

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
Roseville, California

ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
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Independent Auditor's Report

To the Board of Trustees
Placer Mosquito and Vector Control District
Roseville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Placer Mosquito and Vector Control District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and other postemployment benefits (OPEB) schedules, as listed on the table of contents be presented to supplement the basic financial statements. Such information, 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 or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2020 on our consideration of the District'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



Sacramento, California

May 8, 2020

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

As management of the Placer Mosquito and Vector Control District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of the resources at the close of fiscal year 2018-19 by \$4,047,995 (net position).
- The District had program and general revenue of \$4,826,993 and program and general expenses of \$4,973,817 for the fiscal year ended June 30, 2019.
- As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of \$3,409,217.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. **Required supplementary information** is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those of a private-sector business. These statements provide both long-term and short-term information about the District's overall financial status. The government-wide financial statements can be found on pages 11-12 of this report.

The *Statement of Net Position* presents information on all of the District's assets and liabilities and deferred inflows/outflows of resources as of the end of the fiscal year, with the differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information on how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements report on the function of the District that is principally supported by charges for services-benefit assessments. The District's function is to control mosquitoes in order to increase the quality of life and decrease the risk of disease transmission in Placer County.

Fund financial statements are the more familiar groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Governmental Fund

The governmental fund is used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term financial resources, such as cash, that (1) have been spent on District programs during the fiscal year and (2) that will be available for financing such programs in the near future. The governmental fund financial statements can be found on pages 13 through 16 of this report.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 17 through 39 of this report.

Required Supplementary Information is presented to reflect a budgetary comparison schedule for the General Fund, as well as the schedule of District's proportionate share of the net pension liability, schedule of District's pension plan contributions, schedule of changes in net other postemployment benefits (OPEB) liability and related ratios, and the schedule of the District's OPEB contributions. Required supplementary information can be found on pages 40 through 44 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position (assets and deferred outflows in excess of liabilities and deferred inflows) was \$4,047,995 as of June 30, 2019, the close of the District's fiscal year.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

District's Net Position

	<u>FY2019</u>	<u>FY2018</u>	<u>Increase/ Decrease %</u>
Assets:			
Current and other assets	\$ 3,599,976	\$ 3,849,639	-6.5%
Capital assets, net	3,969,152	4,202,186	-5.5%
Total assets	<u>7,569,128</u>	<u>8,051,825</u>	<u>-6.0%</u>
Deferred outflows of resources:			
Amount on refunding	48,836	-	100.0%
Related to pensions	393,660	441,519	-10.8%
Related to OPEB	346,652	285,369	21.5%
Total deferred outflows of resources	<u>789,148</u>	<u>726,888</u>	<u>8.6%</u>
Liabilities:			
Current and other liabilities	220,594	287,844	-23.4%
Long-term liabilities	3,071,915	3,345,138	-8.2%
Net pension liability	467,374	485,387	-3.7%
Net OPEB liability	516,065	452,725	100.0%
Total liabilities	<u>4,275,948</u>	<u>4,571,094</u>	<u>-6.5%</u>
Deferred inflows of resources:			
Related to pensions	34,333	11,873	189.2%
Related to OPEB	-	927	100.0%
Total deferred inflows of resources	<u>34,333</u>	<u>12,800</u>	<u>168.2%</u>
Net position:			
Net investment in capital assets	1,092,988	986,350	10.8%
Restricted for debt service	-	403,165	-100.0%
Unrestricted net position	2,955,007	2,805,304	5.3%
Total net position	<u>\$ 4,047,995</u>	<u>\$ 4,194,819</u>	<u>-3.5%</u>

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

District's Change in Net Position			
	FY 2019	FY 2018	Percentage Change
Revenue:			
Program revenue:			
Charges for services (benefit assessments)	\$ 4,295,620	\$ 4,104,148	4.7%
General revenue (expense):			
Property taxes	335,942	328,687	2.2%
Gain on disposal of capital assets	6,221	-	-100.0%
Investment and other earnings	189,210	76,115	148.6%
Total general revenue	531,373	404,802	31.3%
Total revenue	4,826,993	4,508,950	7.1%
Expenses:			
Public health and integrated vector management	4,915,322	4,265,207	15.2%
Interest on long term debt	58,495	167,578	-65.1%
Loss on disposal of capital assets	-	2,949	-100.0%
Total expenses	4,973,817	4,435,734	12.1%
Change in net position	(146,824)	73,216	-300.5%
Net position, beginning of year	4,194,819	4,121,603	1.8%
Net position, end of year	\$ 4,047,995	\$ 4,194,819	-3.5%

During fiscal year 2019, net position decreased \$146,824 or 3.5% when compared to beginning net position.

