

**South Carolina Department of Agriculture
Beef Council**

Basic Financial Statements

June 30, 2024

**SOUTH CAROLINA DEPARTMENT OF AGRICULTURE
BEEF COUNCIL**

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Independent Auditor's Report

Members of the South Carolina Beef Council
Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the South Carolina Department of Agriculture – Beef Council (the “Beef Council”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Beef Council’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South Carolina Department of Agriculture — Beef Council special revenue fund as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Beef Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements of the Beef Council special revenue fund are intended to present the financial position and results of operations of only that portion of the funds of the South Carolina Department of Agriculture attributable to the transactions of the Beef Council special revenue fund. The financial statements do not include any other accounts or funds of the South Carolina Department of Agriculture or any other department or component unit of the State of South Carolina and are not intended to present fairly the financial statements and results of operations of the South Carolina Department of Agriculture in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beef Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Beef Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beef Council's ability to continue as going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2024, on our consideration of the Beef Council’s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Beef Council’s internal control over financial reporting and compliance.



Columbia, South Carolina
October 28, 2024

**SOUTH CAROLINA DEPARTMENT OF AGRICULTURE
BEEF COUNCIL
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2024**

	Special Revenue Fund		
	Checkoff Assessments - Federal	Checkoff Assessments - State	Total
ASSETS			
Cash	\$ 40,494	\$ 106,079	\$ 146,573
Accounts Receivable, net	9,628	4,531	14,159
Total assets	50,122	110,610	160,732
LIABILITIES			
Accounts payable and accrued expenses	\$ 10,816	\$ 1,731	\$ 12,547
Total liabilities	10,816	1,731	12,547
FUND BALANCE			
Assigned	39,306	108,879	148,185
Total liabilities and fund balance	\$ 50,122	\$ 110,610	\$ 160,732

The accompanying notes are an integral part of the financial statements.

**SOUTH CAROLINA DEPARTMENT OF AGRICULTURE
BEEF COUNCIL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Special Revenue Fund		
	Checkoff Assessments - Federal	Checkoff Assessments - State	Total
REVENUE			
Assessments	\$ 158,046	\$ 68,097	\$ 226,143
Less, assessments remitted to Cattlemen's Beef Promotion and Research Board	(60,852)	-	(60,852)
Less, assessments remitted to other states	(36,385)	-	(36,385)
Net assessments	<u>60,809</u>	<u>68,097</u>	<u>128,906</u>
EXPENDITURES			
Advertising and promotion	35,951	62,041	97,992
Operating costs	47,030	13,045	60,075
Board meetings and travel costs	13,289	-	13,289
Total expenditures	<u>96,270</u>	<u>75,086</u>	<u>171,356</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(35,461)</u>	<u>(6,989)</u>	<u>(42,450)</u>
Intra-program activity	<u>26,187</u>	<u>(26,187)</u>	<u>-</u>
Fund balance, beginning	48,580	142,055	190,635
Fund balance, ending	<u>\$ 39,306</u>	<u>\$ 108,879</u>	<u>\$ 148,185</u>

The accompanying notes are an integral part of the financial statements.

SOUTH CAROLINA DEPARTMENT OF AGRICULTURE – BEEF COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

Reporting Entity

The South Carolina Cattle and Beef Board was established January 3, 1985, as a commodity board under Section 46-17-190 of the South Carolina Code of Laws. The Board approved a name change to the South Carolina Beef Council (also referred to as the “South Carolina Department of Agriculture Beef Council” or the “Beef Council”). The Beef Council is included as a part of the South Carolina Department of Agriculture. The Department of Agriculture is considered part of the State of South Carolina’s primary government and as such is included in the State of South Carolina’s Annual Comprehensive Financial Report (ACFR). The Beef Council was established for education, promotion, and research to strengthen the cattle and beef industry’s position in the marketplace.

The South Carolina Beef Council, whose members are elected by the local producers, is the governing body of the Beef Council.

