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Louisiana Soybean and Grain  
Research and Promotion Board  
Department of Agriculture and Forestry  
Baton Rouge, Louisiana

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**Component Unit Financial Statements  
and Auditor's Report  
June 30, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date                       
OCT 07 1998

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**CERTIFIED PUBLIC ACCOUNTANTS**

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September 24, 1998

**Independent Auditor's Report**

Louisiana Soybean and Grain Research and Promotion Board  
Department of Agriculture and Forestry  
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of

**Louisiana Soybean and Grain Research and Promotion Board  
Department of Agriculture and Forestry  
A Component Unit of the State of Louisiana  
Baton Rouge, Louisiana**

as of and for the years ended June 30, 1998 and June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of Louisiana Soybean and Grain Research and Promotion Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Soybean and Grain Research and Promotion Board, a component unit of the State of Louisiana, as of June 30, 1998 and June 30, 1997, and the results of its operations and changes in fund balance for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 1998, on our consideration of the Louisiana Soybean and Grain Research and Promotion Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Yours truly,

*Hawthorn, Waymouth & Carroll, LLP*

**Louisiana Soybean and Grain Research and Promotion Board**  
**Department of Agriculture and Forestry**  
**A Component Unit of the State of Louisiana**  
**Governmental Fund Type - General Fund**  
**Balance Sheets**  
**June 30, 1998 and June 30, 1997**

**A s s e t s**

	<u>1998</u>	<u>1997</u>
<b>Assets</b>		
Cash and cash equivalents	\$1,115,219	\$1,402,198
Funds advanced to the Louisiana Department of Agriculture and Forestry	100	500
Assessments receivable from the Louisiana Department of Agriculture and Forestry	26,004	4,933
Interest receivable	<u>506</u>	<u>412</u>
<u>Total assets</u>	<u>1,141,829</u>	<u>1,408,043</u>

**L i a b i l i t i e s   a n d   F u n d   B a l a n c e**

<b>Liabilities</b>		
Liabilities - accounts payable	<u>\$58,529</u>	<u>\$216,526</u>
<u>Total liabilities</u>	<u>58,529</u>	<u>216,526</u>
<b>Fund Balance</b>		
Reserved for encumbrances	341,833	563,770
Unreserved - undesignated	<u>741,467</u>	<u>627,747</u>
<u>Total fund balance</u>	<u>1,083,300</u>	<u>1,191,517</u>
<u>Total liabilities and fund balance</u>	<u>1,141,829</u>	<u>1,408,043</u>

The accompanying notes are an integral part of these statements.

**Louisiana Soybean and Grain Research and Promotion Board**  
**Department of Agriculture and Forestry**  
**A Component Unit of the State of Louisiana**  
**Governmental Fund Type - General Fund**  
**Statements of Revenue, Expenditures and Changes in Fund Balance**  
**Years Ended June 30, 1998 and June 30, 1997**

	<u>1998</u>	<u>1997</u>
<b>Revenue</b>		
Assessments on the sale of commodities (net of refunds and collection charges)	\$1,587,882	\$1,560,598
Interest income	<u>42,741</u>	<u>30,340</u>
<u>Total revenue</u>	<u>1,630,623</u>	<u>1,590,938</u>
<b>Expenditures</b>		
Assessments collected and remitted to the United Soybean Board	664,502	610,504
Travel and convention expenses	2,203	1,732
Bank charges	105	117
Research and promotion expenditures	1,068,480	315,594
Accounting	<u>3,550</u>	<u>3,150</u>
<u>Total expenditures</u>	<u>1,738,840</u>	<u>931,097</u>
<u>Revenue over (under) expenditures</u>	(108,217)	659,841
<b>Fund Balance, beginning of year</b>	<u>1,191,517</u>	<u>531,676</u>
<b>Fund Balance, end of year</b>	<u>1,083,300</u>	<u>1,191,517</u>

The accompanying notes are an integral part of these statements.



