

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2023

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

JUNE 30, 2023

BOARD OF COMMISSIONERS/ADMINISTRATION

John Fisher	Chairman
Steve Scarbrough	Vice Chairman
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TABLE OF CONTENTS

	<u>Page No.</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
INDEPENDENT AUDITORS' REPORT.....	8
FINANCIAL STATEMENTS	
Governmental Fund Balance Sheet and Statement of Net Position.....	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	11
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance and Statement of Activity.....	12
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activity	14
Notes to Financial Statements.....	15
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule	22

CENTRAL CALIFORNIA TRISTEZA ERADICATION AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

This section of the Central California Tristeza Eradication Agency's (the Agency) annual financial report presents our discussion and analysis of the Agency's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the Agency's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The Agency's total net position was \$3,715,482 at June 30, 2023. This was a \$309,120 increase as compared to the previous year.
- During the year, the Agency's revenues were \$309,120 more than expenses.
- The Agency issued no new debt during the year ended June 30, 2023.
- Contract services contributed \$612,416 to total revenues.

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. 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 Agency. The government-wide financial statements provide both short-term and long-term information about the Agency'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 Agency 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 Agency'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 Agency as well as all liabilities and deferred inflows of resources. All 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.

CENTRAL CALIFORNIA TRISTEZA ERADICATION AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

The government-wide financial statements report on the Agency's net position and how it has changed. Net position, the difference between the Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the Agency's financial health. Over time, increases or decreases in the Agency's net position are an indicator of whether its financial position is improving or deteriorating. However, to assess the overall health of the Agency, one needs to consider the financial status of its component parts or more specifically, the individual pest control districts that participate in the Joint Powers Authority (JPA) that form the Agency. In addition, non-financial factors such as changes in the amount of commercial citrus acreage and its effects on the operational demands of each district and the ability of the districts to levy assessments affect the status of the Agency overall.

The government-wide financial statements in this annual report include only governmental type activities. In governmental type activities, most of the Agency's revenue is derived from contributions from the participating pest control districts, which derive most of their revenue from special assessments on commercial citrus acreage.

Fund Financial Statements

The fund financial statements present the financial picture of the Agency 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 Agency 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 Agency 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 resource 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.

A reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences.

See independent auditors' report.

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CONDENSED COMPARATIVE FINANCIAL STATEMENT INFORMATION

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

Statement of Net Position	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage of Change</u>
Assets:				
Current and other assets	\$ 3,084,773	\$ 2,765,862	\$ 318,911	11.53%
Prepaid expenses	17,183	14,699	2,484	16.90%
Capital assets	699,219	702,859	(3,640)	-0.52%
	<u>3,801,175</u>	<u>3,483,420</u>	<u>317,755</u>	9.12%
Total assets	<u>\$ 3,801,175</u>	<u>\$ 3,483,420</u>	<u>\$ 317,755</u>	9.12%
Liabilities:				
Current liabilities	\$ 85,693	\$ 77,058	\$ 8,635	11.21%
Net Position:				
Investment in capital assets, net of related debt	699,219	702,859	(3,640)	-0.52%
Restricted	331,456	331,456	-	-
Unrestricted	2,684,807	2,372,047	312,760	13.19%
	<u>3,715,482</u>	<u>3,406,362</u>	<u>309,120</u>	9.07%
Total net position	<u>3,715,482</u>	<u>3,406,362</u>	<u>309,120</u>	9.07%
Total liabilities and net position	<u>\$ 3,801,175</u>	<u>\$ 3,483,420</u>	<u>\$ 317,755</u>	9.12%

Explanation of changes in selected line items:

- Expenditures were less than budgeted leading to an increase of \$318,911 in *Current and Other Assets*.
- The \$3,640 decrease in *Capital Assets* is the net of additions for 2022-2023, as well as the related annual depreciation and prior year accumulated depreciation.
- The \$8,635 increase in *Current Liabilities* results from the timing of receipt and payment of bills in relation to the end of the fiscal year.