The District has capital assets (e.g. structures and equipment). Net investment in capital assets is not in spendable form and therefore is not available to provide future program services. The unrestricted net position of the District is available for future use to provide program services.

The District's primary source of revenue is benefit assessments, which is shown in the financial statements under "charges for services (benefit assessments)", increased by \$191,472 or 4.7% due to an increase of approximately \$186,000 of benefit assessments in response to an increase in the number of assessed properties and CPI increase in benefit assessment rates.

Investment and other earnings increased \$113,095 or 148.6% due to more favorable market conditions. Total expenses increased \$538,083 or 12.1% primarily due to increases in staffing and pension expense and professional services.

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's governmental fund is discussed below:

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

General Fund

The focus of the District's *general fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of the end of the current fiscal year, the District's general fund reported an ending fund balance of \$3,409,217, a decrease of \$207,924 from fiscal year 2018.

General Fund Revenue by Source

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Percentage Change</u>
Benefit assessments	\$ 4,295,620	\$ 4,104,148	4.7%
Property taxes	335,942	328,687	2.2%
Investment earnings	124,274	17,369	615.5%
Miscellaneous	64,936	58,746	10.5%
Total Revenues	<u>\$ 4,820,772</u>	<u>\$ 4,508,950</u>	<u>6.9%</u>

General Fund Expenditures by Function

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Percentage Change</u>
Public health and integrated vector management	\$ 4,373,948	\$ 3,849,521	13.6%
Debt service	441,516	390,658	13.0%
Capital outlay	108,553	77,816	39.5%
Total expenditures	<u>\$ 4,924,017</u>	<u>\$ 4,317,995</u>	<u>14.0%</u>

Investment earnings increased \$106,905 or 615.5% primarily due to more favorable market conditions.

District operation expenditures increased by \$606,022 or 14% primarily due to an increase public health and integrated vector management expenditures by \$524,427 or 13.6 % caused by an increase in public health pesticides by \$312,855 or 57.4% due to the District taking advantage of a bulk purchasing opportunity and an increase in professional services by \$176,882 or 7.9% primarily due to increases in salaries and benefits from employee step increases and cost of living increases that occurred during the fiscal year.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's actual expenditures were less than appropriations by \$41,277 or less than 0.84%. The major areas where appropriations and expenditures vary are as follows:

- Salaries and Benefits \$111,091
Appropriations exceeding expenditures for salaries and benefits were due to unanticipated staffing changes which resulted in reduced salary and benefits expenditures.
- Professional Services (\$90,203)
Expenditures exceeding appropriations for professional services were due primarily to unanticipated expenses for services as part of the refinance of District debt.
- Administration and Public Information \$23,061
Appropriations exceeding expenditures for administration and public information related expenditures were due primarily to projected public information and outreach projects that were budgeted but were not actually needed.
- Utilities \$32,986
Appropriations exceeding expenditures for utilities related expenditures were due primarily to lower than anticipated utilities costs.
- Maintenance \$31,258
Appropriations exceeding expenditures for maintenance related expenditures were due primarily to projected maintenance services that were budgeted but were not actually needed.
- Debt Service (\$50,366)
Expenditures exceeding appropriations for debt service were due to the issuance of a refinancing lease and subsequent refunding of the 2008 certificates of participation. See Note D in the in the basic financial statements for additional details.
- Capital Outlay (\$23,642)
Expenditures exceeding appropriations for capital outlay were due to unanticipated equipment needs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of depreciation, is \$3,969,152. Net investment in capital assets includes land, buildings and improvements, and equipment and vehicles. The District's equipment and vehicles component of capital assets increased by \$57,266 during the fiscal year primarily caused by the District's purchase of two drones. See Note C for additional details on capital assets in the basic financial statements.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Long-term Debt

