

**CALIFORNIA CITRUS PEST AND DISEASE PREVENTION DIVISION
FINANCE SUBCOMMITTEE MEETING**

Meeting Minutes
Tuesday, April 7, 2020

Opening:

The Finance Subcommittee webinar was called to order at 10:00 A.M. on April 7, 2020 by Subcommittee Chair Bob Felts, Jr.

Subcommittee Members Present:

Bob Felts, Jr.*	Dr. Etienne Rabe*
James McFarlane*	Dave Tomlinson*

Subcommittee Members Absent:

Craig Armstrong

CDFA Staff and Guests:

Carl Baum*	David Gutierrez*	David Phong*
Ryan Fong	Victoria Hornbaker*	Preetika Pratap*
Alisha Garcia*	Keith Okasaki*	Jennifer Willems*

*Participated via webinar

Opening Comments

Finance Subcommittee Chairman, Bob Felts, Jr., welcomed the Subcommittee, guests and staff participating in person and via webinar.

Review 2018/2019 Budget and Funding Sources

Ryan Fong presented the budget for the Citrus Pest and Disease Prevention Division (CPDPD) for fiscal year (FY) 2018-2019. He stated the expenditure report for the month of July 2019 has been closed in the Financial Information System for California (FI\$Cal) accounting system. The expenditures for July 2019 are \$3,807,646 and expenditures for August 2019 are \$1,561,069. September expenditures reached \$1,201,266, bringing the prior year expenditures to increase to \$1,273,986. The current total expenditures are \$29,584,157. The increase in expenditures is due to redirections and fully expended funds of the Federal Trust Fund and the General Fund, leaving the Food and Agricultural Fund with a balance of \$12,939,735. Victoria Hornbaker clarified that \$3,808,264 of the \$16,740,000 of the Food and Agriculture Fund has been expended. The Committee asked if the remaining \$12,939,735 of the Food and Agriculture Fund is expected to be expended and how it will affect the bucket tracking. Victoria stated that the month of September 2019 has not been closed in FI\$Cal, but once closed it will provide a better understanding of expenditures for the FY 2018-2019. For expenditure bucket tracking CPDPD will focus on accurately tracking the running budget of buckets and place expenditures in the appropriate buckets moving forward.

Manual Tracking

Ryan explained the manual tracking process for expenditures to the Committee. Manual tracking of expenditures consists of compiling salaries, contracts, purchases, and other expenditures and recording them in a series of spreadsheets. For salaries: employees submit a monthly activities calendar noting the activity they worked on using a citrus field code and marking the hours spent on each activity. The activity field code is then assigned to a FISCal program code which is then assigned to the appropriate bucket in the expenditure report. If there is a lag in reporting salaries, it is often due to overtime from the previous month reporting to the following month and Exception Time Reports (ETR) sent in from other divisions or programs doing citrus work. CPDPD is not expected to see as many ETRs due to the transition of work fully being done by CPDPD staff as of April 1, 2020. Contracts are tracked by recording invoices that are submitted to Financial Services. These invoices indicate the contract it belongs to and are submitted for services or work performed the previous month. Purchases made by CPDPD staff must go through the Administrative Unit. The Administrative Unit then records in manual tracking when the purchase was made and the purchase amount. As of April 1, 2020, other expenditures such as vehicles in the field and procurement card purchases will be tracked though CPDPD field managers and offices with monthly summaries being submitted to the Administrative Unit for tracking.

Review 2019/2020 Budget and Revenue Projections

Ryan stated the current total expenditures for FY 2019-2020 are \$9,988,605. This is an increase of \$2,000,000 from the previous months report, leaving a remaining budget of \$30,498,540. The FY 2019-2020 expenditures were created using manual tracking since the months of October 2019 to March 2020 have not been closed in FISCal. The Committee asked what could be done if a month closes in FISCal and does not match the amount reported by the manual tracking. Carl Baum clarified this does happen, but once a month closes in FISCal, it is then upon CPDPD staff to cross check expenditure items on the manual tracking and FISCal to reconcile any differences. The Committee suggested that there be a quarterly budget tracking for each expenditure bucket. These quarterly reports would demonstrate if a bucket's expenditures are overspent or underspent throughout the federal fiscal year. Alisha Garcia presented the revenue amounts for FY 2019-2020, stating that March 2020 revenues were \$2,105,346.10, bringing the reported total to \$7,777,507.47.

Fund Condition Statement

Carl presented an estimated Fund Condition Statement (FCS) as requested that CPDPD by the Committee. A FCS is used to track cash on-hand in the Agriculture Fund. Until an updated revenue report is divided by Financial Services, the Budget Office is unable to provide CPDPD with an updated FCS that is not based on estimates. For FY 2018-2019 the prior year's beginning balance was \$11,507,913, an estimate based on the last FCS provided by Financial Services and verified by the Budget Office. Prior year adjustments are used to record prior year changes in cash and is determined by the Budget Office and Financial Services. A large adjustment is expected for the FY 2018-2019 due to CPDPD shifting \$12,298,476 in expenditures from the Food and Agriculture Fund to the General Fund. This shift hasn't been represented on the FCS yet. The FCS estimates total revenue of \$18,049,377. State operations total \$17,833,043 and total resources balance of \$36,298,193. The Budget Office also manages Pro Rata and Pension Payment cash withdraws. The cash withdraw for Pro Rata is estimated to be \$632,345, and the

estimate cash withdraw for the Pension Payment is estimated at \$31,679. This creates a FY 2018-2019 ending balance of 17,801,134, creating FY 2019-2020 starting balance. The Committee asked for a custom FCS to be presented that includes funding from the General Fund as well as the Federal agreements. Victoria and Carl will work on creating this report and will present the information to the Committee as requested.

Citrus Division Progress

At the full committee meeting CPDPD was asked by the Committee to contract with a financial analyst. A request for proposal has been sent to the State Controller's office and the Department of Finance for approval. Carl stated that as of April 1, 2020, CPDPD is completely separated from the Pest Detection/ Emergency Projects Branch including separation of staff, work direction and costs. The new CPDPD headquarters location has been selected and is in the lease negotiation process. There is no update on vehicles due to the coronavirus, all car manufacturers have stopped making cars and are now making ventilators. CPDPD will rely on short-term rentals until new cars are made available.

The meeting was adjourned at 11:06 A.M. The next Finance Subcommittee meeting will be held on May 5, 2020 at 10:00 A.M.