

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2022**

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**JUNE 30, 2022**

**BOARD OF DIRECTORS**

Jim Zimmerman	Chairman
Steve Scarbrough	Vice-Chairman
William Bennett	Secretary
Richard Job	Director
Tim Peltzer	Director

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# **SOUTHERN TULARE COUNTY CITRUS PEST CONTROL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022**

This section of the Southern Tulare County Citrus Pest Control District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

### ***FINANCIAL HIGHLIGHTS***

- The District's total net position was \$891,267 at June 30, 2022. This was a \$105,127 increase as compared to the previous year.
- The District had no accounts payable at June 30, 2022.
- During the year, the District's revenues were \$105,127 more than the expenses generated.
- The District issued no new debt during the year ended June 30, 2022.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

The report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information if any. The basic financial statements also include notes that further explain some of the information presented in the financial statements and provide more detailed data.

#### ***Basic Financial Statements***

The basic financial statements include two kinds of statements, the government-wide financial statements, and the fund financial statements. Each presents a different view of the District. The government-wide financial statements provide both short-term and long-term information about the District's overall financial status, whereas the fund financial statements present the financial picture by its individual parts or funds. Both are described in greater detail below.

#### ***Government-Wide Statements***

The government-wide financial statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting, which is similar to that used by private-sector companies. They provide both short-term and long-term information about the District's overall financial status. These statements (governmental fund balance sheet and statement of net position and statement of governmental fund revenues, expenditures and changes in fund balance and statement of activity) include all assets and deferred outflows of resources of the District as well as all liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of governmental fund revenues, expenditures and changes in fund balance and statement of activity regardless of when cash is received or paid.

See independent auditors' report.

# **SOUTHERN TULARE COUNTY CITRUS PEST CONTROL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022**

The government-wide financial statements report the District's net position and how it has changed. Net position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. However, to assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's commercial citrus acreage and the ability to levy assessments.

The government-wide financial statements in this annual report include only governmental type activities. In governmental type activities, most of the District's revenue is derived from special assessments on commercial citrus acreage.

### ***Fund Financial Statements***

The fund financial statements present the financial picture of the District in more detail than the government-wide statements by describing the individual parts or funds. Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District may establish other funds to control and manage money for particular purposes at its discretion, such as tracking certain revenues and expenses for grants, or construction projects.

The District currently has only one fund type known as a governmental fund. Governmental fund type statements are presented on the modified accrual basis of accounting and a current financial resources focus. Only assets expected to be used up and liabilities that come due during the year or soon thereafter are reflected. No capital assets are included. Only revenues for which cash is received during or soon after the end of the year are included. Only expenditures for goods or services that have been received and for which payment is due during the year or soon thereafter are included.

### ***OPERATIONAL HIGHLIGHTS***

The District's primary purpose is to protect against, detect, control, and/or eradicate any citrus pest or disease of concern in the commercial citrus groves within its boundaries. This is accomplished through participation in a joint powers agreement (JPA) with two other citrus pest control districts in the Central San Joaquin Valley. The JPA provides for the establishment and operation of the Central California Tristeza Eradication Agency (CCTEA), which performs survey, detection and suppression services for the three participating districts through operation of the Citrus Pest Detection Program (CPDP).

With a significant change in the CCTEA's Effective Plan adopted during fiscal year 2017-2018, since then the focus of activities shifted from *Citrus tristeza virus* (CTV) to Huanglongbing (HLB). CTV survey is conducted to a minimal level to just maintain the State Interior Quarantine for CTV. During spring 2022, 1,845 samples from 30 blocks were collected by hierarchical subsampling method and tested with MCA13 antisera.

See independent auditors' report.

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The bacteria *Candidatus Liberibacter asiaticus* (CLas) is associated with HLB and its spread by the insect ACP. Since no CLas positive trees have been found in the San Joaquin Valley and ACP finds are sporadic, the Program's emphasis shifted more towards ACP survey than testing plant samples. To enhance the effectiveness of the ACP survey, 3D cylindrical traps were used along with visual inspection. By utilizing the 3D cylindrical traps, the goal of the Program is not only to find the ACP but also be able to test ACP for CLas. For fiscal year 2021-2022, field crews deployed 499 3D-traps and inspected 7,185 trees throughout the District. The lab staff inspected 967 vials for ACP.