See independent auditors' report.

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Statement of Activity and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage of Change</u>
General Revenues:				
Contributions from JPA Districts	\$ 1,641,691	\$ 1,655,507	\$ (13,816)	-0.83%
Contract services	612,416	392,878	219,538	55.88%
Interest	46,058	18,774	27,284	145.33%
Grant income	-	92,074	(92,074)	-100.00%
Gain on sale of assets	-	5,876	(5,876)	-100.00%
Other revenues	178	841	(663)	-78.83%
	<u>2,300,343</u>	<u>2,165,950</u>	<u>134,393</u>	<u>6.20%</u>
Total general revenues				
Expenditures:				
Pest Control:				
Current:				
Salaries and employee benefits	1,529,777	1,455,674	74,103	5.09%
Services and supplies	354,838	391,794	(36,956)	-9.43%
Depreciation	92,941	86,699	6,242	7.20%
Loss on disposal of assets	13,667	-	13,667	100.00%
	<u>1,991,223</u>	<u>1,934,167</u>	<u>57,056</u>	<u>2.95%</u>
Total expenditures				
Increase in net position	309,120	231,783	77,337	33.37%
Net position, beginning of year	<u>3,406,362</u>	<u>3,174,579</u>	<u>231,783</u>	<u>7.30%</u>
Net position, end of year	<u>\$ 3,715,482</u>	<u>\$ 3,406,362</u>	<u>\$ 309,120</u>	<u>9.07%</u>

Explanation of changes in selected line items:

- For 2022-2023, the JPA Districts elected to continue aligning contributions to the CCTEA with the projected District assessment income, as well as funding some District-specific projects. The \$13,816 decrease in *Contributions from JPA Districts* is relatively similar to prior year and partially due to decreased acreages assessed from the districts.
- The \$219,538 increase in *Contract Services* is a result of increased CTV testing around the Lindcove Research and Extension Center.
- There was no income received from CTV and HLB related research projects, leading to a decrease of \$92,074 in *Grant Income*.
- *Salaries and Employee Benefits* had a net increase of \$74,103, resulting primarily from seasonal wage increases. Related payroll taxes, retirement contributions and workers' compensation also increased.

See independent auditors' report.

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

BUDGETARY HIGHLIGHTS

Over the course of the year, the Agency revised its budget as it attempts to deal with unexpected changes in revenues and expenditure. The original 2022-2023 budget was approved on June 15, 2022. Budget revisions were approved on April 19, 2023. A schedule showing the Agency's original and final budget amounts compared with actual amounts received and paid is presented as part of the required supplementary information section of the annual report. Specific revisions made to the 2022-2023 budget are as follows:

- In the Resources/Revenues category, a decrease in the projected use of *Carryforward* funds was due to changes in staffing needs during the fiscal year.
- In the Salaries and Employee Benefits category, a reduction in staffing caused a ripple effect in *Wages and Benefits*, leading to *Regular Wages* and actual *Health Insurance* premiums being less than projected.
- In the Expenditures category, there was a slight increase in expenses of about 2.73 percent, due to increased ELISA lab supplies (\$20,000), fuel (\$11,000) and miscellaneous (\$5,713), but off-set by a decrease in Payroll expenses (\$20,000).

The net change to the 2022-2023 budget was an increase of \$63,170. After the budget revisions, actual revenues (excluding inventory adjustments and available carryforward funds) exceeded operational expenditures (including capital acquisitions, excluding depreciation) by \$312,760.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2023, the Agency had invested \$1,835,444 in a limited acquisition of capital assets, including equipment and vehicles. This amount represents a net decrease (including additions and deductions) of \$3,640 from last year. Details to capital assets are as follows:

Capital Assets	<u>2023</u>	<u>2022</u>	Increase (Decrease)
Land	\$ 11,785	\$ 11,785	\$ -
Structures and improvements	647,844	647,844	-
Vehicles	451,209	448,850	2,359
Equipment	<u>724,606</u>	<u>687,575</u>	<u>37,031</u>
Total capital assets	1,835,444	1,796,054	39,390
Accumulated depreciation	<u>(1,136,225)</u>	<u>(1,093,195)</u>	<u>(43,030)</u>
Net capital assets	<u><u>\$ 699,219</u></u>	<u><u>\$ 702,859</u></u>	<u><u>\$ (3,640)</u></u>

See independent auditors' report.

