

**CALIFRONIA CITRUS PEST AND DISEASE PREVENTION PROGRAM
SUBCOMMITTEE MEETING**

Meeting Minutes
Wednesday, August 28, 2013

Opening:

The meeting of the Finance Subcommittee was called to order at 1:30 p.m. on August 28, 2013 in Visalia, California by Subcommittee Chair James McFarlane.

CPDPC Members Present:

Jim Bates Bob Felts, Jr. James McFarlane

CPDPC Members Absent:

None

CDFR Staff:

Jason Chan Robert Leavitt * Scosha Wright
Chong Chan Debby Tanouye Bob Wynn
Victoria Hornbaker

Guests:

None

*** Participated via telephone**

Opening Comments:

Chairman, James McFarlane, welcomed the Committee and staff participating in person and online.

Public Comment:

There were no public comments.

REVIEW OF STATE BUDGET PROCESS

Bob Wynn reviewed the state's budget process with the Committee, and thanked them for their time and willingness for participating on the Citrus Pest and Disease Prevention Programs (Program) Finance Subcommittee. He discussed the different fiscal years that program staff have to operate under, the Programs budget follows the Federal fiscal year, October 1 through September 30 and the State uses the July 1 through June 30 fiscal year. Bob explained that for an expenditure to occur in a State program, three things need to be present; the first is authority (the legislature must approve a level of spending for the program), the second is a budget

(approved by the Secretary), and the third is appropriate funding. He further explained that the goal for the Finance Subcommittee is to assist the program in developing a reporting procedure to allow the Committee to easily understand the programs funding sources and budgets. The Subcommittee will also provide direction to the program on tracking revenues and expenditures and in preparing budget projections. The Subcommittee will make recommendations to the full committee on current year and projected budgets to allow the Committee to advise the Secretary on appropriate budgets, assessment levels and expenditures.

FINANCIAL REVIEW 2012/2013

Victoria presented the Subcommittee with the current year budget documents, including a Fund Condition Statement and budgets for the AB 281 Assessment Funds, Federal Citrus Health Response Program (CHRP) funds and the Citrus Commodity Survey. Victoria explained the way some things on the budget reports are combined, for instance the General Expense and Supplies line item may include office supplies, uniform shirts, nuts and bolts, and other miscellaneous items of expense. Other line items such as postage will strictly contain postage charges. All of this information is supported by the MARS reports which are generated from the internal CDFA accounting program. Victoria stated that program staff can provide more detailed reports if the Subcommittee would like.

a) Funding Sources

CDFA staff went over the Fund Condition Statement, discussing the Assessment Funds and the need to update the current year at the close of the Program fiscal year, as the numbers in the current year column are projected. The CHRP Federal Contract was discussed and it was explained that this line item doesn't maintain a reserve like the assessment funds; if the money is not spent it goes back to USDA. The TASC Grant is awarded for specific survey activities to improve trade and will not be implemented until August this year. More detail will be provided on the TASC Grant when expenditures are incurred. The Citrus Commodity Survey is funded by USDA and includes survey for multiple citrus diseases and pests. E-Funds are non-general fund monies that are awarded by a review committee for emergency projects. Additionally there are instances when CDFA Funds may be expended for specific activities.

Jim Bates stated that he has received feedback from the Committee that documents are confusing, he suggested that the program work on improving the clarity and relationships between the numbers in the different displays. That alone will answer a lot of questions, and then minor details can be discussed at a later date. He said that just understanding the flow, which documents go with which budget, will be beneficial. The Subcommittee discussed the fund condition statement as a starting point that will allow the Committee to track expenditures and revenue. The Subcommittee discussed expenditure and revenues and the difference in how Assessment funds and CHRP funds are expended and tracked. The observation was made that the CHRP expenditures is the only line item that is updated monthly. The Subcommittee felt it would be good to use the same method of accounting for all funding sources, keeping it consistent. The format should be amended to improve the flow of information and adding more information in a second spreadsheet would improve

understanding. Jim Bates offered to take the fund condition statement and make some changes to it to make it easier for CPDPC to understand. The Subcommittee and program staff agreed to Jim making the changes which will be presented at the next meeting for review. Jim also suggested linking each supporting budget to the Fund Condition Statement and including the date each document is prepared

b) Assessment Budget

Victoria presented the Assessment budget explaining that the first part of the budget corresponds to the administrative costs associated with the program, including the Salary and Benefits for Victoria and a percentage of the supporting staff, general expenses and items such as travel and interdepartmental charges. Victoria recommended removing the vehicle item as there is not a vehicle assigned to the program. There are other items that are reported on this budget as a total expenditure, with supporting documents that break out more detail. There was a question about the "Placeholder" line item and the decision was to place the excess money into a distinct line such as urban treatment or biocontrol, rather than have unallocated funds.

The Subcommittee felt that there is enough data given to support the roll up amounts on the budget. The Subcommittee would like to see the format changed to facilitate flow and understandability. The way the documents are broken down now by the big ticket items is fine.

c) CHRP Budget

Debby Tanouye explained that three different branches charge expenses to the CHRP agreement, pest exclusion, pest detection and emergency projects, and the laboratory. Supporting budget displays were provided for each branch to support the overall budget.

The Subcommittee would like to see the displays cross-referenced to improve the flow from one document to another.

BUDGET PROJECTIONS 2013/2014

a) CPDPC Budget:

A projected budget and supporting documents were presented to the Subcommittee. There was a suggestion to possibly include a line item in for regulatory costs; right now we don't have that in our budget because it is all going to the CHRP budget. As we move from prescriptive to performance standards with bulk citrus, there will be an increase regulatory costs. The Committee and Robert agree that that is a good idea.

b) CHRP Budget

CDFA staff broke down the big ticket items under CHRP which are the Huanglongbing (HLB) survey, statewide trapping program, ACP/HLB budget for Tulare County, biocontrol project, plant pest diagnostic center, ACP regulatory, and HLB regulatory, which all roll up under the CHRP budget document. This entire packet is more than the 9.6 million that USDA has directed the program to budget for the 2013/14 fiscal year. The program is looking

for direction from the Subcommittee on making adjustments to bring the projections in line with the proposed funding amount. Debby suggested all branches meet up and decide where we need to make adjustments. CDFA will work on firming up the CHRP to the 9.6 target with supporting budgets. There are very good supporting documents for the CHRP budget.

FUTURE BUDGET REPORTS

Jim Bates and program staff will work on amending the budget displays and supporting documents.

OTHER BUSINESS

Chair, James McFarlane, will now be presenting the budgets at the CPDPC meetings.

The meeting was adjourned at 3:00pm. The next meeting will be held in Fresno, California on September 11, 2013 at 10:00am.