

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

Meeting Minutes
Thursday, January 3, 2019

Opening:

The Finance Subcommittee webinar was called to order at 9:00 A.M. on January 3, 2019 by Subcommittee Chair Bob Felts, Jr.

Subcommittee Members Present:

Bob Felts, Jr.* James McFarlane*

Subcommittee Members Absent:

Craig Armstrong Dr. Etienne Rabe Dave Tomlinson

CDFA Staff and Guests:

Jill Barnier* Raymond Leclerc* Mark McBroom*
Ryan Fong* Nathan Johnson*
Victoria Hornbaker* Sara Khalid*

* Participated via webinar

Opening Comments:

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

Expenditure Tracking Update

Ray Leclerc discussed the new alphanumeric expenditure coding system that is based on activity and region. He noted that he started rolling the codes out to field staff for input. The goal by the end of January is to use the new coding system in the field and be able to roll it up into the codes that feed into our system in order to get needed information. The most critical part is ensuring the foundation is correct, and that for every hour a staff is putting into a project, the program is able to track their activities to the actual work they were doing, when they were doing it, and where they were doing it. He noted that once the foundation is set, the program will be able to determine how real time the coding will be and the time lags to expect. The new coding system is also contingent on the California Department of Food and Agriculture (CDFA) developing an expenditure interface with the State accounting system (FI\$Cal).

Review 2017/2018 Revenues

Ryan Fong provided an update on the projected revenues for Fiscal Year (FY) 17/18 of \$16,470,000 which was based on the projected crop of 183,000,000 cartons. He noted that in December 2018 the committee received \$30,724. Assessments were still coming in for FY 17/18 but are still short \$1,372,539. Victoria Hornbaker noted that for FY 18/19, the program is projecting 200,000,000 cartons with a projected revenue of \$18,000,000. Bob Felts, Jr. stated that based on the size structure of the crops, a lot of the fruit may run into a field juicing situation

and it will be interesting to see if the program will be able to track it. Victoria stated that the program receives revenues through packing houses, however, we will find out if juicers are signed up in the assessment collection program by checking with the Citrus Research Board (CRB) and CDFA Citrus Standardization. She also noted that as this is tracked, the program may want to revise our projections.

Review 2017/2018 Budget and Expenditures

Victoria presented an updated budget with actual expenditures for July through September 2018. Actual expenditures are not yet final and are \$32,709,342, which is about \$4,000 lower than last month. She stated that with FI\$Cal, the CDFA has been unable to track expenditures as quickly and accurately as the old system. The CDFA Budget Office and Financial Services Division have been providing reports to get numbers that are close. She noted that the program will be doing a tentative closeout at the end of January, keeping in mind there could be late charges or credits that can impact these numbers. She explained that having credits are not unheard of due to moving expenditures from home program codes to actual codes where work has been completed. If time is spent between different programs, the initial charge may hit the home program code first and be redirected to the other program codes later. There is usually a 1-2-month lag for these charges. Victoria explained why the actual expenditures for FY 17/18 were greater than the approved budget for various lines on the Budget Display. Previous employees developed a tracking system which had the ability to track to a further level of detail, however, when those employees left, nobody was able to access the system. When new staff was hired at the Pest Detection/Emergency Projects (PDEP) branch, they did their due diligence to try and figure out how the program codes fit into the existing spreadsheets and how they should be charged. For example, some of the items charged in treatment might belong to survey. The budget items that look off budget is due to the inability to code them back to the correct accounts. Ray stated that the previous field coding created a reactionary coding system into larger categories, which does not mesh well with how the program wants to track activities. Someone filling out their time code may have chosen the code that made sense to them but may not have been the most precise code when putting it into this format.

Review 2018/2019 Budget and Funding Sources

Victoria stated that FY 18/19 charges in November were low at \$407,875.94. These numbers are preliminary and not yet final. To date, charges are about \$1,600,000. She explained why there may have been negative encumbrances. The old encumbrance reports showed charges and encumbrances. The negative encumbrances in the recent reports may have been charges debiting out of the encumbrances.

Other Business

Nathan Johnson, Budget Office Branch Chief, explained the increase of pro rata for the upcoming years. The first reason was for the utilization of FI\$Cal. Now that the system is operational, the state is charging departments for the use of it. The second reason is retiree health care which gets portioned out to each department based on workforce size. The third reason is the rollover from actual expenditures in FY 17/18. When FY 17/18 pro rata budget was built, the formula assumed unclaimed gas tax money would cover more than it actually did. FY 19/20 includes a rollover of about \$1,200,000 and FY 20/21 could also have a similar rollover. However, after 2021, everything should be caught up. Although pro rata will be higher in FY

19/20 and FY 20/21, it should not be an ongoing higher level. If other Agriculture Funded programs come on board, they should be covering a larger portion of pro rata. Bob questioned if spending authority could be reduced since it had not been typically used up. Nathan stated that a Budget Change Proposal would be needed, however, internally, he could work with Victoria to move funds to a miscellaneous pot where the funds are not attributed to anyone. Ray stated that there is a lot of uncertainty in what will be received in General Funds and Federal Funds. The program has had a couple of good years, resulting in being able to save Agriculture Funds in reserve. This makes it appear as if less spending authority is needed, however, if our General Funds go down, we would immediately be in a bad situation. Victoria stated that none of the personnel costs are being charged to Federal Funds, reducing overhead charges to the General Funds, which helps offset in theory, the pro rata. The program may receive some of the unclaimed gas tax which can also be used to offset the pro rata. The program's Agricultural Fund spending authority is \$20,279,998 for FY 18/19.

The meeting was adjourned at 9:54 A.M.