



Virginia Agricultural Council

ANNUAL REPORT

*Fiscal Year Ending
June 30, 2006*

Tscharnner D. Watkins, III
Chair
Cecil E. Myerhoeffer, Jr.
Vice Chair



Jason O. Bush
Secretary
~~XXXXXXXXXXXX~~
Executive Director
Donald B. Ayers

The Honorable Tim Kaine
Governor
Commonwealth of Virginia
Richmond, Virginia 23219

Dear Governor Kaine:

The Virginia Agricultural Council is pleased to present its annual report for the fiscal year ending June 30, 2006.

The members of the Council appreciate the opportunity to serve the industry of agriculture in the Commonwealth of Virginia.

We trust you will find the report informative and rewarding, when recognizing the diversity of agricultural interest in the State that contributes greatly to the Commonwealth's economic growth.

Sincerely,

VIRGINIA AGRICULTURAL COUNCIL

A handwritten signature in dark ink that reads 'Tscharnner D. Watkins, III'.

Tscharnner D. Watkins, III
Chairman

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**Virginia Agricultural Council
Members**

Joseph H. Barlow
8204 Longvue Circle
Suffolk, VA 23436
Commodity: peanuts, cotton

Jason O. Bush
Route 3, Box 281
Castlewood, VA 24224
Commodity: cattle, tobacco

Jean Brown
Oakland Green Farm
Box 154
Lincoln, VA 20160

Kathy Coffee
2255 Fletcher Chapel Road
Kenbridge, VA 23944
Commodity: tobacco, soybeans

Gregory M. Carey
773 Drum Bay Road
Hague, VA 22469
Commodity: grains (wheat, soybeans,
corn and barley)

Philip B. Glaize, Jr.
P. O. Box 2077
Winchester, VA 22604
Commodity: apples

Albert G. "Sambo" Johnson
9493 Frederick Hall Road
Mineral, VA 23117
Commodity: beef cattle

C. Frank Jordan
3607 Labrador Lane
Suffolk, VA 23435
Commodity: peanuts, cotton, soybeans,
pork

David Welch Morrisette
P. O. Box 766
Meadows of Dan, VA 24120
Commodity: wine, grapes

Cecil "Sonny" Meyerhoeffer
1386 River Bluff Road
Mount Crawford, VA 22841
Commodity: corn, soybeans, dairy,
turkey

Mark H. Newbill
105 Darlington Drive
Rocky Mount, VA 24151
Commodity: dairy

Paul W. Rogers, Jr.
1233 Southampton Road
Wakefield, VA 23888
Commodity: peanuts, cotton, grain

John Sponaule
8888 Leroy Road
Grottoes, VA 24441
Commodity: sheep, turkey

Lynn Rush St. Clair
4176 Swover Creek Road
Edinburg, VA 22824
Commodity: vegetables, berries –
direct marketing

Tscharner Watkins, III
2260 Chalkwell Drive
Midlothian, VA 23113
Commodity: nursery stock

**VIRGINIA AGRICULTURAL COUNCIL
EX-OFFICIO MEMBERS**

J. Carlton Courter, III, Commissioner
VA Dept. of Agriculture & Consumer
Services
1100 Bank Street
Suite 210
Richmond, VA 23219

Dr. Sharron Quisenberry
Dean, College of Agriculture & Life
Sciences
VPI & SU
104 Hutcheson Hall
Blacksburg, VA 24061

Dr. Alma Hobbs
Dean, College of Agriculture
Virginia State University
100 Owens Hall
Box 9081
Petersburg, VA 23806

PURPOSE OF THE COUNCIL

The General Assembly of Virginia recognizes that the industry of agriculture is important to the prosperity of the State and is a major source of income to a large segment of the State's population. A healthy industry of agriculture is essential to the welfare of the citizens of the State.

As a result, the Pennies for Progress Act was passed in 1966 by the General Assembly, establishing the Virginia Agricultural Council to administer the objectives of the Act. Provisions of the Act permit financial assistance and support for agricultural research, education, and services. Activities sponsored are to complement rather than substitute for existing programs. See Code of Virginia, Chapter 4.1, Virginia Agricultural Council, Section 3.1 22.1-22.5, as amended.