**Louisiana Soybean and Grain Research and Promotion Board**  
**Department of Agriculture and Forestry**  
**A Component Unit of the State of Louisiana**  
**Notes to Financial Statements**  
**June 30, 1998**

**Note 1-Summary of Significant Accounting Policies**

The Louisiana Soybean and Grain Research and Promotion Board is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture and Forestry, as provided by Louisiana Revised statute 3:551.32. The board is composed of ten members appointed by the governor to serve terms concurrent with the governor. The board members serve without compensation. The Commissioner of Agriculture and Forestry serves as an ex-officio member of the board. The board is charged with the responsibility of promoting the growth and development of the soybean, wheat, corn and grain sorghum industries in Louisiana by research and advertisement. The operations of the board are funded by an assessment of one cent per bushel on soybeans and one-half cent per bushel on wheat, corn and grain sorghum grown within the state. The assessments are collected by the Commissioner of Agriculture from the buyer of soybeans, wheat, corn or grain sorghum at the first point of sale.

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. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments.

By definition GASB Codification Section 2100 defines the governmental reporting entity as the State of Louisiana. This board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility because the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying statements present information only as to the transactions of the programs of the Louisiana Soybean and Grain Research and Promotion Board, a component unit of the State of Louisiana.

**A. Fund Accounting**

The accounts of the Louisiana Soybean and Grain Research and Promotion Board are organized on a fund basis (General Fund). The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. The General Fund is the general operating fund of the board and accounts for all financial resources. Revenue is accounted for in this fund based upon the purpose for which it is to be spent and the means by which spending activities are controlled.

**B. General Fixed Assets and General Long-Term Obligations**

At June 30, 1998, the board has no general fixed assets or long-term obligations.

**Louisiana Soybean and Grain Research and Promotion Board**  
**Department of Agriculture and Forestry**  
**A Component Unit of the State of Louisiana**  
**Notes to Financial Statements**  
**June 30, 1998**

**Note 1-Summary of Significant Accounting Policies (Continued)**

**C. Basis of Accounting**

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The board's records are maintained on a cash basis of accounting. However, the General Fund, as reported in the accompanying financial statements, has been converted to an accrual basis of accounting using the following practices in recording revenue and expenditures:

**Revenue**

Assessments levied on the sale of soybeans, wheat, corn and grain sorghum produced within the state are recognized in the amounts earned, to the extent they are both measurable and available. Interest earned on investments is recorded when the interest is both measurable and available.

**Expenditures**

Expenditures are recognized under the accrual basis of accounting when the related fund liability is incurred.

**D. Budget Practices**

The board does not adopt a formal budget on a fiscal year basis. However, for the calendar year the board allocates amounts to be spent on specific projects for research and promotion of soybeans, wheat, corn and grain sorghum. Other expenditures are not considered in this allocation.

**E. Encumbrance Accounting**

The board's major expenditures consist of various agreements, as detailed in Note 2, for research and promotion activities. These expenditures are approved on a calendar year basis, and funds from the current fiscal year are obligated (encumbered) at the time the expenditures are approved. Therefore, as shown on the balance sheet, the board has reserved a portion of its fund balance for expenditures upon performance of agreements.

**Louisiana Soybean and Grain Research and Promotion Board**  
**Department of Agriculture and Forestry**  
**A Component Unit of the State of Louisiana**  
**Notes to Financial Statements**  
**June 30, 1998**

**Note 1-Summary of Significant Accounting Policies (Continued)**

**F. Cash and Cash Equivalents**

Cash and cash equivalents represent interest bearing demand deposits, and a certificate of deposit. Under state law, the Louisiana Soybean and Grain Research and Promotion Board may deposit funds within a 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 board may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As reflected on the balance sheet, the board has cash and cash equivalents (book balances) totaling \$1,115,219 and \$1,402,198 for June 30, 1998 and 1997, respectively. Under state law, these deposits, which are considered Category 1 for generally accepted governmental accounting principles, 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 held in joint custodial accounts in the Board's name. Cash and cash equivalents (bank balances) at June 30, 1998, were secured as follows:

	<b><u>Bank</u></b>	<b><u>FDIC</u></b>	<b><u>Pledged</u></b>
	<b><u>Balances</u></b>	<b><u>Insurance</u></b>	<b><u>Collateral</u></b>
Cash and cash equivalents	<b><u>\$1,115,219</u></b>	<b><u>\$100,000</u></b>	<b><u>\$1,595,509</u></b>

There were no unsecured deposits at June 30, 1998.

**G. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

**H. Office Administration**

The administrative functions of the board are performed voluntarily by the Louisiana Farm Bureau Federation; however, the board contracts its accounting functions.



