNTS ON DEBT REFUNDING 0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS 0.00
GRANTS RECEIVED PRIOR TO MEETING TIME REQUIREMENTS 0.00
SALES/INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEROR) 0.00
GAINS FROM SALE-LEASEBACK TRANSACTIONS 0.00
SPLIT INTEREST AGREEMENTS 0.00
POINTS RECEIVED ON LOAN ORIGATION 0.00
LOAN ORIGATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE 0.00
OPEB-RELATED DEFERRED INFLOWS OF RESOURCES 0.00
PENSION-RELATED DEFERRED INFLOWS OF RESOURCES 0.00
TOTAL DEFERRED INFLOWS OF RESOURCES **\$0.00**

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NET POSITION:

NET INVESTMENT IN CAPITAL ASSETS	0.00
RESTRICTED FOR:	
CAPITAL PROJECTS	0.00
DEBT SERVICE	0.00
NONEXPENDABLE	0.00
EXPENDABLE	0.00
OTHER PURPOSES	0.00
UNRESTRICTED	\$464,652.00
TOTAL NET POSITION	\$464,652.00

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STATEMENT OF ACTIVITIES

PROGRAM REVENUES

EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
358,200.00	0.00	30,000.00	0.00	\$(328,200.00)

GENERAL REVENUES

PAYMENTS FROM PRIMARY GOVERNMENT	0.00
OTHER	329,931.00
ADDITIONS TO PERMANENT ENDOWMENTS	0.00
CHANGE IN NET POSITION	\$1,731.00
NET POSITION - BEGINNING	\$462,921.00
NET POSITION - RESTATEMENT	0.00
NET POSITION - ENDING	\$464,652.00

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DUES AND TRANSFERS

Account Type			
Amounts due from Primary			
Government	Intercompany (Fund)		Amount
		Total	\$0.00

Account Type			
Amounts due to Primary			
Government	Intercompany (Fund)		Amount
		Total	\$0.00

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SCHEDULE OF BONDS PAYABLE

Series Issue	Date of Issue	Original Issue Amount	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY	Interest Outstanding CFY
		0.00	0.00	0.00	\$ 0.00	0.00
		Totals	\$0.00	\$0.00	\$0.00	\$0.00

Series - Unamortized Premiums:

Series Issue	Date of Issue	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY
		0.00	0.00	\$ 0.00
		Totals	\$0.00	\$0.00

Series - Unamortized Discounts:

Series Issue	Date of Issue	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY
		0.00	0.00	\$ 0.00
		Totals	\$0.00	\$0.00

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SCHEDULE OF BONDS PAYABLE AMORTIZATION

Fiscal Year Ending:	Principal	Interest
2020	0.00	0.00
2021	0.00	0.00
2022	0.00	0.00
2023	0.00	0.00
2024	0.00	0.00
2025	0.00	0.00
2026	0.00	0.00
2027	0.00	0.00
2028	0.00	0.00
2029	0.00	0.00
2030	0.00	0.00
2031	0.00	0.00
2032	0.00	0.00
2033	0.00	0.00
2034	0.00	0.00
2035	0.00	0.00
2036	0.00	0.00
2037	0.00	0.00
2038	0.00	0.00
2039	0.00	0.00
2040	0.00	0.00
2041	0.00	0.00
2042	0.00	0.00
2043	0.00	0.00
2044	0.00	0.00
2045	0.00	0.00
2046	0.00	0.00
2047	0.00	0.00
2048	0.00	0.00
2049	0.00	0.00
2050	0.00	0.00
2051	0.00	0.00
2052	0.00	0.00
2053	0.00	0.00
2054	0.00	0.00
Premiums and Discounts	\$0.00	
Total	\$0.00	\$0.00

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Other Postemployment Benefits (OPEB)

If your agency has active or retired employees who are members of the Office of Group Benefits (OGB) Health Plan, please provide the following information: (Note: OGB has a 6/30/2018 measurement date for their OPEB valuation)

Benefit payments made subsequent to the measurement date of the OGB Actuarial Valuation Report until the employer's fiscal year end. (Benefit payments are defined as the employer payments for retirees' health and life insurance premiums). For agencies with a 6/30 year end this covers the current fiscal year being reported. For calendar year end agencies, it covers the period 7/1 to 12/31 for the current year being reported. 0.00

Covered Employee Payroll for the PRIOR fiscal year (not including related benefits) 0.00

For calendar year-end agencies only: Benefit payments or employer payments for retirees' health and life insurance premiums made for the next year's valuation reporting period (7/1/2018 - 6/30/2019). This information will be provided to the actuary for the valuation report early next year. 0.00

For agencies that have employees that participate in the LSU Health Plan, provide the following information: (Note: The LSU Health Plan has a measurement date of 6/30/2019 for their OPEB valuation report.)

Covered Employee Payroll for the CURRENT fiscal year (not including related benefits) 0.00

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FUND BALANCE/NET POSITION RESTATEMENT

Account Name/Description	Restatement Amount
Total	\$0.00

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SUBMISSION

Before submitting, ensure that all data (statements, notes, schedules) have been entered for the agency.

Once submitted no changes can be made to any of the agency data for the specified year.

By clicking 'Submit' below you certify that the financial statements herewith given present fairly the financial position and the results of operations for the year 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.

Reminder: You must send Louisiana Legislative Auditors an electronic copy of the AFR report in a pdf, tiff, or some other electronic format to the following e-mail address:
LLAFileroom@lla.la.gov.