The South Carolina Department of Agriculture administers the funds of the Beef Council. The Beef Council operates as a special revenue fund of the Department of Agriculture. The accompanying financial statements present the financial position and results of operations solely of the Beef Council special revenue fund and do not include any other funds of the State of South Carolina.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The financial statements were prepared using the fund accounting principles per the Government Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The accounts of the Beef Council are accounted for as a fund of the Department of Agriculture. Government resources are allocated to and accounted for in this individual fund based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Beef Council is a special revenue fund. Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specific purposes.

Originally the Beef Council assessments program was financed exclusively by an assessment of \$1 per head assessment on sales of domestic and imported cattle and beef products in order to support beef/veal promotion, research and information through the *Beef Promotion and Research Act of 1985*. The Cattlemen’s Beef Promotion and Research Board receives approximately one-half of assessment monies and the Beef Council retains the remainder. Beginning on January 1, 2015, an additional \$0.50 per head assessment was implemented, with certain exceptions. These assessments are retained by the Beef Council and recorded in a separate fund. The funds are to be used for in-state promotion, research and education as outlined under the *South Carolina Marketing Order for Cattle and Beef*.

(Continued)

SOUTH CAROLINA DEPARTMENT OF AGRICULTURE – BEEF COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

Special revenue funds of governmental units are accounted for using the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available as net current assets. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Beef Council considers revenue to be available if it is collected within one month of the end of the current fiscal year.

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

Budgetary Controls

Several months prior to the start of the fiscal year, the Executive Director of the Beef Council develops a budget proposal for revenue and expenditures. The proposal is developed through evaluation of historical financial data and on knowledge of future events. The proposal is presented to the Beef Council for both discussion and review.

Fund Balances

The Beef Council reports the following classifications of fund balances:

Nonspendable – Fund balances that are not in spendable forms or are required to be maintained intact.

Restricted – Fund balances that are limited to restrictions by creditors, grantors, laws, and regulations of other governments.

Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority, the South Carolina Beef Council.

Assigned – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose.

Unassigned – Fund balances that are not constrained for any particular purpose.

At June 30, 2024, the Beef Council's fund balance has been classified as assigned.

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, liabilities, revenue, and expenditures and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(Continued)

SOUTH CAROLINA DEPARTMENT OF AGRICULTURE – BEEF COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES (CONTINUED)

Accounts Receivable

Accounts receivable consists of assessments revenue earned by the Beef Council in the current fiscal year and collected within one month of the current fiscal year.

All receivables are deemed collectible; an allowance for doubtful accounts is therefore not necessary.

NOTE 2 - DEPOSITS

All deposits of the Beef Council are under the control of the State Treasurer who, by law, has sole authority for investing State Funds.

Custodial credit risk for deposits is the risk that in the event of a depository financial institution's failure, the Beef Council's deposits may not be returned, or the Beef Council will not be able to recover collateral securities in the possession of an outside party.

Section 11-13-60 of the South Carolina Code of Laws requires these funds to be fully insured or collateralized. All deposits of the Beef Council met these requirements and are either covered by federal depository insurance or collateralized with securities held by the depository financial institution's trust department or agent in the Beef Council's name.

NOTE 3 - RELATED PARTY TRANSACTIONS

State Agencies

The Beef Council has certain transactions with the South Carolina Department of Agriculture and various other state agencies.

Services received at no cost from State agencies include maintenance of certain accounting records and disbursement processing from the Comptroller General; check preparation and banking functions from the State Treasurer; and legal services from the Attorney General; procurement services from the State Fiscal Accountability Authority; and various other centralized functions from the Department of Administration.

The Department of Agriculture provides to the Beef Council at no cost, office space, clerical help, record keeping, disbursement processing, insurance coverage and other centralized functions. The amount of 2024 expenditures applicable to these services is not readily determinable.

The Department of Agriculture has a memorandum of understanding which provides a marketing position to the Beef Council who serves as the Director of the SC Beef Council. This position is reimbursed by the Beef Council on a monthly basis. The amounts paid under this agreement for the year ended June 30, 2024 was \$31,996.