During the fiscal year, the District obtained a new refinancing lease and refunded their certificates of participation resulting in a \$290,836 reduction to net long-term debt. Detailed information about the District's long-term debt is presented in Note D in the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget for the fiscal year ending (FYE) June 30, 2020 is \$4,615,376. The District conducted a three-year budget projection that suggests that in order to support existing levels of service, and meet future reserve goals, the District considered and approved the CPI adjustment for the District Benefit Assessments. The District Benefit Assessments is subject to an annual adjustment tied to the Consumer Price Index (CPI).

This increase was necessary for the District to operate effectively in a fiscally sustainable manner. The District will reevaluate the need for future changes in assessment rates on an annual basis with the goal of maintaining fiscal sustainability while meeting the District's mandate to protect public health from vectors and vector-borne disease.

The following factors were considered in preparing the District's budget for the FYE 2020:

- Continued need to implement early detection and response plan for invasive mosquito species and mosquito-borne diseases
- Continued need to remain aware of and, to the extent feasible, prepared for novel vector-borne disease threats.
- Continued need to effectively identify and manage the risk of West Nile Virus, Lyme disease and other vector-borne diseases in Placer County.
- Continued need to effectively prevent adult mosquitoes through the use of source reduction measures, biological control and appropriate use of mosquito larvicides, as well as the ability to quickly respond to high adult mosquito populations with appropriate adult mosquito control treatments.
- Continued operation of year-round Tahoe-area substation to provide services to eastern Placer County residents.
- Increase in cost or changes in availability and need for mosquito control materials, application equipment, and application services.
- Increasing costs to purchase and apply organic-certified public health pesticides to apply to mosquito development and harborage sites located on and in association with organic agricultural fields.
- Continued need to evaluate efficacy of mosquito control techniques and products, and continually assess and manage pesticide resistance in local mosquito populations.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

- Continued need to evaluate efficacy of mosquito control techniques and products, and continually assess and manage pesticide resistance in local mosquito populations.
- Continued need for public outreach and education that addresses immediate and long-term issues relevant to the District's ability to provide services, and to advise the public about vector risks and personal protective measures.
- Increasing need to collaborate with neighboring vector control agencies, business and governmental agency partners, and state association to address issues affecting vectors and vector control on a regional and state-wide basis.
- Continued need for regular maintenance of facility, vehicle fleet, field data collection and database systems, laboratory, equipment, and other critical infrastructure.
- Continued need to fund measures to comply with the regulatory requirements including the NPDES Vector Control General Permit.
- Increasing need to develop innovative vector and vector-borne disease surveillance and management strategies, techniques, and equipment.

Future Events that will Financially Impact the District

- Should invasive mosquitoes become established in Placer County, it will be necessary to increase capacity to provide new invasive mosquito management to the public. The District will need to balance measures to increase capacity using existing resources and seeking additional funding.
- Increasing costs associated with monitoring and managing insecticide-resistant mosquito populations, including developing, testing and implementing novel insecticide management strategies

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Placer Mosquito and Vector Control District, 2021 Opportunity Drive, Roseville, California 95678.

BASIC FINANCIAL STATEMENTS

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
Assets	
Cash and investments	\$ 3,594,302
Interest receivable	5,674
Capital assets:	
Nondepreciable	438,627
Depreciable, net	3,530,525
Total assets	7,569,128
Deferred outflows of resources	
Deferred amount on refunding	48,836
Deferred outflows related to pensions	393,660
Deferred outflows related to OPEB	346,652
Total deferred outflows of resources	789,148
Liabilities	
Accounts payable	190,759
Accrued interest payable	29,835
Long-term liabilities:	
Due within one year	273,692
Due in more than one year	2,798,223
Net pension liability	467,374
Net OPEB liability	516,065
Total liabilities	4,275,948
Deferred inflows of resources	
Deferred inflows related to pensions	34,333
Net Position	
Net investment in capital assets	1,092,988
Unrestricted	2,955,007
Total net position	\$ 4,047,995

