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**LOUISIANA SOYBEAN AND GRAIN RESEARCH AND PROMOTION BOARD**  
**DEPARTMENT OF AGRICULTURE**  
**STATE OF LOUISIANA**

**General Purpose Financial Statements**  
**As of and for the Year Ended June 30, 1999**  
**With Supplemental Information Schedule**

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 ~~09/30/99~~

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Louisiana Soybean and Grain Research and Promotion Board  
Department of Agriculture  
State of Louisiana

We have audited the accompanying 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, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Louisiana Soybean and Grain Research and Promotion Board management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Soybean and Grain Research and Promotion Board as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with **Government Auditing Standards**, we have also issued a report dated September 22, 1999 on our consideration of Louisiana Soybean and Grain Research and Promotion Board internal control structure and a report dated September 22, 1999, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The "schedule" listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Louisiana Soybean and Grain Research and Promotion Board. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*McRae & Associates*

September 22, 1999

**LOUISIANA SOYBEAN AND GRAIN RESEARCH AND PROMOTION BOARD  
DEPARTMENT OF AGRICULTURE  
STATE OF LOUISIANA  
GOVERNMENTAL FUND TYPE - GENERAL FUND  
June 30, 1999**

	Governmental Fund Type <u>General Fund</u>
<b>ASSETS</b>	
Cash	\$1,018,846
Revenues receivable	37,764
Funds advanced to Louisiana Department of Agriculture	100
Interest receivable	503
<b>TOTAL ASSETS</b>	1,057,213
 <b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES</b>	
Accounts payable	26,050
<b>TOTAL LIABILITIES</b>	26,050
<b>FUND EQUITY</b>	
Fund Balance:	
Reserved for encumbrances	291,063
Unreserved-Undesign.	740,100
<b>TOTAL FUND EQUITY</b>	1,031,163
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	1,057,213

The accompanying notes are an integral part of this statement

**LOUISIANA SOYBEAN AND GRAIN RESEARCH AND PROMOTION BOARD**  
**DEPARTMENT OF AGRICULTURE**  
**STATE OF LOUISIANA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 1999**

	<u>JUNE 30, 1999</u>
<b>REVENUES</b>	
Assessments, net of refunds and collection charges	\$ 870,963
Interest Income	61,458
<b>Total Revenues</b>	<u>932,421</u>
 <b>EXPENDITURES</b>	
Assessments collected and remitted to the United Soybean Board	330,950
Travel & convention expenses	9,459
Bank Charges	132
Research and promotion expenditures	638,417
Accounting	<u>5,600</u>
<b>Total Expenditures</b>	<u>984,558</u>
<b>Excess, (Deficit) of Revenues over Expenditures</b>	(52,137)
<b>Fund Balance, Beginning as Previously Reported</b>	<u>1,083,300</u>
<b>FUND BALANCE, END</b>	<u><u>1,031,163</u></u>

The accompanying notes are an integral part of this statement

**LOUISIANA SOYBEAN AND GRAIN RESEARCH AND PROMOTION BOARD**  
**DEPARTMENT OF AGRICULTURE**  
**STATE OF LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting entity:**

The Louisiana Soybean and Grain Research and Promotion Board (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Agriculture, as provided by Louisiana Revised Statute 3:551. The Board is composed of ten members appointed by the governor. The Commissioner of Agriculture 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 assessment 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. In June of 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Louisiana Soybean and Grain Research and Promotion Board prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying statements present only transactions of the Louisiana Soybean and Grain Research and Promotion Board, a component unit of the State of Louisiana.

**LOUISIANA SOYBEAN AND GRAIN RESEARCH AND PROMOTION BOARD  
DEPARTMENT OF AGRICULTURE  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS**

Annually the State of Louisiana issued general purpose financial statements which include the activity contained in the accompanying financial statements. The General purpose financial statements are issued by the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy, and audited by the Louisiana Legislative Auditor.

**A. FUND ACCOUNTING**

The accounts of the Board are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that is comprised of its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

**GOVERNMENTAL FUNDS:**

**General Fund:**

The General Fund is the principal fund and is used to account for the general operations of the Board. The various fees and charges due the Council are accounted for in this fund. General operating expenditures are paid from this fund. Interest earned on investments is recorded when the interest is both measurable and available.

**B. GENERAL FIXED ASSETS AND GENERAL LONG-TERM OBLIGATIONS**

The fixed assets used in governmental fund type operations are accounted for in this account group. At June 30, 1999, the board has no general fixed assets or long-term obligations.



