

CITRUS ADMINISTRATIVE COMMITTEE
FLORIDA FEDERAL CITRUS MARKETING
ORDER #905, AS AMENDED
FINANCIAL STATEMENTS
YEARS ENDED JULY 31, 2008 AND 2007
TOGETHER WITH INDEPENDENT AUDITORS' REPORT



The Committee Members and Alternates
Citrus Administrative Committee
Lakeland, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of the Citrus Administrative Committee as of July 31, 2008 and 2007, and the related statements of changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Committee's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Citrus Administrative Committee at July 31, 2008 and 2007, and the changes in net assets and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2008, on our consideration of Citrus Administrative Committee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note 4, the Committee changed its method of accounting for furniture and equipment, accumulated depreciation, and depreciation expense to a method accepted under U.S. generally accepted accounting principles.

Dearolf & Mereness LLP

Tampa, Florida
October 15, 2008

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENT OF FINANCIAL POSITION
JULY 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 176,668	\$ 169,349
Assessments receivable	7,168	6,632
Prepaid expenses	11,074	7,504
Furniture and equipment, net of accumulated depreciation of \$14,065 and \$13,044 for 2008 and 2007, respectively	<u>1,083</u>	<u>2,105</u>
TOTAL ASSETS	<u><u>\$ 195,993</u></u>	<u><u>\$ 185,590</u></u>
LIABILITIES		
Accounts payable	\$ 8,054	\$ 6,500
Assessment refunds payable	<u>72,976</u>	<u>66,636</u>
TOTAL LIABILITIES	81,030	73,136
NET ASSETS		
Unrestricted	<u>114,963</u>	<u>112,454</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 195,993</u></u>	<u><u>\$ 185,590</u></u>

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED JULY 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
REVENUES		
Assessments from handlers, net of uncollectible assessments of \$1,333 in 2008	\$ 237,964	\$ 274,745
Other income	<u>811</u>	<u>1,215</u>
TOTAL REVENUES	<u>238,775</u>	<u>275,960</u>
EXPENSES		
Program services	201,334	194,485
Management and general	<u>28,593</u>	<u>27,273</u>
TOTAL EXPENSES	<u>229,927</u>	<u>221,758</u>
CHANGE IN NET ASSETS FROM OPERATIONS	8,848	54,202
OTHER CHANGES IN NET ASSETS		
Increase in assessments to be refunded to shippers	<u>(6,339)</u>	<u>(50,996)</u>
CHANGE IN NET ASSETS	2,509	3,206
NET ASSETS - BEGINNING OF YEAR (as restated)	<u>112,454</u>	<u>109,248</u>
NET ASSETS - END OF YEAR	<u><u>\$ 114,963</u></u>	<u><u>\$ 112,454</u></u>

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED JULY 31, 2008 AND 2007**

	2 0 0 8		
	Total	Program Services	Management and General
EXPENSES			
Salaries	\$ 112,000	\$ 108,000	\$ 4,000
Information and statistical services - Florida			
Dept. of Agriculture and Consumer Services	25,000	25,000	-
Retirement plan	17,600	16,971	629
Insurance and bonds	14,488	10,866	3,622
Accounting and auditing	13,880	-	13,880
Payroll taxes	8,697	8,386	311
Office rental	6,852	5,139	1,713
Travel	6,436	6,436	-
Telephone	5,639	4,229	1,410
Office supplies and stationery	5,405	4,054	1,351
Compliance and contract services	5,000	5,000	-
Repairs and maintenance - office equipment	2,875	2,156	719
Committeemen - travel and meetings	2,004	2,004	-
Postage	1,468	1,101	367
Miscellaneous	1,346	1,010	336
Depreciation	1,022	767	255
Statistical service and subscriptions	215	215	-
TOTAL EXPENSES	\$ 229,927	\$ 201,334	\$ 28,593

2 0 0 7		
Total	Program Services	Management and General
\$ 110,000	\$ 106,050	\$ 3,950
25,000	25,000	-
17,375	16,751	624
14,652	10,989	3,663
13,380	-	13,380
8,572	8,264	308
6,932	5,199	1,733
6,014	6,014	-
4,549	3,412	1,137
3,492	2,619	873
1,225	1,225	-
1,615	1,211	404
4,141	4,141	-
1,840	1,380	460
1,277	959	318
1,634	1,226	408
60	45	15
<u>\$ 221,758</u>	<u>\$ 194,485</u>	<u>\$ 27,273</u>