**Louisiana Soybean and Grain Research and Promotion Board**  
**Department of Agriculture and Forestry**  
**A Component Unit of the State of Louisiana**  
**Notes to Financial Statements**  
**June 30, 1998**

**Note 2-Research and Promotion Expenditures**

As discussed in Note 1-E, the board has entered into certain agreements for research and promotion activities. Details of the activities relating to these agreements are as follows:

	<b>Expend- iture Amount</b>	<b>Balance at July 1, 1997</b>	<b>Expend- itures 1997-1998</b>	<b>Balance Remaining at June 30, 1998</b>
Louisiana State University Agricultural Experiment Station				
1997	\$563,770	\$563,770	\$563,770	
Extention through March, 1998	121,307		121,307	
April, 1998 through March, 1999	663,663		331,833	\$331,833
United States Feed Grains Council	25,000		25,000	
Louisiana Tech University	20,000		20,000	
Tulane University - 1998	5,000		5,000	
Two year Board commitment	10,000			10,000
Other Promotions	1,570	_____	_____1,570	_____
<u>Total expenditures per statement of revenue, expenditures, and changes in fund balance</u>			<u>1,068,480</u>	
<u>Total encumbrances per balance sheet</u>		<u>563,770</u>		<u>341,833</u>
	<b>Expend- iture Amount</b>	<b>Balance at July 1, 1996</b>	<b>Expend- itures 1996-1997</b>	<b>Balance Remaining at June 30, 1997</b>
Louisiana State University Agricultural Experiment Station				
1996	\$479,980	\$239,990	\$239,990	
1997	563,770			\$563,770
National Corn Development Foundation	25,000		25,000	
United States Feed Grains Council	25,000		25,000	
Louisiana Tech University	25,000		25,000	
Donald Zaunbrecher	604	_____	_____604	_____
<u>Total expenditures per statement of revenue, expenditures, and changes in fund balance</u>			<u>315,594</u>	
<u>Total encumbrances per balance sheet</u>		<u>239,990</u>		<u>563,770</u>

**Louisiana Soybean and Grain Research and Promotion Board**  
**Department of Agriculture and Forestry**  
**A Component Unit of the State of Louisiana**  
**Notes to Financial Statements**  
**June 30, 1998**

**Note 3-Funds Advanced to the Louisiana Department of Agriculture and Forestry**

As shown on the balance sheet, \$100 is recognized as a receivable from the Louisiana Department of Agriculture and Forestry. This amount represents funds that are used to fund the Promotion Board Escrow Bank Account.

**Note 4-Refunds of Assessments and Collection Charges**

Louisiana revised Statute 3:551.33 provides for the refund of assessments and allows the Louisiana Department of Agriculture and Forestry to charge the board up to three per cent of the gross assessments collected for administering and collecting assessments. Due to a 1995 change in the statute, Soybean producers may no longer request a refund of the amount deducted from the sale of their commodities. Therefore, the amount of collections held in escrow for the purpose of those refunds was remitted to the Board. Assessments are reported net of refunds and collection charges of \$4,805 and \$12,000 as of June 30, 1998. For the period ended June 30, 1997, assessments are reported net of refunds and collection charges of \$16,683 and \$12,000, respectively.

**Note 5-United Soybean Board**

Under the U. S. Department of Agriculture Soybean Promotion Research and Consumer Information Act, the Board is required to collect assessments for the United Soybean Board. The Board collected net soybean assessments of \$1,329,004, of the total assessments collected on the sale of all commodities of \$1,587,882. The Board remitted assessments of \$664,502 to the United Soybean Board during the year ended June 30, 1998, and \$610,504 during the year ended June 30, 1997.

**Note 6-Board Member Expenditures**

As reflected on the statement of revenue, expenditures and changes in fund balance, the board had travel and convention expenses totaling \$2,203 in 1998 and \$1,732 in 1997. The following is a breakdown of these expenditures by board member and nonboard member.