The notes to the basic financial statements are an integral part of this statement.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Governmental Activities</u>
Program Expenses	
Public health and integrated vector management	\$ 4,915,322
Interest on long-term debt	<u>58,495</u>
Total program expense	<u>4,973,817</u>
Program Revenue	
Charges for services (benefit assessments)	<u>4,295,620</u>
Net program expense	<u>(678,197)</u>
General Revenues	
Property taxes	335,942
Investment earnings	124,274
Gain on disposal of capital assets	6,221
Miscellaneous	<u>64,936</u>
Total general revenue	<u>531,373</u>
Change in net position	(146,824)
Net position, beginning of year	<u>4,194,819</u>
Net position, end of year	<u>\$ 4,047,995</u>

The notes to the basic financial statements are an integral part of this statement.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2019

	<u>General Fund</u>
Assets	
Cash and investments	\$ 3,594,302
Interest receivable	5,674
Total assets	<u>\$ 3,599,976</u>
Liabilities and fund balance	
Liabilities:	
Accounts payable	<u>\$ 190,759</u>
Fund Balance:	
Assigned for future capital asset purchases	178,305
Assigned for applied research and special projects	28,424
Assigned for emergency vector control	491,887
Unassigned	<u>2,710,601</u>
Total fund balance	<u>3,409,217</u>
Total liabilities and fund balance	<u>\$ 3,599,976</u>

The notes to the basic financial statements are an integral part of this statement.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund balance	\$ 3,409,217
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the District's fund.	3,969,152
Deferred amount on refunding of long-term debt used in governmental activities are not financial resources and, therefore, are not reported in the District's fund.	48,836
Deferred outflows of resources related to pensions.	393,660
Deferred outflows of resources related to OPEB.	346,652
Deferred inflow of resources related to pensions.	(34,333)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund as follows:	
Direct financing lease outstanding	(2,925,000)
Compensated absences	(146,915)
Accrued interest payable	(29,835)
Net pension liability	(467,374)
Net OPEB liability	<u>(516,065)</u>
Net position of governmental activities	<u><u>\$ 4,047,995</u></u>

The notes to the basic financial statements are an integral part of this statement.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General Fund
Revenues:	
Charges for services (benefit assessments)	\$ 4,295,620
Property taxes	335,942
Investment earnings	124,274
Miscellaneous	64,936
Total revenues	4,820,772
Expenditures:	
Current:	
Public health and integrated vector management:	
Salaries and benefits	2,428,651
Professional services	525,344
Public health pesticides	858,183
Administration and public information	182,119
Insurance	120,325
Fuel and lubricants	35,429
Utilities	80,298
Maintenance	67,415
Rents and leases	27,615
Membership dues and subscriptions	14,162
Travel and transportation	27,824
Legal services	6,583
Debt service:	
Interest	132,842
Principal	230,000
Refunding debt issuance costs	78,674
Capital outlay	108,553
Total expenditures	4,924,017
Excess of revenues over expenditures	(103,245)
Other Financing Sources (Uses):	
Sale of capital assets	10,321
Issuance of refinancing lease	2,925,000
Payment to refunded certificates of participation escrow agent	(3,040,000)
Total other financing sources (uses)	(104,679)
Net change in fund balance	(207,924)
Fund balance, July 1, 2018	3,617,141
Fund balance, June 30, 2019	\$ 3,409,217

The notes to the basic financial statements are an integral part of this statement.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Net change in fund balance \$ (207,924)

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

Governmental funds report capital outlay as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital outlay	108,553
Depreciation expense	(337,487)

Removal of the net book values of capital assets disposed of during the reporting period.	(4,100)
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The repayment of principal on the certificates of participation consumes the District's current financial resources, however, does not have any impact on net position.	230,000
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The refunded principal paid on the certificates of participation consumes the District's current financial resources, however, does not have any impact on net position.	3,040,000
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The issuance of long-term debt provide current financial resources to government funds, however, does not have any impact on net position.	(2,925,000)
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Some expenses reported in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures in
the District's fund.

