

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

Meeting Minutes
Thursday August 7, 2014

Opening:

The Finance Subcommittee was called to order at 1:00 p.m. on July 1, 2014, by Subcommittee Chair James McFarlane.

CPDPC Members Present:

Jim Bates James McFarlane

CPDPC Members Absent:

Bob Felts, Jr.

C DFA Staff:

Jason Chan* Victoria Hornbaker Debby Tanouye*
Cong Chan* Paul Martinez* Scosha Wright

*** Participated via telephone**

Opening Comments:

Chairman, James McFarlane, welcomed the Subcommittee and staff participating via conference call.

Public Comment:

There were no public comments.

Financial Review 2013/2014,

There was an increase in revenue received of \$1,398,656 and the new total revenue through July 31, 2014 is \$11,165,374. The remaining projected revenue amount for this fiscal year is \$1,868,214. The total expenditures for the current fiscal year are \$10,697,539 with a year to go of \$12,315,494.

Assessment Budget

The assessment fund expenditures increased by \$1,455,000 making the expenditures to date for the assessment funds \$4,768,473 with a year to go projection of \$7,831,375. The ending reserve is projected to be \$7,984,931. The subcommittee discussed how the prior year credits and charges are represented in the budget displays. There has been a net total of \$24,000 in prior year adjustments so far. Several options were examined; leaving the display as is with a prior year line included for each expense line, combining the prior year lines into one prior year line, or making the adjustments and including a foot note to explain the adjustment if it is a material amount (2 - 5% of the total expenditures). The Subcommittee decided to go with the last option and agreed that if something in the prior year adjustments could raise a red flag, then it should be

foot noted as well. It was noted that the \$50,000 in the Imperial County Grant budget is being moved under the Areawide Treatment Coordinators budget as the money will be used to hire a grower liaison for Imperial County.

CHRP Budget

The CHRP expenditures increased by \$724,000 and the total expenditures for CHRP are \$5,282,704 with, a year to go balance of \$4,342,156. It was noted that the entire CHRP allotment is \$9,624,859, to date \$2,821,527 has been received and the remaining balance of \$6,803,332 is pending final approval from USDA. The Agreement was executed on August 1st and should show up on next month's reports. Currently the CHRP Biocontrol and the PDEP Central Valley budgets are over spent, but it was reported that the Biocontrol overage will be redirected to biocontrol on the Assessment Budget and the PDEP Central Valley will be redistributed to other CHRP budgets with reserves.

TASC Grant Budget

A new TASC grant of \$475,000 is expected, but the agreements have not been signed.

Citrus Commodity Survey

The Citrus Commodity Survey is overspent by \$49,146, but the overage will be covered by CDFA general fund money. There is a new agreement for \$350,000, of that \$119,000 will be allocated for activities in the current fiscal year. The remaining amount will be allocated to next fiscal year.

Draft 2014/2015 Budget Projections

There was a discussion of the programs inability to project 2014/2015 revenues, because the NASS crop projections will not be published until after the September 3, 2014 Committee meeting. It was suggested that staff communicate with CRB to see if they have prepared projections. Staff presented draft budgets for the subcommittee to review, however there were several budgets that were not included, such as Biocontrol and CRB Grant, as they were not received by the program.

Assessment Budget

The total projected budget for the Assessment funds is approximately \$13,200,000, but this does not include the entire CRB Grant budget, or Biocontrol, so the total will increase. The increased budget is due primarily to the increase in number of ACP finds and expanding survey and treatment areas.

CHRP Budget

The draft CHRP budget is approximately \$10,400,000, but the USDA has directed the program that the expected funding level will be the same as 2013/2013, \$9,624,859. This will leave a deficit of approximately \$800,000 for upcoming CHRP year. It was noted that the HLB Regulatory budget was not included in the schedule, but will be added.

Variance Analysis

Several items were reviewed, the CRB Operations variance is at 246%, because the CRB is billing quarterly and the expenditure projections are listed on a monthly basis. The

Subcommittee recommended that the program include a disclosure on the Variance display that lags are anticipated on billing and posting, as the program is operating on a cash accounting system. The difficult part is trying to project what the Committee will spend each month due to new finds. It wouldn't be worth the staff time to do those kinds of projections. The Variance analysis will get better over time as the program gets a better understanding of the lags.

Additional Items

There is an Executive Committee meeting planned for August 20, 2014 to review budgets.

Meeting adjourned 2:30pm