The Act states that additional research is required to find new uses for agricultural products, to develop new markets for such products, and to promote more efficient and economical methods of agricultural production. An expanded program of agricultural research is essential to these objectives and will be beneficial to the State.

The Virginia Agricultural Council is directed by 18 members, 15 of whom are engaged in farming and all appointed by the Governor. Insofar as practical, each of the members should be engaged in the production of a different agricultural commodity.

The General Assembly specified in the Act, that it is in the public interest that assessments be levied upon certain agricultural supplies used by farmers. Monies will be received from one-half cent per gallon of the State gasoline tax refund made on motor fuel used for agricultural purposes; five cents per ton levy on lime sold; twenty-five cents per ton on fertilizer sold, with 5 cents per ton for Virginia Agricultural Council use; and seven cents a ton on feed, except Vi feed sold in individual packages of ten pounds or less; 3/10 of 1% of gross sale receipts from lawn and turf seed with 50% to the Council. The Council is also authorized to accept gifts and grants.

The Council will accept requests for financial assistance from any organized group within, or serving Virginia's industry of agriculture. This includes suppliers, farmers, marketers, extension centers, colleges, and universities.

The Council's philosophy in selecting projects for support is that projects should exhibit the capabilities of yielding timely results applicable and useful to Virginia's industry of agriculture. Studies should address current or foreseeable problems and interests and should have the potential of providing benefits to a reasonably broad spectrum of agricultural needs. This is not to say that very specialized projects or basic studies will not be considered; they should show promise, however, of leading to results that can be applied in a reasonable length of time.

There are five basic considerations, as follows:

- a. Importance of the project to Virginia's agricultural economy.
- b. Recognition by the public and/or the Council of the project's importance.
- c. Availability of other funds from industry, commodity groups, governmental agencies, and/or private individuals for support of the projects.
- d. Availability of personnel and facilities to conduct the project, if Council support is received.
- e. Ability of the group, organization, or agency to execute the proposal.

To help the Council in its work, all proposed projects should be submitted in writing in a format that includes the following essential elements: (a) title; (b) date of proposal; (c) date of study initiation; (d) estimated duration; (e) objectives; (f) justification; (g) summary of procedures; (h) how results will be disseminated and utilized; (i) personnel and facilities involved, including project leaders and their resumes; (j) itemized budget request, by each fiscal year; and (k) source and amount of other supporting funds, facilities, and personnel. This will aid the Council in evaluating the need and importance of each request.

Twenty copies of each proposal should be sent to the address shown below along with twenty copies of any letters of endorsement from commodity interest groups, associations, or individuals that might help indicate the amount of interest and need for the project. Council members meet at least twice each year, once in the spring, and again in August. New project proposal requests are heard only at the spring meeting which is the fourth Monday in March. Requests must be received by the Executive Director no later than 5:00 p.m. January 31 of each year in order to be placed on the March meeting agenda. Project leaders are encouraged to appear in person to summarize orally their requests and answer questions. They may also bring others who may make short statements in support of the project.

The Council only approves project funding for one fiscal year at a time (July 1 - June 30). Continued financial support past the first fiscal year depends upon reports of progress, availability of funds, and priority in relation to other requests. Periodic progress reports and completed reports by the project leaders are required by the Council.

The second Council meeting in August (fourth Monday) is the Council's Annual Business Meeting.