Change in accrued interest payable	25,511
Change in compensated absences	(17,613)
Amortization of premiums, discounts and deferred amount on refunding	(5,328)
Change in net pension liability and related deferred outflows/inflows of resources	(52,306)
Change in net OPEB liability and related deferred outflows/inflows of resources	(1,130)

Change in net position of governmental activities	<u>\$ (146,824)</u>
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The notes to the basic financial statements are an integral part of this statement.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

In May 2000, Placer County voters approved an assessment to provide funds to set up the Placer Mosquito and Vector Control District (District). The District's objective is to control mosquitoes in the western portion of Placer County. Program activities include eliminating mosquitoes in their larval stage chemically, as well as with mosquitofish, monitoring diseases associated with local mosquitoes, fogging to reduce adult populations, and public education.

The District has a governing board composed of one member appointed by each of the following: Cities of Auburn, Colfax, Lincoln, Rocklin, and Roseville, Town of Loomis, and the Placer County Board of Supervisors.

Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the County of Placer (County). The accounting policies of the District conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the District's activities. The District is only engaged in governmental activities and is supported by benefit assessments.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include direct charges to customers based on voter-approved debt by property assessment.

Separate financial statements are provided for the District's governmental fund. The General Fund is the general operating fund of the District and is used to account for all the District's financial resources.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or "financial flow" measurement focus. Their reported fund balance is considered a measure of "available spendable resources."

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The governmental fund is accounted for using the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current accounting period. Expenditures are recognized when the related fund liability is incurred (when goods are received, or services rendered). Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year.

Cash and Investments

The District maintains cash in the Placer County Treasury where it is pooled with other County funds. The County Treasurer's investment pool is subject to oversight by the Treasury Review Panel. The District also maintains funds with Vector Control Joint Powers Agency (VCJPA) and fiscal agents.

The County's pooled investments are stated at fair value. The value of the District's pool shares that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

Capital Assets

Capital assets, which include property (e.g. land), plant (e.g. buildings and improvements), land improvements (e.g. fences and parking lots), equipment (e.g. vehicles, computers, office equipment and software), infrastructure (e.g. roads, bridges, sewers, and similar items) and intangible assets (e.g. software, easements), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the date of donation. Capitalization thresholds are \$5,000 for equipment, \$50,000 for buildings, improvements and infrastructure and \$100,000 for intangible assets.

Depreciation on capital assets and improvements is provided using the straight-line method. The estimated useful lives are as follows: buildings and improvements – 10 to 50 years; land improvements – 10 to 40 years; equipment – 2 to 25 years; infrastructure – 10 to 65 years; and intangible assets – 5 to 15 years.

Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then. The District has recorded deferred outflows of resources related to pensions and OPEB, which are discussed in more detail in notes F and G respectively.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

The statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized until then. The District has recorded deferred inflows of resources related to pensions and OPEB, which are discussed in more detail in notes F and G, respectively.

Pensions

For purposes of measuring the net pension liability and deferred inflows/outflows of resources related to pensions, and pensions expense, information about the fiduciary net position of the District's cost-sharing multiple-employer defined benefit pension plan participating in the California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Compensated Absences

District employees accrue vacation at varying amounts based on length of service and sick leave at a rate of ninety-six (96) hours a year. An employee's vacation accrual may not exceed two hundred and forty (240) hours. Sick leave hours not used during the period are carried forward to the following years with no limit as to the number of hours that can be accumulated. Employees are not compensated for accrued but unused sick leave upon termination of employment; however, accrued but unused sick leave at the time of termination can be used as service time for purposes of retirement benefits, so long as this is consistent with the applicable contract and statutes of the California Public Employees' Retirement System (CalPERS).

Net Position

The government-wide financial statements utilize a net position presentation. Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The District's net position is categorized as net investment in capital assets and unrestricted.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation of these assets reduces the balance in this category. Debt incurred and outstanding to construct and/or acquire capital assets, net of unspent proceeds, also reduces the balance in this category.

Restricted – The restricted component of net position represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions.

Unrestricted – This category represents net position of the District, not restricted for any project or other purpose.

Fund Balance

In the fund financial statements, the governmental fund reports fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Assigned fund balance – amounts that are constrained by the District’s *intent* to be used for specific purposes. The intent can be established at the highest level of decision making (Board of Trustees).

Unassigned fund balance – amounts that constitute the residual balances that have no restrictions placed on them.