CENTRAL CALIFORNIA TRISTEZA ERADICATION AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

This year's major capital asset changes included:

- The \$39,390 net increase in total capital assets shows increases from acquisition of two new computers, a rack server with service support, and the acquisition of two vehicles.
- As in the previous year, at June 30, 2023, the Agency had no long-term debt outstanding.

OPERATIONAL HIGHLIGHTS

The stated mission of the Citrus Pest Detection Program (the Program) operated by the Agency is to benefit the citrus industry by 1) Leading and/or participating in efforts to protect against, detect, control, and/or eradicate any citrus pest or disease of concern; and 2) Encouraging and supporting appropriate research programs to assist in the elimination of the threat of citrus pests and/or diseases.

Fiscal year 2022-2023 continued the shift in emphasis from CTV to HLB. The bacteria, *Candidatus Liberibacter asiaticus* (CLAs) is associated with HLB and it is spread by the insect, Asian Citrus Psyllid (ACP). Since no CLAs positive trees have been found in the San Joaquin Valley and ACP finds are sporadic, the Program's emphasis continues to be more focused on ACP survey than testing plant samples. Yellow panel traps were utilized to improve the efficiency of the ACP survey.

- 1) JPA ACP/HLB Survey – using the high-risk survey model for commercial citrus (prepared by the USDA team headed by Dr. Weiqi Luo in Florida), within the Central Valley Pest Control District (CVPCD), Southern Tulare County Citrus Pest Control District (STCCPCD) and the Kern County Citrus Pest Control District (KCCPCD), blocks were selected for ACP/HLB survey. In fall 2022, field inspectors serviced 1,201 3D Cylindrical APC Traps and inspected 8,142. In spring 2023 field inspectors serviced 2,984 yellow panel traps.
- 2) In order to focus limited resources on HLB survey, CTV activity within the JPA Districts was limited. This fiscal year 12,744 samples were collected including hierarchical sub-samples, composite and single samples. There was one positive tree found to have MCA13, and it was removed.
- 3) JPA Laboratory – Insects caught in 3D Cylindrical vials and caught on the yellow panel traps were visually inspected by the lab staff. A total of 1,201 3D cylindrical vials were inspected were inspected in the fall of 2022. In the spring of 2023 a total of 2,589 traps were inspected. No ACP were found in the vials or on the traps. To test CLAs (HLB) the lab staff used PCR (polymerase chain reaction) based molecular method. During fiscal year 2022-2023, 140 leaf samples were processed (tissue chopped and DNA extracted), and tested for CYVCV, all tests were negative. An additional 13 plant samples were tested from Imperial Pest Control District.
- 4) Contract Services – Contract CTV work for the protection of the Lindcove Research and Extension Center, funded by the Tulare County Pest Control District (TCPCD), yielded 36,250 samples collected (16,024 subsampling, and 20,226 follow-up), and 44 trees were removed after confirmation as MCA13 CTV positive.

See independent auditors' report.

CENTRAL CALIFORNIA TRISTEZA ERADICATION AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

By June 30, 2023, it was evident that the *unexpended carryforward* for 2022-2023 would be less than anticipated when the budget was initially drafted. This will be incorporated into 2023-2024 budget revisions. The adopted 2023-2024 budget continues to utilize the high-risk based survey model to select locations for inspection and testing. For the HLB component, projections are to deploy 14,400 yellow panel traps. The budget provides for about 19,815 CTV samples (13,176 of those under contract) to be collected and tested by ELISA.

The 2023-2024 fiscal year budget, at \$2,261,742 is a decrease of 2.3 percent compared to the final revised budget for the prior year. This decrease is due to no grant funding anticipated.

