

**TULARE COUNTY
PEST CONTROL DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2023

TULARE COUNTY PEST CONTROL DISTRICT

JUNE 30, 2023

BOARD OF DIRECTORS

Milo Gorden	Chairman
George McEwen	Vice-Chairman
Jeffrey Steen	Secretary
Randy Skidgel	Director
Jeff Slover	Director

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TULARE COUNTY PEST CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

This section of the Tulare County 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, 2023. 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 \$2,229,512 at June 30, 2023. This was a \$161,143 decrease as compared to the previous year.
- During the year, the District's revenues were \$161,143 less than the expenses.
- The District issued no new debt during the year ended June 30, 2023.

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.

TULARE COUNTY PEST CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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 grower base, the ability to levy assessments, and the availability of funding by grants.

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 property taxes or assessments.

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 District has incurred costs associated with the Lindcove Research and Extension Center (LREC) protection program. The LREC protection program includes Aphid Vector Control Treatment Program (in the fall and spring) and payments to the Treatment Program Coordinator. An additional protection program is surveying for exotic *Citrus tristeza virus* (CTV) isolates around 1-mile of LREC.

See independent auditors' report.

TULARE COUNTY PEST CONTROL DISTRICT

**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:
Explanation of changes in selected line items:

Statements of Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage of Change</u>
Assets:				
Current and other assets	<u>\$ 2,229,512</u>	<u>\$ 2,778,451</u>	<u>\$ (548,939)</u>	-19.757%
Liabilities:				
Accounts payable	\$ -	\$ 387,796	\$ (387,796)	-100.000%
Net Position:				
Unrestricted	<u>2,229,512</u>	<u>2,390,655</u>	<u>(161,143)</u>	-6.741%
Total liabilities and net position	<u>\$ 2,229,512</u>	<u>\$ 2,778,451</u>	<u>\$ (548,939)</u>	-19.757%

- *Current and other assets* decreased because District expenses exceeded revenues and there was a substantial decrease in accounts payable.
- The decrease in accounts payable results from contract services billings being received upon completion of testing and other services in the prior year, and none existing in the current year.

See independent auditors' report.

TULARE COUNTY PEST CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Statements of Activity and Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage of Change</u>
General Revenues:				
Assessments	\$ 686,220	\$ 665,947	\$ 20,273	3.044%
Interest	49,718	22,133	27,585	124.633%
Total general revenues	<u>735,938</u>	<u>688,080</u>	<u>47,858</u>	6.955%
Expenditures:				
Pest Control:				
Current:				
Administrative/general:				
Communications	733	666	67	10.060%
Legal, insurance and accounting	12,140	8,549	3,591	42.005%
Support services	2,402	2,001	401	20.040%
LREC protection:				
Vector control program	282,499	233,022	49,477	21.233%
Monitoring HS Survey	505,562	265,796	239,766	90.207%
Mapping update project	-	120,000	(120,000)	-100.000%
ACP trapping	93,745	-	93,745	100.000%
Total expenditures	<u>897,081</u>	<u>630,034</u>	<u>267,047</u>	42.386%
Increase (decrease) in net position	(161,143)	58,046	(219,189)	-377.613%
Total net position, beginning of year	<u>2,390,655</u>	<u>2,332,609</u>	<u>58,046</u>	2.488%
Total net position, end of year	<u>\$ 2,229,512</u>	<u>\$ 2,390,655</u>	<u>\$ (161,143)</u>	-6.741%

Explanation of changes in selected line items:

- The increase in *assessments* reflects an increase in the number of assessable acres.
- The increase in *interest* reflects the effect of overall market performance on the return on investment of District funds, as handled by the Tulare County Treasurer.
- *LREC protection Operational Zone* saw an increase of \$239,766.
- The mapping update project was a multi-year project. In fiscal year 2021-2022, the mapping update project was completed with a total of 405 section maps, therefore the District was charged one last lump sum for mapping costs and finalized the project.

See independent auditors' report.

TULARE COUNTY PEST CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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 original 2022-2023 budget was approved on June 8, 2022. No revisions were necessary.

Actual expenses for the year exceeded actual revenues by \$161,143.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

For fiscal years 1999-2004, the District's primary source of funding was accumulated reserves together with interest earned on funds on deposit in its Tulare County Treasury Fund. Its primary activity was the support of research projects. In order to deplete reserves no further, in fiscal year 2004-2005 the Board initiated a grower assessment of \$1.25 per 100-tree acre. That rate continued through 2007-2008. An alarming increase in the incidence of CTV at the LREC led to initiation of programs for the protection of the Center, and a decision by the Board to increase the assessment rate, beginning with the 2008-2009 fiscal year, to the full \$5 per 100-tree acre authorized by the 1997 Proposition 218 grower vote. The Board continues to provide for ongoing funding for the programs for the protection of the LREC, including the vector control treatment program and the monitoring survey in the one-mile zone surrounding the LREC, with mandated removal of MCA13 confirmed-positive trees.

In 2009-2010, a hierarchical subsampling survey was initiated in order to update knowledge about the extent and type of CTV infection within the entire District. The Board provided for follow-up and removal of MCA13 positive trees throughout the District during 2011-2012 and 2012-2013. On the recommendation of the Technical Advisory Committee to the CCTEA, in the 2013-2014 fiscal year the Board elected to return to a program of hierarchical subsampling only in the portion of the District immediately surrounding the Lindcove Research and Extension Center.

The District has no plans for asset acquisitions during fiscal year 2023-2024.

The 2023-2024 budget was formally adopted on June 15, 2023.

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.

See independent auditors' report.