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SOUTH CAROLINA DEPARTMENT OF AGRICULTURE – BEEF COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 - RELATED PARTY TRANSACTIONS (CONTINUED)

Cattlemen’s Beef Promotion and Research Board

The Beef Council, as a Qualified State Beef Board, remits a portion of its assessment proceeds to the Cattlemen’s Beef Promotion and Research Board. The authority for the formation of the Cattlemen’s Beef Promotion and Research Board was the *Beef Promotion and Research Act of 1985* (the Act). The Act provides for the establishment of a coordinated program of promotion and research designed to strengthen the beef industry’s position in the marketplace, as well as to maintain and expand domestic and foreign markets and uses for beef and beef products. As provided in the Act, the Secretary of the United States Department of Agriculture issued the *Beef Promotion and Research Order*, effective July 18, 1986, which provides the terms and conditions for the Act’s administration. The Cattlemen’s Beef Promotion and Research Board consists of various members who are representatives of the cattle industry in the United States, including importers.

National Cattlemen's Beef Association

The National Cattlemen’s Beef Association (NCBA) is the national trade association representing U.S. cattle producers. The NCBA works to advance the economic, political, and social interests of the U.S. cattle industry and to be an advocate of the industry. Annually the Beef Council may make a contribution that is customarily approximately 10% of the Cattlemen’s Beef Promotion and Research Board annual assessment amount to the NCBA. For the year ended June 30, 2024, the Council contributed \$3,037 to the NCBA.

NOTE 4 - RISK MANAGEMENT

The Beef Council is exposed to various risks of loss and maintains State or commercial insurance coverage for known risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Beef Council. The Beef Council has not had any claims in the past three years. There were no significant reductions in insurance coverage from coverage in the prior year. The South Carolina Department of Agriculture pays insurance premiums to certain State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered premium losses sustained during the policy period in accord with the insurance policy and benefit program limits.

The South Carolina Department of Agriculture provides the Beef Council with insurance at no cost. The South Carolina Department of Agriculture and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss and pays claims incurred for covered losses related to the following Fund assets, activities, and/or events.

1. Personal property and equipment - Eighty percent of each loss is covered by the IRF. Losses are subject to a \$1,000 deductible.
2. Data processing equipment - Coverage is up to \$100,000 per loss with a \$1,000 deductible.
3. Torts

(Continued)

SOUTH CAROLINA DEPARTMENT OF AGRICULTURE – BEEF COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 - RISK MANAGEMENT (CONTINUED)

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses. The IRF's rates are determined actuarially.

The South Carolina Department of Agriculture purchases insurance coverage for employee fidelity bond insurance coverage arising from theft or misappropriations. The policy has a \$1,000 deductible with a coverage limit of \$50,000.

The Beef Council has not recorded any estimated losses or expenditures related to the deductible or policy limits to indicate a loss should be recorded.

All payments for insurance are made by the South Carolina Department of Agriculture and the Beef Council does not reimburse any of those expenses.

NOTE 5 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 28, 2024 which is the date that these financial statements were available to be issued.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the South Carolina Beef Council
Columbia, South Carolina

We 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 statements of the South Carolina Department of Agriculture – Beef Council ("the Beef Council") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Beef Council's basic financial statements, and have issued our report thereon dated October 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Beef Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Beef Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Beef 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 a combination of deficiencies, in internal control, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Beef Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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.

Specifically, we tested compliance with the *Beef Promotion and Research Act of 1985* and the *Beef Promotion and Research Order*. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Further, nothing came to our attention that caused us to believe the Council was not in compliance with the provisions of the Beef Board *Investment Policy for Qualified State Beef Councils* dated March 14, 2016, which describes the type of instruments in which the Council may invest. Our audit was not, however, directed primarily toward obtaining knowledge of such noncompliance.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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.



Columbia, South Carolina
October 28, 2024