The Agency's primary source of funding is JPA-participating pest control district contributions, which in 2022-2023 accounted for 69.7 percent of the total actual revenues. The adopted budget for 2023-2024 calls for a slight increase in district contributions, as overall commercial citrus acreage increased across JPA districts, and therefore assessment income has increased.

The 2023-2024 budget was formally adopted on June 21, 2023.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

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

See independent auditors' report.



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M. GREEN AND COMPANY LLP

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Independent Auditors' Report

Board of Commissioners
Central California Tristeza Eradication Agency

Opinions

We have audited the financial statements of the governmental activity and general fund of the Central California Tristeza Eradication Agency, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency'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 Central California Tristeza Eradication Agency, as of June 30, 2023 and the respective changes in financial position 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 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 Agency, 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Agency'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 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, 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 Agency'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 Agency'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.

M. Glien and Company LLP

Tulare, California
December 4, 2023

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**GOVERNMENTAL FUND BALANCE SHEET
AND STATEMENT OF NET POSITION
JUNE 30, 2023**

	General Fund	Adjustments	Statement of Net Position
<u>ASSETS:</u>			
Cash	\$ 3,079,458	\$ -	\$ 3,079,458
Accounts receivable, net	5,315	-	5,315
Prepaid expenses	17,183	-	17,183
Land	-	11,785	11,785
Capital assets, net of accumulated depreciation	-	687,434	687,434
	<u>\$ 3,101,956</u>	<u>\$ 699,219</u>	<u>\$ 3,801,175</u>
Total assets	<u>\$ 3,101,956</u>	<u>\$ 699,219</u>	<u>\$ 3,801,175</u>
 <u>LIABILITIES:</u>			
Accrued expenses	<u>\$ 85,693</u>	<u>\$ -</u>	<u>\$ 85,693</u>
 <u>FUND BALANCE/NET POSITION:</u>			
Fund balance:			
Nonspendable prepaid expense	17,183	(17,183)	-
Restricted	331,456	(331,456)	-
Unassigned	2,667,624	(2,667,624)	-
Net position:			
Investment in capital assets	-	699,219	699,219
Restricted	-	331,456	331,456
Unrestricted	-	2,684,807	2,684,807
	<u>3,016,263</u>	<u>699,219</u>	<u>3,715,482</u>
Total fund balance/net position	<u>3,016,263</u>	<u>699,219</u>	<u>3,715,482</u>
Total liabilities and fund balance/net position	<u>\$ 3,101,956</u>	<u>\$ 699,219</u>	<u>\$ 3,801,175</u>

See notes to financial statements.

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Amounts reported for governmental activity in the statement of net position are different because:

Total fund balance - governmental fund	\$ 3,016,263
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When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in the governmental fund in the period of expenditure. However, the statement of net position includes those capital assets among the assets of the Agency as a whole and records depreciation expense over their estimated useful lives.

Cost of land at June 30, 2023	11,785
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Cost of capital assets at June 30, 2023	\$ 1,823,659
Accumulated depreciation at June 30, 2023	<u>(1,136,225)</u>

Net increase	<u>687,434</u>
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Total net position - governmental activity	<u><u>\$ 3,715,482</u></u>
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See notes to financial statements.

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
AND STATEMENT OF ACTIVITY
YEAR ENDED JUNE 30, 2023**