Executive Director
Virginia Agricultural Council
7163 Ayersby Drive
New Kent, VA 23124

**Listing of Projects and Approved Funding by the Virginia
Agricultural Council for the Fiscal Year 2006-2007 at the March 27-
28, 2006 Meeting**

Utilizing Locally-Produced Canola to Manufacture Biodiesel	\$15,700.00
Fungicide Resistance Monitoring and Management Strategies for Virginia	15,728.00
"Designer Manures" for Virginia Dairy Farms	19,878.00
Strategies to Increase Small Fruit Production and Marketing in Southwest Virginia	8,000.00
Integrated Pest Management for Cool and Warm-Season Turfgrass (SEED)	20,400.00
Physiological Effects of Phosphite Formulations on Turfgrass Challenged with Pythium and Heat Stress (SEED)	20,000.00
Development of an In-line Drain Tile Filter to Capture and Quantify Nitrate and Phosphate Leachates from Sand-Based Putting Greens (SEED)	6,338.00
Survey of Grape Powdery and Downy Mildew Sensitivity to Commonly Used Fungicides	6,660.00
An Examination of Sod-Based Cropping Sequences in Cotton and Peanut Production	9,000.00
The Development of an Animal Science Course to Educate Youth During Residential Programs at the Airfield 4-H Educational Center	5,711.50
Agriculture in the Classroom	13,750.00

Breeding Sulfonylurea Tolerant Soybeans (STS) Adapted to Virginia	10,866.00
Development of Omega 3 Rich Algae from Cull Potatoes and Biodiesel Waste for Use as a Chicken Feed Supplement	21,647.00
Screening Medicinal Plants as Potential Substitutes for Dietary Antibiotics	21,000.00
Evaluating the use of Aquaculture Waste Water for Greenhouse Production of Bibb Lettuce and Geranium	12,000.00
Evaluating the Susceptibility of Virginia-type Peanut Varieties and Advanced Breeding Lines to Tomato Spotted Wilt Virus and Tobacco Thrips	4,510.00
Effects of environmental and biological factors on efficacy of major chemical thinners in apples	22,935.00
Improved Pest Management and Production of Snap Beans in Virginia	8,098.00
Petitioning the Animal and Plant Health Inspection Service for Deregulated Status of Peanuts Genetically Engineered for Disease Resistance	20,000.000
A Comparison of Hulless Barley with Oats as Carbohydrate Sources in Equine Feeds	9,600.00
Edamame: A potential Vegetable Crop to Virginia	9,830.00
Total 21 new projects	\$281,201.50

RESEARCH PROJECTS APPROVED FOR SECOND AND THIRD YEAR CONTINUED FUNDING IN 2006-2007

SECOND YEAR FUNDING

Ground Trees as a Nursery and Greenhouse Container Substrate	\$17,000.00
Identification of Genes Associated with Resistance To Gastrointestinal Parasites in Hair Sheep	8,000.00
Value-Added Forage-Based Growing Beef Cattle Systems for Southwest Virginia	10,000.00
Integrating Pheromone and Bait Monitoring Techniques for Management of Ambrosia Beetles and Dogwood Borer in Production Nurseries	10,000.00
Integrated Pest Management Stink Bugs in Soybeans, Cotton, and Tomatoes	10,000.00
Improvement of Strawberry and Raspberry Cultivars for the Mid-Atlantic	5,000.00
Direct and Comparative Genomics-based Analysis of Immune Response in Chickens	20,000.00
Co-grazing Appalachian Pastures With Goats and Cattle: Effects on Pasture Quality, Animal Performance and Farm Profitability	10,000.00
Root Restriction, An Alternative to Rootstocks, for Controlling Flowering, Fruiting, Tree Growth, Yield Efficiency, and Fruit Quality of Apple Trees	5,000.00
Nitrogen Retention and Release in Long-term No-till Crop Production in Mid-Atlantic Coastal Plain	15,000.00

THIRD YEAR FUNDING

Fatty Acid Deposition in Edible Tissues from Pasture and Concentrate- Fed Steers	\$9,500.00
Management Techniques to Optimize Grain Yield and Quality of Bread Wheat in Virginia	8,487.50
Total 12 continuation projects	\$129,500.00

