

Ag 8

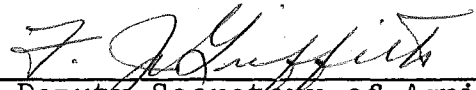
STATE OF WISCONSIN            )  
  ) SS  
DEPARTMENT OF AGRICULTURE )

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING:

I, F. J. Griffith, Deputy Secretary of Agriculture, and custodian of the official records of the Department of Agriculture of the State of Wisconsin, do hereby certify that the annexed order repealing, amending, renumbering, adopting and repealing and recreating rules relating to dairy plant security, Wis. Adm. Code chapter Ag 8, was duly issued by this department on July 23, 1968.

I further certify that said copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN WITNESS WHEREOF, I have hereunto set my hand at Madison, Wisconsin, this 23rd day of July, 1968.

  
\_\_\_\_\_  
Deputy Secretary of Agriculture

Docket No. 799.

ORDER OF THE DEPARTMENT OF AGRICULTURE  
REPEALING, AMENDING, RENUMBERING,  
ADOPTING AND REPEALING AND RECREATING RULES

Pursuant to authority vested in the Department of Agriculture by sections 93.07 (1), 97.04 and 100.06, Wis. Stats., the Department of Agriculture hereby repeals, amends, renumbers, adopts and repeals and recreates rules as follows:

1. Section Ag 8.01 (6) of the Wisconsin administrative code is repealed.

2. Sections Ag 8.01 (7) to (15) of the Wisconsin administrative code are renumbered Ag 8.01 (6) to (14), respectively.

3. Section Ag 8.01 (15) of the Wisconsin administrative code is adopted to read:

Ag 8.01 (15) "Accountant's statement" is a financial statement signed and prepared by an independent accountant, other than an accountant licensed under chapter 135, Wis. Stats., and verified by the dairy plant operator employing him as a truthful and accurate representation of the business operations and financial condition of the dairy plant business for which the statement is rendered.

4. Section Ag 8.02 (1) of the Wisconsin administrative code is amended to read:

Ag 8.02 (1) Financial statements, prepared as of the close of the dairy plant's most recent fiscal year, shall be filed with the department annually by every dairy plant operator purchasing milk or cream directly from producers on or before the 15th day of the

ments may be required at any time during the license year as deemed necessary by the department.

5. Section Ag 8.02 (3) of the Wisconsin administrative code is amended to read:

Ag 8.02 (3) Annual financial statements shall be certified financial statements and shall be audited by a certified public accountant or a public accountant holding a certificate of authority in this state, except that licensees operating under a dairy plant trusteeship or having satisfied security requirements by filing and maintaining acceptable security with the department equal to at least 75% of maximum due and accrued producer liability may, at their option, file either a certified or verified financial statement, or an accountant's statement. Except as otherwise provided, an accountant's statement may be filed in lieu of a certified financial statement until January 1, 1971.

6. Section Ag 8.03 (1) of the Wisconsin administrative code is amended to read:

Ag 8.03 (1) Verified financial statements and accountant's statements shall be submitted on forms furnished by the department. Certified financial statements may be submitted either on department forms or in the form of a separate statement prepared by the accountant in accordance with generally accepted accounting principles and which is adequate for the detailing of account information as prescribed by these rules.

7. Section Ag 8.03 (4) of the Wisconsin administrative code is amended to read:

certified or verified financial statements, or an accountant's statement, shall fully and accurately reflect the results of business operations and the true financial condition of the dairy plant for which the statement is rendered. They shall be prepared in accordance with generally accepted accounting principles and practices and include all supplementary financial information as required by section Ag 8.05. Dairy plants with a sound financial and operating history and a current ratio of 2:00 to 1:00, based on an audit by a licensed accountant, may be authorized by the department to file a copy of their annual financial report to stockholders or any other audited financial statement acceptable to the department in lieu of a statement meeting specific requirements of section Ag 8.05.

8. Section Ag 8.03 (5) of the Wisconsin administrative code is adopted to read:

Ag 8.03 (5) The department may refuse to accept statements which are inaccurate or incomplete, or not prepared in accordance with standards prescribed by this chapter. If any question should arise as to the accuracy or completeness of a verified financial statement, or an accountant's statement, or of accounting judgment used in the preparation of such statements, the department may require that the statement be audited and certified by a licensed public accountant. The filing of unacceptable statements may subject the licensee to an immediate demand for security as provided in section Ag 8.02 (4).

9. Section Ag 8.04 (1) of the Wisconsin administrative code

calendar year basis, shall file annual financial statements with the department in accordance with the fiscal year adopted by the plant.