CLOVIS | 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
Tulare County Pest Control District

Opinions

We have audited the accompanying financial statements of the governmental activity and general fund of Tulare County Pest Control District as of and for the year ended June 30, 2023, 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 Tulare County Pest Control District, 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 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 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 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.



Tulare, California
November 30, 2023

TULARE COUNTY PEST CONTROL DISTRICT

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

	General Fund	Adjustments	Statement of Net Position
<u>ASSETS:</u>			
Cash and cash investments	\$ 1,944,214	\$ -	\$ 1,944,214
Investment in Central California Tristeza Eradication Agency	285,298	-	285,298
Total assets	<u>\$ 2,229,512</u>	<u>\$ -</u>	<u>\$ 2,229,512</u>
<u>FUND BALANCE/NET POSITION:</u>			
Fund balance:			
Nonspendable investment	285,298	(285,298)	-
Unassigned	1,944,214	(1,944,214)	-
Net position:			
Unrestricted	-	2,229,512	2,229,512
Total fund balance/net position	2,229,512	-	2,229,512
Total liabilities and fund balance/net position	<u>\$ 2,229,512</u>	<u>\$ -</u>	<u>\$ 2,229,512</u>

See notes to financial statements.

TULARE COUNTY PEST CONTROL DISTRICT

**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>			
Assessments	\$ 686,220	\$ -	\$ 686,220
Interest	49,718	-	49,718
Total general revenues	735,938	-	735,938
<u>EXPENDITURES:</u>			
Pest Control:			
Current:			
Administrative/general:			
Communications	733	-	733
Legal, insurance and accounting	12,140	-	12,140
Support services	2,402	-	2,402
LREC protection:			
Vector control program	282,499	-	282,499
Monitoring HS survey	505,562	-	505,562
ACP trapping	93,745	-	93,745
Total expenditures	897,081	-	897,081
Excess expenditures	(161,143)	161,143	-
Decrease in net position	-	(161,143)	(161,143)
<u>FUND BALANCE/NET POSITION:</u>			
July 1, 2022	2,390,655	-	2,390,655
June 30, 2023	\$ 2,229,512	\$ -	\$ 2,229,512

See notes to financial statements.

TULARE COUNTY PEST CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1 – Summary of Significant Accounting Policies

Organization

The Tulare County 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. Originally known as the Tulare County Red Scale Protective District, the name was changed in 1981 by a resolution of the Tulare County Board of Supervisors. 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.

TULARE COUNTY PEST CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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.

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, 2023.

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, 2023.

TULARE COUNTY PEST CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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, 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 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, 2023.

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, 2023.

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.

TULARE COUNTY PEST CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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 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 expenses 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 – Investment in Central California Tristeza Eradication Agency

In years past, the District was a member of the Central California Tristeza Eradication Agency (CCTEA) whose members pooled funds to suppress the Tristeza virus in citrus tree plantings within the boundaries of the participating districts. CCTEA was formed July 1, 1968, by agreement under the provisions of the Joint Exercise of Power Act of the California Government Code by five participating districts.

On February 15, 1996, the Tulare County Pest Control District elected to terminate their relationship with CCTEA and withdraw from the Joint Powers Agreement.

As part of the agreement to withdraw, and in addition to the requirements outlined in the original Joint Powers Agreement, the District elected to leave the net book value of its share of the physical fixed assets with CCTEA to continue to be used in the suppression effort. Should the District at any time prior to the formal termination and dissolution of CCTEA decide to again become a member of CCTEA, the District shall be required to purchase a proportionate share of the net book value of the assets and liabilities then existing on CCTEA's books, with the net book value of the physical fixed assets previously left as a credit toward this purchase.

TULARE COUNTY PEST CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 3 – Investment in Central California Tristeza Eradication Agency (continued)

On the date of the District's withdrawal from the Joint Powers Agreement, the District's share of the net book value of the physical fixed assets of CCTEA, calculated using the book cost of the assets less outstanding debt associated directly with the purchase of fixed assets, was \$285,298. This value has been recorded as *Investment in Central California Tristeza Eradication Agency*. In addition, CCTEA has reserved this amount as fund equity belonging to districts which have withdrawn. In the future, should the remaining participating districts in CCTEA terminate the Joint Powers Agreement and dissolve the Agency, the amount received for these assets may differ due to changes in the market value of these assets.

NOTE 4 – Commitments and Contingencies

Risk Management Programs

The District is exposed to various risks of loss related to 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 Statute 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 5 – Subsequent Events

Management has evaluated subsequent events through November 30, 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.

REQUIRED SUPPLEMENTARY INFORMATION

TULARE COUNTY PEST CONTROL DISTRICT

**BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2023**

<u>GENERAL REVENUES:</u>	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				(Negative)
Assessments	\$ 669,021	\$ 669,021	\$ 686,220	\$ 17,199
Interest	15,000	15,000	49,718	34,718
Total general revenues	<u>684,021</u>	<u>684,021</u>	<u>735,938</u>	<u>\$ 51,917</u>
 <u>EXPENDITURES:</u>				
Pest Control:				
Current:				
Administrative/general:				
Communications	1,800	1,800	733	1,067
Legal, insurance and accounting	9,000	9,000	12,140	(3,140)
Support services	2,200	2,200	2,402	(202)
LREC protection:				
Vector control program	324,192	324,192	282,499	41,693
Monitoring HS survey	354,430	505,412	505,562	(150)
ACP trapping	121,449	121,449	93,745	27,704
Total expenditures	<u>813,071</u>	<u>964,053</u>	<u>897,081</u>	<u>66,972</u>
Excess expenditures	<u>\$ (129,050)</u>	<u>\$ (280,032)</u>	<u>\$ (161,143)</u>	<u>\$ 118,889</u>

See independent auditors' report.