Grants Completed June 30, 2006

- Development of Specialty Wheat Varieties with Value Added End Use Properties
- Role of Bovine Mammary Stem Cells in Prepubertal Mammary Development
- Improving Cost Efficiency of Expensive Plant Growth Regulators (Apogee, Retain, 6 BA, or others) in Apple Orchards
- Control of Pre-harvest Apple Fruit Drop, Firmness, and Quality While Extending the Harvest Window for Increased Crop Value
- Enhancing Disease Resistance in Peanuts
- Crown Cut Broccoli Production and Market Development for SW Virginia
- Cattle Grazing Study
- Multiple Fungicide Resistances of Phytophthora Species in Nursery Production
- Education of Virginia Grain and Livestock Industries about New Barley and Wheat Value Added Opportunities
- Effect of Embryonic Incubation Environment on Immunocompetency of Commercial Broilers or Turkeys
- Post-Fermentation Thermal Unification to Improve Virginia's Red Wine Quality
- Genetic Analysis of Induced Dilated Cardiomyopathy in Turkey
- Characterization of Mild Lameness in Horses Using Portable, Objective Measurement Techniques
- Methods for Converting Golf Fairways to Seeded Bermuagrass
- Nutritional Approaches for Enhancing Reproduction in Swine
- Hulless Barley's Potential to Improve the Carbohydrate Profile of Equine Feeds
- Phosphorus Runoff Potential of Varying Sources of Manure to improve Virginia's P-Index

- Agriculture in the Classroom: Agricultural Desk Map Project
- Physiological Effects of Phosphite Formulations on Turfgrass Challenged with Pythium and Heat Stress

TOTAL 19 projects

**Virginia Agricultural Council
Current Financial Statement for
July 1, 2005 - June 30, 2006
Revenue & Expenitures**

Cash balance – July 1, 2005 **\$403,807.87**

Add: Revenues

Feed Toonage	\$233,563.08
Seed	47,445.55
Fertilizer Tonnage	43,526.54
Lime Tonnage	27,171.27
Motor Fuel	4,464.67
Interest	14,571.61
Miscellaneous	0.00

Total Balance and Receipts **\$370,742.72** **774,550.59**

Less: - Expenses

Postal/Printing/Miscellaneous	\$3,273.78
Travel - Members Meeting	
Expenses	5,587.09
Wages - Assistant Secretary/FOAI	24,939.13
Grant Expenditures	385,081.13
	\$418,881.13

Cash Balance- June 30, 2006 **\$355,669.46**

Revenue Differentials - 2005-2006

	2005	2006	Difference
Fertilizer Tonnage Inspection	\$42,768.52	\$43,526.54	\$758.02
Feed Tonnage Inspection	\$236,356.83	\$233,563.08	-\$2,793.75
Lime Tonnage Inspection	\$26,564.76	\$27,171.27	\$606.51
Seed Inspection Fee	\$38,718.87	\$47,445.55	\$8,726.68
Interest on Balance	\$11,458.45	\$14,571.61	\$3,113.16
Motor Fuel Receipts – Refunds	\$4,202.71	\$4,494.67	\$261.96
Miscellaneous	\$359.74	\$0.00	-\$359.74
Totals	\$360,429.88	\$370,742.72	\$10,312.84

Tscharner D. Watkins, III
Chair
Cecil E. Myerhoeffer, Jr.
Vice Chair



Jason O. Bush
Secretary
~~XXXXXXXXXXXX~~
~~Thomas R. Yates~~
Executive Director
Donald B. Ayers

With regard to the financial information of the Virginia Agricultural Council for the year ending June 30, 2006, the following attachments submitted by the Finance Office of the Virginia Department of Agriculture and Consumer Services to the Department of Accounts, verified and reconciles to the State's CARS system.

A handwritten signature in black ink, appearing to read 'Donald B. Ayers', written over a horizontal line.

Donald B. Ayers
Executive Director



J. Carlton Courter, III
Commissioner

COMMONWEALTH of VIRGINIA

Department of Agriculture and Consumer Services

PO Box 1163, Richmond, Virginia 23218
Phone: 804/786-3501 • Fax: 804/371-2945 • Hearing Impaired: 800/828-1120
www.vdacs.state.va.us

October 2, 2006

Mr. David A. Von Moll, State Comptroller
Department of Accounts
101 North 14th Street
Richmond, VA 23219

Mr. Von Moll:

The Virginia Department of Agriculture and Consumer Services' management is responsible for the integrity and objectivity of the financial transactions and other information provided to the State Comptroller.