***CONDENSED COMPARATIVE FINANCIAL STATEMENT INFORMATION***

Condensed government-wide financial information as compared to the previous year is as follows:

**Statement of Net Position**

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percentage of Change</u>
<b>Assets:</b>				
Current and other assets	<u>\$ 891,267</u>	<u>\$ 786,140</u>	<u>\$ 105,127</u>	13.373%
<b>Net Position:</b>				
Unrestricted	<u>\$ 891,267</u>	<u>\$ 786,140</u>	<u>\$ 105,127</u>	13.373%

Explanation of changes in selected line items:

- *Net position* increased because revenues for 2021-2022 exceeded expenses. Please see the statement of activity for further detail.

See independent auditors' report.

# SOUTHERN TULARE COUNTY CITRUS PEST CONTROL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

### Statement of Activity and Changes in Net Position

	2022	2021	Increase (Decrease)	Percentage of Change
<b>General Revenues:</b>				
Assessments	\$ 507,824	\$ 495,894	\$ 11,930	2.406%
Grant income	77,851	-	77,851	100.000%
Interest	9,009	11,902	(2,893)	-24.307%
Total general revenues	594,684	507,796	86,888	17.111%
<b>Expenditures:</b>				
Pest Control:				
Current:				
Contributions to other agencies	482,391	409,796	72,595	17.715%
Services/supplies/operations	7,166	6,919	247	3.570%
Total expenditures	489,557	416,715	72,842	17.480%
Increase in net position	105,127	91,081	14,046	15.421%
Net position, beginning of year	786,140	695,059	91,081	13.104%
Net position, end of year	\$ 891,267	\$ 786,140	\$ 105,127	13.373%

### Explanation of changes in selected line items:

- The District maintained its assessment rate at the same level as the previous year. *Grower Assessments* received in 2021-2022 were more than anticipated.
- The decrease in *interest* is due to overall investment performance of the Tulare County's Treasury funds.
- The increase in *contribution to other agencies* results from the change in operations emphasizing more on ACP survey and less on plant sample testing.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the District may revise its budget as it attempts to deal with unexpected changes in revenues and expenditures. The 2021-2022 budget was approved on June 3, 2021. No revisions were necessary.

Actual revenues for the year exceeded actual expenses by \$105,127.

See independent auditors' report.

# **SOUTHERN TULARE COUNTY CITRUS PEST CONTROL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022**

### ***ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES***

The District's only source of funding is a grower special assessment on commercial citrus acreage planted within its boundaries. This funding is augmented by interest earned on its funds on deposit in its Tulare County Treasury fund. The District's primary activity is the support of the Citrus Pest Detection Program (CPDP) operated by the Central California Tristeza Eradication Agency (CCTEA), as a participant in the joint powers authority that forms the Agency. Under the CPDP's current Effective Plan, adopted during the 2017-2018 fiscal year on the recommendation of the Technical Advisory Committee, emphasis has transferred from CTV to HLB in a multi-pest program utilizing a high-risk survey model, while including an appropriate amount of CTV sampling in order to retain suppressive quarantine status.

In adopting the 2022-2023 budget, the Board elected to maintain the assessment rate at \$11.42 per 100-tree acre, the same as that in place for 2021-2022. Overall, the District adopted a budget of expenditures for 2022-2023 amounting to \$513,014, which is a 2.2 percent increase from the budgeted expenditures for 2021-2022. This reflects increased allocations to *Contribution to CCTEA Operations*, *Clerical Expense/Grower Relations*, and *Legal, Accounting, Insurance*.

The District has no plans for asset acquisitions during fiscal year 2022-2023.

The 2022-2023 budget was formally adopted June 6, 2022.

### ***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our growers, concerned citizens, researchers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's administrative office at (559) 686-4973, 22847 Road 140, Tulare, California 93274, or by e-mail at [mneunzig@cctea.org](mailto:mneunzig@cctea.org).

See independent auditors' report.





HANFORD | PORTERVILLE | TULARE | VISALIA

## M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

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KRISTI WEAVER, CPA

### Independent Auditors' Report

Board of Directors  
Southern Tulare County Citrus  
Pest Control District

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activity and general fund of Southern Tulare County Citrus Pest Control District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity and general fund of the Southern Tulare County Citrus Pest Control District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "M. Green and Company LLP".

Tulare, California  
December 1, 2022

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**GOVERNMENTAL FUND BALANCE SHEET  
AND STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b><u>ASSETS:</u></b>			
Cash and cash investments	\$ 891,267	\$ -	\$ 891,267
<b><u>FUND BALANCE/NET POSITION:</u></b>			
Fund balance:			
Unassigned	\$ 891,267	\$ (891,267)	\$ -
Net position, unrestricted	-	891,267	891,267
Total fund balance/net position	\$ 891,267	\$ -	\$ 891,267

See notes to financial statements.