The Board of Trustees establishes, modifies and rescinds fund balance commitments and assignments by passage of an ordinance or resolution. Assignments also require adoption of the budget and subsequent budget amendments that occur throughout the fiscal year.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by the assigned, committed, and unassigned resources as they are needed. Committed, assigned and unassigned fund balances are considered unrestricted.

Revenues

The County administers the District’s revenue. The County bills and collects revenues through benefit assessments added to property tax billings. In addition, the District receives a percentage of the 1% property tax ad valorem rate. All receipts are deposited directly into the County’s pooled cash fund for the District, after charging the District a 1% administrative fee. The District considers interest earned and property tax allocations to be general revenues.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the basic 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 and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurement

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles, which provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District is a participant in the Placer County Treasurer's Pool (County Pool). The County Pool is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The Placer County Treasurer's Review Panel conducts County Pool oversight. Cash on deposit in the County Pool at June 30, 2018, is stated at fair value. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. The District also has cash invested with bond fiscal agents and Vector Control Joint Powers Agency (VCJPA). For further information regarding the County Pool, refer to the County of Placer Comprehensive Annual Financial Report.

Current Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. The District determined this statement is not applicable.

GASB Statement No. 88 – In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This statement is effective for periods beginning after June 15, 2018. The District implemented this statement as of July 1, 2018.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District has not determined the effect, if any, on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019. The District has not determined the effect, if any, on the financial statements.

GASB Statement No. 89 – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This statement is effective for periods beginning after December 15, 2019. The District has not determined the effect, if any, on the financial statements.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2018. The District has not determined the effect, if any, on the financial statements.

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement is effective for reporting periods beginning after December 15, 2020. The District has not determined the effect, if any, on the financial statements.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE B – CASH AND INVESTMENTS

Cash and investments at June 30, 2019 consist of the following:

Cash and investments in County Treasury	\$ 3,413,210
Cash and investments held with fiscal agents	180,692
Imprest cash	<u>400</u>
Total	<u><u>\$ 3,594,302</u></u>

Cash and investments shown on the statement of net position and the balance sheet represent the District’s share of the County Treasurer’s cash and investment pool and its deposits with outside financial institutions and fiscal agents.

The District involuntarily participates in the County Treasurer’s cash and investment pool. California Government Code Section 53600, et. seq., and the County investment policy authorizes the following investments; U.S. Treasury securities, U.S. agency securities, local agency bonds, bankers acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, corporate notes, collateralized certificates of deposit, California Local Agency Investment Fund (LAIF), Certificate of Deposit Account Registry Services (CDARS) certificates of deposit and Supranationals. Other allowable investments pursuant to Government Code Section 53601, although restricted by the County’s investment policy, include mutual funds, mortgage and collateral-backed securities, asset-backed securities, reverse repurchase agreements, and joint powers agency investment pools.

Cash and investments held by fiscal agents represents uncommitted funds held with the Vector Control Joint Powers Agency (VCJPA) Contingency Fund. These funds are used to pay for costs not covered under the VCJPA’s insurance pool programs.

The County has a Treasury Review Panel, which performs regulatory oversight for its pool as required by Treasurer Policy. Investments are stated at fair value in accordance with generally accepted accounting principles. However, the value of the District’s shares in the County investment pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District’s position in the pool. The District’s investment in the County Treasurer’s pool and the VCJPA as of June 30, 2019 are stated at fair value. The money market mutual fund for debt service is stated at net asset value. The County’s comprehensive annual financial report, containing information relating to the County’s cash and investments by risk category, can be obtained from the County Auditor-Controller’s office.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, requires additional disclosures about a government’s deposit and investment risks that include credit risk, custodial credit risk, concentration of credit risk and interest rate risk. The District does not have an investment policy that addresses these specific types of risk.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. The weighted average to maturity of the County's external investment pool as of June 30, 2019 was 897 days and the Vector Control Joint Powers Agency (VCJPA) external investment pool as of June 30, 2019 was 999 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County and VCJPA external investment pools are not rated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of the failure of a depository institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (i.e. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The District's proportionate share of cash and investments in the County and VCJPA pools at June 30, 2019 are \$3,413,210 and \$180,692, respectively. Deposits and withdrawals from the County and VCJPA external investment pools are made on the basis of \$1 and not fair value. Accordingly, these types of investments are based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE C – CAPITAL ASSETS