We believe the data provided are accurate in all material respects and that all disclosures necessary to obtain a thorough understanding of the Department of Agriculture and Consumer Services', as well as the Virginia Agricultural Council's, financial activities have been included.

The basis for these conclusions relates to our assessment of the internal controls operating within the Department of Agriculture and Consumer Services and the Agricultural Council. The establishment of such internal controls requires estimates and judgments from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost of controls should not exceed the benefits obtained. I believe the Department of Agriculture and Consumer Services' internal controls adequately safeguard its assets and provide reasonable assurance as to the proper recording of financial transactions.

Sincerely,


J. Carlton Courter, III
Commissioner

cc The Honorable Robert S. Bloxom, Secretary of Agriculture and Forestry
Walter J. Kucharski, Auditor of Public Accounts
Donald G. Blankenship, Deputy Commissioner
Sandra J. Adams, Director of Administrative and Financial Services

-Equal Opportunity Employer-

**Comptroller's Directive No. 2-06
Attachment 28
Report of Financial Condition**

Notarized
statement

The following oath should be mailed (not e-mailed or faxed) to the
Auditor of Public Accounts:

"I hereby affirm that the financial statements or information submitted are
true and correct to the best of my knowledge and belief."


Signature

Commissioner

Title

Virginia Agricultural Council

Agency Name

The oath should be administered by a notary or other officer authorized by
Section 49-4 of the Code, and such notary or other officer should complete a
certificate in substantially the following form:

State of Virginia; City / County of:

Richmond, Virginia

This is to certify that J. Carlton Courter III on this 28th day of
September, 2006, took and subscribed the foregoing oath required by
the laws of the Commonwealth.

Melanie P. Seay
Name of Notary

Administrative Supervisor
Title



Commission expires
April 30, 2010

COMMONWEALTH OF VIRGINIA
Department of Accounts
General Accounting
Confirmation of Agency Reconciliation to DOA Reports

Agency No. 307 Agency Name: VIRGINIA AGRICULTURAL COUNCIL

To the Comptroller:

Our Agency's management accepts responsibility for the integrity and objectivity of the financial transactions provided to the State Comptroller. We believe the data provided is accurate in all material respects. The basis for these conclusions relates to our assessment of the internal controls operating within the Agency. The establishment of such internal controls requires estimates and judgements from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost of controls should not exceed the benefits obtained. I believe the Agency's internal controls adequately safeguard its assets and provide reasonable assurance as to the proper recording of financial transactions.

Additionally, I certify that, for the agency listed above, the accounting records represented in CARS, the official record of the Commonwealth, are accurate in all material respects.

Our agency accounting records for the year ended June 30, 2006, have been verified and reconciled to CARS, and, when any submitted ATV's have posted to CARS, and/or items shown on the Exception Register (if any) are processed, our internal records will be in agreement with those reported in CARS for each of the following:

- Yes All cash balances (by fund/fund detail)
- Yes All appropriations (by fund/fund detail, program)
- Yes All allotments (by fund/fund detail, program)
- Yes Total expenditures (by fund/fund detail, program, object)
- Yes Net revenues (by fund/fund detail, revenue source)
- Yes Fixed assets (by fund/fund detail)

PLEASE INDICATE IF THERE ARE ITEMS NOTED ON THE EXCEPTION REGISTER.

No

Signature: J. Carlton Courter III

Printed Name: J. Carlton Courter, III

Title: Commissioner
Agency Head or Designee

Date: July 17, 2006

Signature: Joseph A. Kapelewski

Printed Name: Joseph A. Kapelewski

Title: Director of Finance
Fiscal Officer

Date: July 17, 2006

Fiscal Officer's Telephone No: (804) 371-8576

ACTR 0402 OPTIONS: B1

COMMONWEALTH ACCOUNTING AND REPORTING SYSTEM / CARS

AGENCY NO : 307

MONTHLY

VIRGINIA AGRICULTURAL COUNCIL

AGENCY PAGE: 1

(PM) - CYCLE M

TRIAL BALANCE OF GENERAL LEDGER ACCOUNTS BY AGENCY/FUND DETAIL

REPORT PAGE: 416

RUN DATE 07/26/2006 01:58 A.M.