10. Sections Ag 8.05 (2) (a) and (e) and (3) of the Wisconsin administrative code are amended to read:

Ag 8.05 (2) (a) Notes or accounts receivable trade, shall be shown separately from other receivables not arising in the ordinary course of trade. Any note or account representing in amount 15% or more of all notes or accounts receivable, respectively, shall be described in footnotes or separate schedules attached to the statement showing the name of the person from whom payment is due and the amount due.

(e) An aging summary of all notes and accounts receivable shall be submitted with the financial statement.

(3) Inventories of dairy products manufactured and held for sale shall be identified separately from other classes of inventory, such as materials and supplies or merchandise purchased for resale. Inventories not in marketable or saleable condition and materials and supplies not expected to be consumed in the ordinary course of business, within one year, shall not be included as a current asset. The basis used in determining inventory values shall be described in the financial statement or footnotes thereto.

11. Section Ag 8.05 (5) of the Wisconsin administrative code is repealed.

12. Sections Ag 8.05 (6) to (11) of the Wisconsin administrative code are renumbered Ag 8.05 (5) to (10), respectively.

administrative code is amended to read:

Ag 8.05 (8) (c) Trade accounts representing in amount 15% or more of all trade accounts payable, shall be detailed in separate schedules as necessary to show the name of such trade creditors and the amounts owed to each. Amounts owed parent organizations, subsidiaries or affiliates shall be specifically identified, regardless of amount.

14. Sections Ag 8.06 (1) (a) and (b) of the Wisconsin administrative code are amended to read:

Ag 8.06 (1) (a) A ratio of current assets to current liabilities (current ratio) of 1:20 to 1:00 or a ratio of cash, current receivables and marketable securities to current liabilities (quick ratio) of 1:00 to 1:00.

(b) Total assets in excess of total liabilities.

15. Section Ag 8.06 (2) of the Wisconsin administrative code is renumbered Ag 8.06 (2) (a):

16. Section Ag 8.06 (2) (b) of the Wisconsin administrative code is adopted to read:

Ag 8.06 (2) (b) As an exception to subsection (1) (a), and until January 1, 1971, dairy plants may qualify for a license on basis of a ratio of current assets to current liabilities (current ratio) of 1:10 to 1:00 from July 1, 1968 to December 31, 1969 and 1:15 to 1:00 from January 1, 1970 to December 31, 1970. On and after January 1, 1971, all plants shall be subject to the requirements of subsection (1) (a).

17. Section Ag 8.06 (4) of the Wisconsin administrative code

Ag 8.06 (4) Dairy plants with a current ratio of at least 1:00 to 1:00 which can demonstrate to the satisfaction of the department their incapacity to file security in the full amount of 75% of maximum due and accrued producer liability as required, may petition the department for authority to fulfill security requirements by the filing of monthly income statements and balance sheets and the making of monthly deposits of acceptable forms of security in amounts not less than 1% of their gross monthly producer payroll or not less than 1/2% of their gross monthly sales. Authority may be granted if in the opinion of the department the plant is reasonably unable to meet full security requirements in any other manner, there is reasonable expectancy the plant will be able to make deposits on a regular monthly basis until full security requirements are met, or until the next higher level of financial liquidity, as established by these rules, is achieved, and the producers will not be subjected to unreasonable risks of financial loss during the intervening period of time. Security once deposited may not be released except in compliance with subsection (5).

18. Section Ag 8.07 (2) (b) of the Wisconsin administrative code is amended to read:

Ag 8.07 (2) (b) If licensed on financial statements only,  
1. the fact that a financial statement prepared by an accountant has been filed with the department, 2. the name of the accountant, 3. the fiscal period covered by the financial statement, and 4. the fact that financial statement showed the licensee qualified for a license without the filing of security.

19. Section Ag 8.07 (2) (d) of the Wisconsin administrative code is adopted to read:

Ag 8.07 (2) (d) If licensed on basis of security and the security is being created on basis of monthly deposits, as provided under section Ag 8.06 (4), the following information shall be included in addition to that required under paragraph (c): 1. date on which security deposits were initiated, and 2. the percentage of the gross monthly producer payroll or gross monthly sales, as applicable, on which monthly deposits are computed.

The rules contained herein shall take effect as provided in section 227.026, Wis. Stats.

Dated: July 23, 1968.

STATE OF WISCONSIN  
DEPARTMENT OF AGRICULTURE

By /s/ F. J. Griffith  
Deputy Secretary of Agriculture