	General Fund	Adjustments	Statement of Activity
<u>GENERAL REVENUES:</u>			
Contributions from JPA Districts	\$ 1,641,691	\$ -	\$ 1,641,691
Contract services	612,416	-	612,416
Interest	46,058	-	46,058
Other revenues	178	-	178
Total general revenues	2,300,343	\$ -	2,300,343
<u>EXPENDITURES:</u>			
Pest Control:			
Current:			
Salaries and employee benefits - administration	314,199	\$ -	314,199
Salaries and employee benefits - hourly	587,246	-	587,246
Salaries and employee benefits - seasonal	262,702	-	262,702
Retirement	46,074	-	46,074
Payroll service	4,225	-	4,225
Payroll taxes	102,058	-	102,058
Insurance - health	194,823	-	194,823
Workman's compensation	18,450	-	18,450
Communications	10,627	-	10,627
Fuel	31,745	-	31,745
Greenhouse	6,835	-	6,835
Mapping	2,056	-	2,056
Insurance - general	54,334	-	54,334
Repairs and maintenance - vehicle	8,468	-	8,468
Repairs and maintenance - building	18,281	-	18,281
Equipment lease	8,261	-	8,261
Miscellaneous	5,347	-	5,347
Postage	241	-	241
Legal and accounting	26,038	-	26,038
Outside contracts	1,657	-	1,657
Professional services - consulting	14,090	-	14,090
Professional services - other	16,362	-	16,362
Publications and subscriptions	1,709	-	1,709

(continued)

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
AND STATEMENT OF ACTIVITY
YEAR ENDED JUNE 30, 2023**

	General Fund	Adjustments	Statement of Activity
<u>EXPENDITURES: (continued)</u>			
Pest Control: (continued)			
Current: (continued)			
Safety and health	\$ 2,287	\$ -	\$ 2,287
Supplies - labels	6,603	-	6,603
Supplies - office	4,699	-	4,699
Supplies - field and trapping	17,155	-	17,155
Supplies - lab and PCR	60,044	-	60,044
Training	4,902	-	4,902
Travel	4,453	-	4,453
Utilities	41,814	-	41,814
Water system	6,830	-	6,830
Depreciation	-	92,941	92,941
Loss on disposal of assets	-	13,667	13,667
Capital outlay	102,968	(102,968)	-
 Total expenditures	 1,987,583	 \$ 3,640	 1,991,223
 Excess revenues	 312,760	 \$ (312,760)	 -
Increase in net position	-	309,120	309,120
 <u>FUND BALANCE/NET POSITION:</u>			
July 1, 2022	2,703,503	702,859	3,406,362
June 30, 2023	\$ 3,016,263	\$ 699,219	\$ 3,715,482

See notes to financial statements.

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUND
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITY
YEAR ENDED JUNE 30, 2023**

Amounts reported for governmental activity in the statement of activity are different because:

Excess revenues - governmental fund	\$ 312,760
-------------------------------------	------------

Governmental funds report capital outlay as expenditures in the period they are incurred. However, in the statement of activity the costs of those assets are not expensed in the period of expenditure but are included with the assets of the Agency as a whole and depreciated over their estimated useful lives. When these assets are sold or abandoned, the residual cost is removed and netted with proceeds.

Capital outlay for 2022-2023	102,968
Disposal of assets	(13,667)
Depreciation expense for 2022-2023	<u>(92,941)</u>
 Increase in net position - governmental activity	 <u><u>\$ 309,120</u></u>

See notes to financial statements.

CENTRAL CALIFORNIA TRISTEZA ERADICATION AGENCY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1 – Summary of Significant Accounting Policies

Organization

The goal of the Central California Tristeza Eradication Agency (the Agency) is to suppress pests in commercial citrus tree plantings within the boundaries of the participating districts.

The Central California Tristeza Eradication Agency was formed July 1, 1968, by agreement under the provisions of the Joint Exercise of Power Act of the California Government Code, Sections 6500 through 6513, and currently includes the following districts:

Southern Tulare County Citrus Pest Control District
Kern County Citrus Pest Control District
Central Valley Pest Control District

The provisions of the original agreement provided for the expiration of the agreement on June 30, 1971. Since that date, several extensions and revisions of that agreement have occurred. Effective July 1, 2012, recognizing that the Citrus Pest Control Districts and the Agency were formed in the interest of the citrus growers of their respective areas, and are authorized by law to suppress, remove, or prevent the spread of each and every citrus pest, the agreement was amended to broaden its scope by authorizing the use of the name "Citrus Pest Detection Program" in conjunction with Agency programs. For further clarity, a subsequent amendment effective July 1, 2017, updates the Joint Powers Agreement to generalize references to citrus pests and diseases, rather than just *Citrus Tristeza Virus*. The amended Agreement was adopted to continue until any participant requests termination.