**CITRUS ADMINISTRATIVE COMMITTEE
STATEMENT OF CASH FLOWS
YEARS ENDED JULY 31, 2008 AND 2007**

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,509	\$ 3,206
Adjustments to reconcile change in net assets to net cash flows from operations:		
Depreciation	1,022	1,634
Changes in assets and liabilities:		
(Increase) in receivables	(536)	(2,369)
(Increase) in prepaid expenses	(3,570)	(7,504)
Increase (decrease) in accounts payable	1,554	(590)
Increase in assessment refunds payable	6,340	50,995
	7,319	45,372
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
	7,319	45,372
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(580)
	-	(580)
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	7,319	44,792
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		
	169,349	124,557
CASH AND CASH EQUIVALENTS - END OF YEAR		
	\$ 176,668	\$ 169,349

CITRUS ADMINISTRATIVE COMMITTEE
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2008 AND 2007

Note 1 - Organization and Summary of Significant Accounting Policies

Organization - The Citrus Administrative Committee (the Committee) was formed on February 22, 1939, by Federal Marketing Order 905, as amended. Federal Order 905 is administered by the United States Department of Agriculture. All decisions on marketing agreements and order actions are made by the Secretary of Agriculture based upon recommendations from Committee members.

The principal purpose and activity of the Committee is to regulate the handling of interstate shipments of fresh oranges, grapefruits, temples, tangerines, tangelos, and murcotts produced in the Interior, Gulf, and Indian River Districts of Florida.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments - Fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amounts reported in the statements of financial position for cash and cash equivalents, receivables, and accounts payable approximated fair value because of the immediate or short-term maturities of these financial instruments.

Cash and Cash Equivalents - For purposes of cash flows, the Committee considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk - The Committee derives all of its assessment revenue from citrus shippers located within Florida.

The Committee maintains cash accounts at one bank in central Florida. Cash balances are insured up to \$100,000. At July 31, 2008 and 2007, the Committee had uninsured cash balances of \$76,994 and \$69,542, respectively.

Depreciation - The Committee provides for depreciation on straight-line and accelerated methods using estimated useful lives of five to seven years.

Accounts Receivable - Accounts receivable are recorded net of an allowance for doubtful accounts. The allowance is based on prior bad debt experience and a review of the existing receivables. Based on these procedures, no allowance for doubtful accounts was provided at July 31, 2008 and 2007. Receivables are classified as past due if they are uncollected 30 days after the assessment date. These receivables are charged off against the allowance for doubtful accounts when management determines collection efforts have been exhausted. No late payment charges are assessed on delinquent accounts.

Income Taxes - The Committee is exempt from federal and state income taxes.

Revenue Recognition - The Committee derives operating revenue principally from a per box assessment on grower members' fruit which is paid by the handlers. The assessment was \$.0072 and \$.008 per equivalent 4/5 bushel box for the years ended July 31, 2008 and 2007, respectively.

CITRUS ADMINISTRATIVE COMMITTEE
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2008 AND 2007

Note 2 - Net Assets

The Marketing Order provides for the accumulation of funds from the excess of revenues over expenses as incurred each fiscal year for the purpose of meeting future operating expenses as well as the expense of liquidation in the event of termination of the Order. The total accumulation of the net assets cannot exceed 50% of one year's expenses.

In the event any excess of revenue over expense is distributed at the end of any given fund year, each handler is entitled to receive his proportionate share of such excess as a credit to his account or in cash. Such a distribution of the excess to each handler is determined on the basis of the quantity of fruit shipped by all handlers during the same period.

Note 3 - Retirement Plan

The Committee has a defined contribution pension plan covering all full-time employees who have been employed by the Committee for one continuous year. The minimum age to qualify under the Plan is 21 and the normal retirement date is at age 65. With consent of the Committee, a participant may postpone retirement to age 72.

The Committee contributed \$16,800 and \$16,500 to the retirement plan for the years ended July 31, 2008 and 2007, respectively. Additionally, the Committee paid administrative fees of \$800 and \$875 in 2008 and 2007, respectively.

Note 4 - Cumulative Effect of a Change in Accounting Principle

Effective August 1, 2007, the Committee changed its method of accounting for furniture and equipment, accumulated depreciation, and depreciation expense to a method accepted under U.S. generally accepted accounting principles. This change has been retroactively applied resulting in an increase in furniture and equipment and accumulated depreciation of \$14,568 and \$11,410, respectively, and an increase in unrestricted net assets of \$3,158.