	<u>1998</u>	<u>1997</u>
Filmore Bordelon III		\$53
Raymond Schexayder	\$120	59
Donald Zaunbrecher	122	41
Donald Marshall	<u>217</u>	<u>223</u>
(Continued - Amounts carried forward)	459	376

**Louisiana Soybean and Grain Research and Promotion Board**  
**Department of Agriculture and Forestry**  
**A Component Unit of the State of Louisiana**  
**Notes to Financial Statements**  
**June 30, 1998**

**Note 6-Board Member Expenditures (Continued)**

	<u>1998</u>	<u>1997</u>
(Continued - Amounts brought forward)	\$459	\$376
Byron Lemoine III	206	153
Ike Boudreaux	135	
Leslie Rodrique	176	
A. J. Lanie		56
Fred Laing	441	460
Jules Bordelon	187	
Darren Vandeven	309	
Jerry Hunter	290	112
Non-board member	<u>      </u>	<u>575</u>
<u>Total expenditures</u>	<u>2,203</u>	<u>1,732</u>

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RETIRED  
CARL L. HANCOCK, C.P.A.  
RETIRED

September 24, 1998

## **Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Component Unit Financial Statements Performed In Accordance With Government Auditing Standards**

Louisiana Soybean and Grain Research and Promotion Board  
Department of Agriculture and Forestry  
Baton Rouge, Louisiana

Gentlemen:

We have audited the general purpose financial statements of the Louisiana Soybean and Grain Research and Promotion Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated September 24, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Louisiana Soybean and Grain Research and Promotion Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Soybean and Grain Research and Promotion Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material



in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

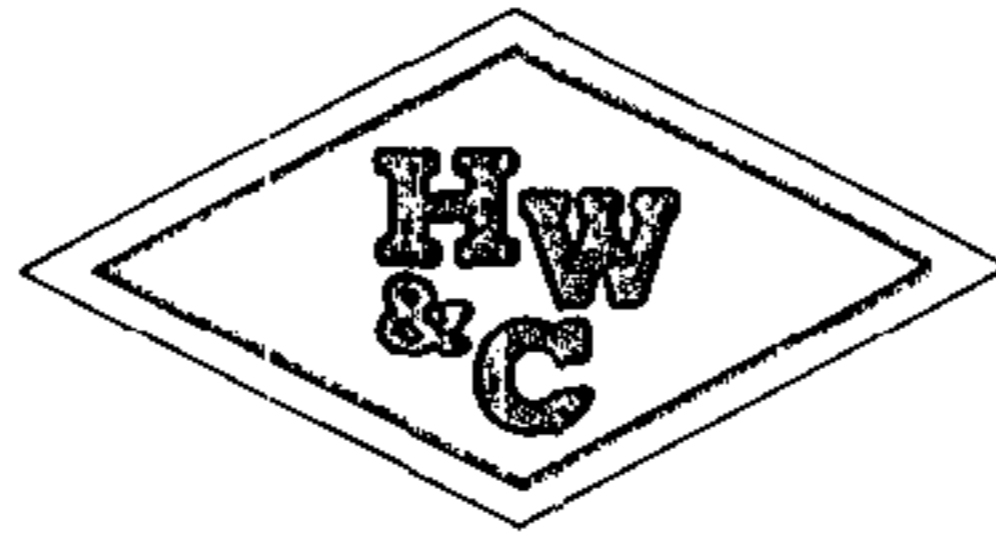
This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Yours truly,

*Hawthorn, Weymouth & Carroll, LLP*

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RETIRED

September 24, 1998

**Report on Compliance with Soybean Promotion, Research and  
Consumer Information Act of 1990 and the Soybean Promotion  
and Research Order, Based on an Audit Performed in Accordance  
with Government Auditing Standards**

Louisiana Soybean and Grain Research and Promotion Board  
Department of Agriculture and Forestry  
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Louisiana Soybean and Grain Research and Promotion Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 1998 and have issued our report thereon dated September 24, 1998.

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

Compliance with the Soybean Promotion, Research and Consumer Information Act of 1990 (the "Act") and the Soybean Promotion and Research Order (the "Order") relative to the use of funds collected by the State Board and with the terms described in Section 1220.228(a) of the Order relative to the investment of funds collected by the State Board, is the responsibility of the Louisiana Soybean and Grain Research and Promotion Board's management. As part of our audit, we assessed 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 tests of the Louisiana Soybean and Grain Research and Promotion Board'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 Soybean and Grain Research and Promotion Board has not complied, in all material respects, with the Act and the Order referred to in the preceding paragraph.

This report is intended solely for the use of the management and regulatory agencies and should not be used for any other purpose.

Yours truly,

*Hawthorn, Waymouth & Carroll, LLP*