As outlined in the Food and Agricultural Code, should the agreement be terminated, and the Agency dissolve, the right, title, and interest to property owned or controlled by the Agency which is situated within the corporate limits of any city shall vest absolutely in that city. Any Agency property that is situated outside corporate city limits shall vest in the County of Tulare. The Tulare County Board of Supervisors shall be the ex officio governing body of the Agency and may perform any acts, and levy any taxes and assessments necessary to wind up the affairs of the Agency and pay any outstanding indebtedness.

Reporting Entity

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

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

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

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Fund Accounting

The accounts of the Agency are organized on the basis of fund accounting. Under fund accounting, different types of Agency 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 Agency 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.

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 Agency as a whole and depreciated over their estimated useful lives.

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

Budgetary Procedures

The Agency operates under a budget prepared and approved annually by the Board of Commissioners. The budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by use (salaries and employee benefits, services and supplies, other charges, fixed asset acquisitions and contingencies). Once approved, the Board of Commissioners may amend the adopted budget when unexpected modifications are required in estimated revenues and expenditures.

Capital Assets

Capital assets of the Agency are recorded at cost and are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 – 40 years
Equipment, vehicles, furniture and fixtures	5 – 10 years

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

Regular employees of the Agency are entitled to sick pay and vacation days depending on length of service and other factors. A liability of accrued compensated vacation time is reflected in these financial statements.

Fund Balances

Governmental funds report fund balances in classifications based primarily on the extent to which the Agency 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.

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.

Committed fund balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board of Commissioners 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 Agency did not have any committed fund balance resources as of June 30, 2023.

Assigned fund balance – includes amounts that are constrained by the Agency's intent to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by (a) the Board of Commissioners or (b) an appointed body or official to which the Board of Commissioners 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 non-spendable, restricted, or committed. The Agency did not have any assigned fund balance resources as of June 30, 2023.

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 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 Agency's policy to use restricted resources first, followed by committed, assigned and unassigned. However, the Agency reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Equity Classifications

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The Agency 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.

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.

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 Agency.

When an expense is incurred for the purpose 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 Agency's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes the decision on a transactional basis at the incurrence of the expenditure.

Nature and Purpose of Restricted Fund Balance and Net Position

Restricted fund balance and net position are amounts which are legally segregated for specific usage or commitments to outside third parties. Resources of restricted fund balance and net position are used to fund these commitments before unrestricted resources. At June 30, 2023, the Agency was obligated to reserve future resources to repay West Fresno County Red Scale Protective District and Tulare County Pest Control District for the net book value of their physical assets left with the Agency on their withdrawal from the Joint Powers Agreement.

District Contributions

The participating special districts assess the growers located in their respective districts and make contributions to the Agency. Grower assessments attach as an enforceable lien on property as of January 1. Those 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 various counties bill and collect the assessments for the participating districts. Contribution revenues are recognized by the Agency when received, except at year end, an accrual is made when contributions are received soon enough thereafter to pay liabilities of the current period.

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 certain 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 or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – Cash

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.

Cash and cash investments at June 30, 2023, were as follows:

Cash on hand	\$	300
Cash in bank		129,295
Cash in Tulare County Investment Pool		<u>2,949,863</u>
 Total	 \$	 <u><u>3,079,458</u></u>

At June 30, 2023, the entire amount of cash in bank was covered by federal depository insurance. The Agency's cash investment in Tulare County Investment Pool is not subject to credit risk categorization and is carried at a cost which approximates fair value. All pooled funds are regulated by the California Government Code.