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**STATEMENT OF GOVERNMENTAL FUND  
REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE AND STATEMENT OF ACTIVITY  
JUNE 30, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activity</u>
<b><u>GENERAL REVENUES:</u></b>			
Assessments	\$ 507,824	\$ -	\$ 507,824
Grant income	77,851	-	77,851
Interest	9,009	-	9,009
	<hr/>	<hr/>	<hr/>
Total general revenues	594,684	-	594,684
	<hr/>	<hr/>	<hr/>
<b><u>EXPENDITURES:</u></b>			
Pest Control:			
Current:			
Contributions to other agencies	482,391	-	482,391
Professional services	6,398	-	6,398
Publications and legal notices	445	-	445
Services and supplies	323	-	323
	<hr/>	<hr/>	<hr/>
Total expenditures	489,557	-	489,557
	<hr/>	<hr/>	<hr/>
Excess revenues	105,127	(105,127)	-
Increase in net position	-	105,127	105,127
	<hr/>	<hr/>	<hr/>
<b><u>FUND BALANCE/NET POSITION:</u></b>			
July 1, 2021	786,140	-	786,140
	<hr/>	<hr/>	<hr/>
June 30, 2022	\$ 891,267	\$ -	\$ 891,267
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements.

# **SOUTHERN TULARE COUNTY CITRUS PEST CONTROL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

### **NOTE 1 – Summary of Significant Accounting Policies**

#### **Organization**

The Southern Tulare County Citrus Pest Control District (the District) was formed and organized under the provisions of the Citrus Pest District Control Act of 1939 for the purpose of suppressing or controlling citrus pests. The District includes within its boundaries all of the citrus acreage within the County of Tulare except those acres included in other citrus pest control districts.

#### **Reporting Entity**

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

#### **Fund Accounting**

The accounts of the District are organized on the basis of fund accounting. Under fund accounting, different types of District operations are accounted for in different funds, each with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures as appropriate. Resources are allocated to and accounted for in individual funds, based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Since the District does not have any financial resources that are required to be accounted for in other funds, it utilizes only a "General Fund" for its operations.

#### **Measurement Focus, Basis of Accounting**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible soon enough thereafter to be used to pay liabilities of the current period (within 60 days of year-end).

Expenditures are generally recognized when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

**Measurement Focus, Basis of Accounting (continued)**

Government wide financial statements of net position and activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. General capital asset acquisitions are included with assets of the District as a whole and depreciated over their estimated useful lives.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

**Budgetary Procedures**

The District operates under a budget prepared and approved annually by the Board of Directors. The budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by use (service and supplies, other charges and contingencies). Once approved, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenditures.

**Fund Balances**

Governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

*Nonspendable fund balance* – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The District did not have any nonspendable fund balance resources as of June 30, 2022.

*Restricted fund balance* – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other government or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. The District did not have any restricted fund balance resources as of June 30, 2022.

*Committed fund balance* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed fund balance resources as of June 30, 2022.

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

**Fund Balances (continued)**

*Assigned fund balance* – includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. This intent is expressed by (a) the Board of Directors or (b) an appointed body or official to which the Board of Directors has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed. The District did not have any assigned fund balance resources as of June 30, 2022.

*Unassigned fund balance* – this classification includes the residual fund balance for the General Fund that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned. However, the District reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**Equity Classifications**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The District reports three categories of net position as follows:

*Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. The District did not have any net investment in capital assets as of June 30, 2022.

*Restricted net position* – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. The District did not have any restricted net position as of June 30, 2022.

*Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position. The District's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.



**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

**Assessments**

Assessments attach as an enforceable lien on property as of January 1. These assessments are levied from July 1 through June 30. Assessments are payable in two installments on November 1 and February 1 and are collected December 10 and April 10. The County of Tulare bills and collects the assessments for the District.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 2 – Cash in Tulare County Investment Pool**

Statutes authorize districts to invest cash in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, banker's acceptances, repurchase agreements, insured money market accounts, commercial paper, county investment pools, and the State Treasurer's Local Agency Investment Fund. The District invests all of its cash with the Tulare County Treasurer, which is not subject to credit risk categorization and is carried at cost which approximates fair value. All pooled funds are regulated by the California Government Code.

**NOTE 3 – Grant Income – ARPA Funds**

The District applied for funds available under the American Rescue Plan Act. The County distributed funds based on the applications received. Total federal funds received during the year ended June 30, 2022, were \$77,851.