AS OF 06/30/2006

REQUEST NO. ACTR0402 D 03

FUND NO	GLA NO	ACCOUNT TITLE	BEGINNING BALANCE	TRANSACTIONS		ENDING BALANCE	GLA NO
				DEBITS	CREDITS		
0000	892	CENTRAL/OUTSIDE BUD-ORIGINAL	490,334.00CR	.00	.00	490,334.00CR	892
	899	CONTRA STATISTICAL RECORDS	490,334.00	.00	.00	490,334.00	899
	TOTAL		.00	.00	.00	.00	
0900	101	CASH WITH THE TREASURER OF VA	353,601.32	4,770.15	2,702.01CR	355,669.46	101
	102	ALLOTMENTS	490,334.00CR	.00	.00	490,334.00CR	102
	703	RESERVE FOR ALLOTMENTS	490,334.00	.00	.00	490,334.00	703
	800	FUND BALANCE	403,807.87CR	.00	.00	403,807.87CR	800
	801	SURPLUS APPROPRIATED	140,434.00	349,900.00	360,400.00CR	129,934.00	801
	900	APPROPRIATIONS	490,334.00CR	.00	.00	490,334.00CR	900
	901	EXPENDITURES	416,425.28	2,455.85	.00	418,881.13	901
	960	ESTIMATED REVENUE	349,900.00	360,400.00	349,900.00CR	360,400.00	960
	961	REVENUE	366,279.18CR	246.15	4,770.15CR	370,803.17CR	961
	962	REVENUE REFUNDS	60.45	.00	.00	60.45	962
	TOTAL		.00	717,772.16	717,772.16CR	.00	

**GASBS No. 33 Revenue Analysis
for Attachment 15
Fiscal Year End June 30, 2006
FOR VDACS USE ONLY**

Control Agency # 307
Control Agency Name: Virginia Agricultural Council

Total \$ amount of net revenues (GLA 961/962) formula: 370,743

Control Agency	Agency	Sectional Area	Fund / Fund Detail	Revenue Source	Revenue Title	Net Revenue per ACTR 1671 for the Fiscal Year Ended June 30, 2006	Is this revenue for non-exchange transactions? Yes or No	What type of non-exchange transaction? Drop-down list	For non-exchange transactions, does the revenue meet the requirements under GASBS 33/36 for recording as revenue? Yes or No	For nonexchange transactions that don't meet the revenue recognition requirements: Describe the transactions and reason for reclassification	GASBS 34 Revenue Classification Drop-down List	Was this revenue collected by another agency? Yes or no	Revenue collected by what Agency #?	Function? Drop-Down List
						Step 1	Step 5	Step 6	Step 7	Step 8	Step 10	Step 11	Step 12	Step 13
307	307	16	900	2105	Fertilizer Tonnage Inspection Fee	43,527	Yes	Derived Tax	Yes	N/A	PR-Chgs	Yes	301	5-Resources and Economic Develc
307	307	16	900	2639	Feed Tonnage Inspection Fee	233,563	Yes	Derived Tax	Yes	N/A	PR-Chgs	Yes	301	5-Resources and Economic Develc
307	307	16	900	2640	Line Tonnage Inspection Fee	27,171	Yes	Derived Tax	Yes	N/A	PR-Chgs	Yes	301	5-Resources and Economic Develc
307	307	16	900	2650	Seed Inspection Fee	47,446	Yes	Derived Tax	Yes	N/A	PR-Chgs	Yes	301	5-Resources and Economic Develc
307	307	16	900	7108	Interest from Other Sources	14,572	No	N/A	N/A	N/A	PR-Oper	No	N/A	5-Resources and Economic Develc
307	307	16	900	9029	Receipts-Refunds Motor Fuel Tax-Agriculture	4,465	Yes	Derived Tax	Yes	N/A	PR-Oper	Yes	154	6-Transportation
TOTAL FUND / FUND DETAIL 0900						370,743								