NOTE 3 – Capital Assets

The following is a summary of changes in capital assets:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<u>Capital assets not being depreciated:</u>				
Land	\$ 11,785	\$ -	\$ -	\$ 11,785
 <u>Other capital assets:</u>				
Structures and improvements	647,844	-	-	647,844
Vehicles	448,850	45,162	(42,803)	451,209
Equipment	<u>687,575</u>	<u>57,806</u>	<u>(20,775)</u>	<u>724,606</u>
 Total other capital assets at historical cost	1,784,269	102,968	(63,578)	1,823,659
Accumulated depreciation	<u>(1,093,195)</u>	<u>(92,941)</u>	<u>49,911</u>	<u>(1,136,225)</u>
 Other capital assets, net	<u>691,074</u>	<u>10,027</u>	<u>(13,667)</u>	<u>687,434</u>
 Capital assets, net	<u><u>\$ 702,859</u></u>	<u><u>\$ 10,027</u></u>	<u><u>\$ (13,667)</u></u>	<u><u>\$ 699,219</u></u>

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 – Employee Benefit Plans

In February 1999, the Agency ceased participation in the Citrus-Avocado Pension Trust. Participant balances under the plan will be held in that plan until distribution when the participant reaches retirement age.

Effective February 1999, the Agency adopted the Central California Tristeza Eradication Agency Retirement Trust Money Purchase Plan which is a defined contribution retirement plan. Employees receive credit each year they work at least 500 hours. The Agency contributes 4.2 percent of total compensation for salaried and hourly employees. The total eligible payroll for the year ended June 30, 2023, was \$1,124,155. Vesting occurs at 50 percent after three years and 100 percent after five years. Retirement expense was \$46,074 for the current year.

In addition, all employees are eligible to participate in the Deferred Compensation Plan of the Central California Tristeza Eradication Agency. All contributions are elective deferrals from the participants. The minimum deferral is \$10 for each pay period. The maximum is 33 1/3 percent of participants' compensation or the dollar amount as adjusted in the Internal Revenue Code, with special limitations when approaching normal retirement age. All amounts deferred under the Plan are held for the exclusive benefit of participants and their beneficiaries, and in no event shall these amounts be subject to the rights or claims of any creditor of the Agency. Employee contributions were \$31,250 for the current year.

NOTE 5 – Economic Dependency

One hundred percent of the Agency's assessment revenue was received from the following special districts:

Kern County Citrus Pest Control District	\$ 840,788
Southern Tulare County Citrus Pest Control District	492,214
Central Valley Pest Control District	<u>308,689</u>
Total	<u><u>\$ 1,641,691</u></u>

NOTE 6 – Withdrawals from the Joint Powers Agreement, Return of Investments

On June 30, 1995, West Fresno County Red Scale Protective District (West Fresno) elected to terminate their relationship with the Agency, as did the Tulare County Pest Control District (Tulare County) on February 15, 1996.

As part of the agreements to withdraw, both withdrawing districts elected to leave the net book value of their physical fixed assets with the Agency to continue to be used in the suppression effort. Should at any time prior to the formal termination and dissolution of the Agency, either the West Fresno District or the Tulare County District decide to again become a member of the Agency, they shall be required to purchase a proportionate share of the net book value of the assets and liabilities then existing, with the net book value of their physical fixed assets previously left with the Agency applied as a credit toward this purchase. The proportionate shares of the net book value of physical fixed assets of the Agency were \$46,158 for West Fresno and \$285,298 for Tulare County. This total of \$331,456 has been reserved by the Agency as fund equity belonging to the districts that have withdrawn. This value was calculated using the book cost of the assets less outstanding debt associated directly with the purchase of fixed assets. In the future, should the participating districts terminate the Joint Powers Agreement and dissolve the Agency, the amount owed to the districts which have withdrawn may differ due to changes in the market values of these assets.

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 – Commitments and Contingencies

Risk Management Programs

The Agency is exposed to various risks of loss related to employee health benefits; workers' compensation claims; torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are provided for through participation in the Special District Risk Management Authority (SDRMA). There were no significant changes in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

Special District Risk Management Authority (SDRMA)

The Agency 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 Statute to pool its risk management needs. The SDRMA administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; and extensive risk management/loss control consulting and training programs.