**LOUISIANA SOYBEAN AND GRAIN RESEARCH AND PROMOTION BOARD**  
**DEPARTMENT OF AGRICULTURE**  
**STATE OF LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures 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 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 a modified 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 modified accrual basis of accounting when the related fund liability is incurred.

**D. Budget Practices**

The Council is a non-budgetary unit of the Department of Agriculture and is not required to legally adopt a budget. 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. Of the expenditures are not considered in this allocation.

**E. ENCUMBRANCES**

The board's major expenditures consist of various agreements for the research and promotion activities. These expenditures are approved on a calendar year basis, and funds from current fiscal year are obligated (encumbered) at the time 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  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS**

**F. CASH AND CASH EQUIVALENTS**

For reporting purposes, cash and cash equivalent include cash, demand deposits, time deposits and certificates of deposit.

The Board had cash and cash equivalents totaling \$1,018,846 at June 30, 1999. Cash and cash equivalents 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 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.

The deposits at June 30, 1999 were secured as follows:

	<u>Bank</u>	<u>FDIC</u>	<u>Pledged</u>
	<u>Balances</u>	<u>Insur.</u>	<u>Collateral</u>
Cash-Demand Deposits	\$1,018,846	\$200,000	\$1,595,509

**G. OFFICE ADMINISTRATION**

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

**H. 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 revenues and expenses during the reporting period. Actual results could be different from those estimates.

**LOUISIANA SOYBEAN AND GRAIN RESEARCH AND PROMOTION BOARD**  
**DEPARTMENT OF AGRICULTURE**  
**STATE OF LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**I. INVESTMENTS**

The Council does not maintain investment accounts.

**J. INVENTORIES**

Inventories are considered immaterial and are recorded at cost and recognized as an expenditure when purchased.

**K. ANNUAL AND SICK LEAVE**

The Board does not have any employees.

**L. TOTAL COLUMN ON STATEMENTS**

The total column on the statements is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**M. CHANGES IN GENERAL FIXED ASSETS**

The board did not have any fixed assets at June 30, 1999.

**N. ENCUMBRANCES**

The Board has the following encumbrances at June 30, 1999.

Louisiana State University	\$286,063
Tulane University	<u>5,000</u>
Total	291,063

**O. PENSION PLAN**

At June 30, 1999 the board did not have any employees.

**P. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Board has no employees.

**LOUISIANA SOYBEAN AND GRAIN RESEARCH AND PROMOTION BOARD  
DEPARTMENT OF AGRICULTURE  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS**

**Q. OPERATING LEASES**

The Board does not have any leases.

**R. CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

There were no long-term obligation during the period.

**S. LITIGATION AND CLAIMS**

There were no unasserted claims or assessments as of June 30, 1999.

**T. YEAR 2000 DISCLOSURES**

At June 30, 1999 the Board had completed updating its computers and electronic equipment to be in compliance.

**U. 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.

**V. 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 assessment 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.

**LOUISIANA SOYBEAN AND GRAIN RESEARCH AND PROMOTION BOARD**  
**DEPARTMENT OF AGRICULTURE**  
**STATE OF LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

**W. 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 \$859,203. The Board remitted assessments of \$330,950 to the United Soybean Board during the year ended June 30, 1999.

**X. BOARD MEMBER EXPENDITURES**

The Board had travel and convention expenses totaling \$2,053 for the year ended June 30, 1999. The following is a breakdown of these expenditures by board member.

Raymond Schexayder	\$ 127
Donald Zaunbrecher	120
Donald Marshall	316
Byron Lemoine III	98
Ike Boudreaux	167
Leslie Rodrigue	234
Fred Laing	0
Jules Bordelon	192
Darren Vandeven	392
Jerry Hunter	<u>505</u>
 Total Expenditures	 2,151

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE BASED SOLELY ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS

Board of Directors  
Louisiana Soybean and Grain Research and Promotion Board  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the general purpose financial statements of Louisiana Soybean and Grain Research and Promotion Board, Baton Rouge, Louisiana, as of and for the two years ended June 30, 1999, and have issued our report thereon dated September 22, 1999. We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Louisiana Soybean and Grain Research and Promotion Board general purpose 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 of the general purpose financial statements of Louisiana Soybean and Grain Research and Promotion Board, Baton Rouge, Louisiana for the two years ended June 30, 1999, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. 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 a 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 general purpose 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 audits operation that we consider to be material weakness.

This report is intended for the information of the board of commissioners, management, and Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.

September 22, 1999

*McGraw & Associates*



# McRight & Associates

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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, 1999, and have issued our report thereon dated September 22, 1999.

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 Boards' 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.

Sincerely,

*McRy & Associates*