**NOTE 4 – Jointly Governed Organization**

The District has entered into a collective agreement with two other California Districts for the detection and suppression of citrus pests. Based on this joint agreement, each participating District is liable to supply a variable percentage of the budget funds required to finance the operations of the Central California Tristeza Eradication Agency (the Agency) for each fiscal year. The actual liability (base) which each member District incurs depends upon the planted tree acreage located within each District's respective boundaries. In addition, each District is responsible for its proportionate share of the Agency's various reserve funds, such as for equipment and capital expenditures. The board of the Agency is currently comprised of seven members based on the member's contributions. The District has two members on the board of the Agency. This agreement executed effective July 1, 1998, has been amended and restated. The new agreement, effective July 1, 2017, will remain in effect until terminated. For the current fiscal year, Southern Tulare County Citrus Pest Control District's share of the cost of this program was \$482,391.

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 – Commitments and Contingencies**

**Risk Management Programs**

The District is exposed to various risks of loss related to claims associated with a membership in a joint power agreement; torts; and errors and omissions. These risks are provided for through participation in the Special District Risk Management Authority (SDRMA).

**Special District Risk Management Authority (SDRMA)**

The District participates in the Special District Risk Management Authority (SDRMA). SDRMA is an organization of special districts in California, which have formed an association under California Statue to pool its risk management needs. The SDRMA administers a mix of self-insurance and commercial insurance coverages; claim administration/litigation management services; and extensive risk management/loss control consulting and training programs.

The District's payments to SDRMA are displayed on the financial statements as expenditures/expenses in the General Fund. Each member assumes various deductible levels based on the nature of the claim. SDRMA has a mix of self-insurance and re-insurance at various amounts above that level. Initial contributions are determined each year based on the individual member's annual budget and necessary coverage as defined in the by-laws of SDRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of SDRMA attributable to a membership year during which they were a member. While supplemental contributions may be required to fund these deficits, no such contributions have been required in recent years.

Complete financial statements of SDRMA may be obtained directly from its administrative offices:

Special District Risk Management Authority  
1112 I Street, Suite 300  
Sacramento, California 95814

**NOTE 6 – Subsequent Events**

Management has evaluated subsequent events through December 1, 2022, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

## REQUIRED SUPPLEMENTARY INFORMATION

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**BUDGETARY COMARISON SCHEDULE  
JUNE 30, 2022**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>
<b><u>GENERAL REVENUES:</u></b>	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>	
Assessments	\$ 495,891	\$ 495,891	\$ 507,824	\$ 11,933
Grant income	-	-	77,851	77,851
Interest	6,000	6,000	9,009	3,009
Total general revenues	501,891	501,891	594,684	92,793
<b><u>EXPENDITURES:</u></b>				
Pest Control:				
Current:				
Contributions to other agencies	482,391	482,391	482,391	-
Legal, insurance and accounting	7,250	7,250	6,398	852
Publications and legal notices	650	650	445	205
Clerical expense and grower relations	1,600	1,600	323	1,277
Contingency fund	10,000	10,000	-	10,000
Total expenditures	501,891	501,891	489,557	12,334
Excess revenues	\$ -	\$ -	\$ 105,127	\$ 105,127

See independent auditors' report.

## **OTHER INDEPENDENT AUDITORS' REPORT**



HANFORD | PORTERVILLE | TULARE | VISALIA

## M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards**

**Independent Auditors' Report**

Board of Directors  
Southern Tulare County  
Citrus Pest Control District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activity and the general fund of Southern Tulare County Citrus Pest Control District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

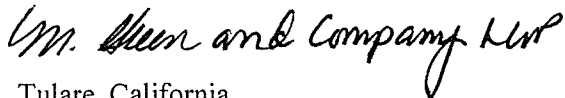
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "M. Allen and Company LLP". The signature is written in a cursive, flowing style.

Tulare, California  
December 1, 2022

## **FINDINGS AND RECOMMENDATIONS**



**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**A. Summary of Auditors' Results**

**1. Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   N/A   No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?        Yes   N/A   None Reported

Type of auditors' report issued on compliance  
for major programs:   N/A  

Any audit findings disclosed that are required  
to be reported in accordance with 2 CFR  
Section 200.516(a) of Uniform Guidance?        Yes   N/A   No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
--------------------	---

The District had less than \$750,000 in federal expenditures this year.

Dollar threshold used to distinguish between  
type A and type B programs:   N/A  

Auditee qualified as low-risk auditee?        Yes   N/A   No

(continued)

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**B. Financial Statement Findings**

None

**C. Federal Award Findings and Questioned Costs**

None

See independent auditors' report.

**SOUTHERN TULARE COUNTY  
CITRUS PEST CONTROL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2022**

<b><u>Finding/Recommendation</u></b>	<b><u>Current Status</u></b>	<b><u>Management's Explanation If Not Implemented</u></b>
There were no prior year audit findings.		

See independent auditors' report.