The Agency'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 8 – Subsequent Events

Management has evaluated subsequent events through December 4, 2023, 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, except as noted below.

As of July 28, 2023, the Agency filed a Notice of a Joint Powers Agreement with the Secretary of State of California to change the name of the Agency to "Alliance of Pest Control Districts" (the "Name Change Resolution"). The Name Change Resolution was approved by the Agency's board of commissioners at the regular/special meeting held on July 24, 2023, and became effective on August 10, 2023. The Agency effected this name change to better align with the mission of the organization and the name change will also facilitate the joinder of other citrus pest control districts to the Joint Powers Agreement.

REQUIRED SUPPLEMENTARY INFORMATION

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<u>GENERAL REVENUES:</u>				
Contributions from JPA Districts	\$ 1,641,691	\$ 1,641,691	\$ 1,641,691	\$ -
Contract services	450,375	601,731	612,416	10,685
Interest	15,000	15,000	46,058	31,058
Other revenues	-	-	178	178
Contingencies/carryforward	145,693	98,516	-	(98,516)
	<u>2,252,759</u>	<u>2,356,938</u>	<u>2,300,343</u>	<u>(56,595)</u>
<u>EXPENDITURES:</u>				
Pest Control:				
Current:				
Salaries and employee benefits - administration	309,179	309,168	314,199	(5,031)
Salaries and employee benefits - hourly	600,072	604,234	587,246	16,988
Salaries and employee benefits - seasonal	337,857	283,115	262,702	20,413
Retirement	50,970	49,072	46,074	2,998
Payroll service	4,500	4,500	4,225	275
Payroll taxes	115,827	112,263	102,058	10,205
Insurance - health	210,981	210,464	194,823	15,641
Workman's compensation	16,995	16,198	18,450	(2,252)
Automation	1,000	1,000	-	1,000
Communications	15,610	16,490	10,627	5,863
Fuel	81,375	92,227	31,745	60,482
Greenhouse	5,500	7,500	6,835	665
Mapping	4,800	4,800	2,056	2,744
Insurance - general	60,000	60,000	54,334	5,666
Repairs and maintenance - vehicle	10,000	10,000	8,468	1,532
Repairs and maintenance - building	15,900	17,900	18,281	(381)
Equipment lease	9,360	9,360	8,261	1,099
Miscellaneous	5,950	5,950	5,347	603
Postage	1,000	1,000	241	759
Legal and accounting	29,000	29,000	26,038	2,962
Outside contracts	-	-	1,657	(1,657)
Professional services - consulting	10,000	11,000	14,090	(3,090)

(continued)

**CENTRAL CALIFORNIA TRISTEZA
ERADICATION AGENCY**

**BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<u>EXPENDITURES: (continued)</u>				
Pest Control: (continued)				
Current: (continued)				
Professional services - other	\$ 20,950	\$ 21,130	\$ 16,362	\$ 4,768
Publications and subscriptions	2,000	2,000	1,709	291
Safety and health	4,400	4,400	2,287	2,113
Supplies - labels	2,608	6,636	6,603	33
Supplies - office	6,000	6,000	4,699	1,301
Supplies - field and trapping	26,662	30,908	17,155	13,753
Supplies - lab and PCR	64,754	85,697	60,044	25,653
Training	4,700	7,200	4,902	2,298
Travel	5,500	6,500	4,453	2,047
Utilities	36,200	42,988	41,814	1,174
Water system	6,100	7,500	6,830	670
Capital outlay	80,000	140,000	102,968	37,032
Contingencies/carryforward	97,009	99,729	-	99,729
	<u>2,252,759</u>	<u>2,315,929</u>	<u>1,987,583</u>	<u>328,346</u>
Total expenditures				
Excess revenues	<u>\$ -</u>	<u>\$ 41,009</u>	<u>\$ 312,760</u>	<u>\$ 271,751</u>

See independent auditors' report.