Changes in the capital assets during the fiscal year ended June 30, 2019 were as follows:

	Balance July 1, 2018	Additions	Retirements/ Transfers	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 438,627	\$ -	\$ -	\$ 438,627
Capital assets, being depreciated:				
Buildings and improvements	5,708,316	-	-	5,708,316
Equipment and vehicles	897,486	108,553	(51,287)	954,752
Total capital assets, being depreciated	<u>6,605,802</u>	<u>108,553</u>	<u>(51,287)</u>	<u>6,663,068</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,254,033)	(272,586)	-	(2,526,619)
Equipment and vehicles	(588,210)	(64,901)	47,187	(605,924)
Total accumulated depreciation	<u>(2,842,243)</u>	<u>(337,487)</u>	<u>47,187</u>	<u>(3,132,543)</u>
Total capital assets, being depreciated, net	<u>3,763,559</u>	<u>(228,934)</u>	<u>(4,100)</u>	<u>3,530,525</u>
Capital assets - net	<u>\$4,202,186</u>	<u>\$ (228,934)</u>	<u>\$ (4,100)</u>	<u>\$ 3,969,152</u>

NOTE D – LONG-TERM LIABILITIES

Changes in the District's long-term liabilities during the fiscal year ended June 30, 2019, were as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amounts Due Within One Year
Direct borrowings:					
Certificates of participation (COP)	\$3,270,000	\$ -	\$(3,270,000)	\$ -	\$ -
COP - Original issuance discount	(54,164)	-	54,164	-	-
Refinancing Lease	-	2,925,000	-	2,925,000	259,000
Compensated absences	<u>129,302</u>	<u>151,043</u>	<u>(133,430)</u>	<u>146,915</u>	<u>14,692</u>
Total	<u>\$3,345,138</u>	<u>\$3,076,043</u>	<u>\$(3,349,266)</u>	<u>\$ 3,071,915</u>	<u>\$ 273,692</u>

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE D – LONG-TERM LIABILITIES (CONTINUED)

Certificates of Participation - Direct Borrowing

On August 20, 2008, the CSDA Finance Corporation (CSDA) issued \$5,000,000 of Series 2008 VV Certificates of Participation (Certificates). The proceeds of the Certificates were used to provide funds to the District to finance the acquisition of a new administration building located in Roseville, California; to fund, in whole or in part, a reserve fund for the Certificates, and to pay certain costs of executing and delivering the Certificates. The building was leased by the District pursuant to a lease/purchase agreement with CSDA and in accordance with the lease agreement is to pay specified lease payments which are designed to be sufficient, in both time and amount, to pay, when due, the principal and interest of the Certificates. The interest rate varies between 3.25% and 5.25% and is payable in semi-annual installments on September 1 and March 1. The Certificates mature annually on September 1 ending in 2028. The District is covenanted to pay the lease payments from any source of legally available funds. On September 1, 2018, the District refunded the Certificates in full.

Refinancing Lease - Direct Borrowing

On September 1, 2018, the District entered into a \$2,925,000 site and facilities lease agreement (Lease) between the District, as lessor, and Public Property Financing Corporation of California (Corporation), as lessee, to lease certain property to the Corporation, and simultaneously entered into a lease agreement between the Corporation, as lessor, and the District, as lessee, under which the District leased the property back from the Corporation in return for semiannual lease payments, totaling \$2,925,000, paid upfront to the District. Those proceeds, along with \$205,061 from the District were used to refund \$3,040,000 of outstanding principal and \$11,286 accrued interest on the Certificates, as well as \$78,775 of issuance costs. The refunding was undertaken to reduce the District's total debt service payments over the next 10 years by \$462,744 and to obtain an economic gain (the difference between the present values of the old and the new debt service payments) of \$257,683. The original deferred amount on refunding is \$53,276 and is amortized over 10 years beginning September 1, 2018 and ending August 31, 2028. The balance as of June 30, 2019 is \$48,836.

The following is a schedule of total debt service requirements to maturity as of June 30, 2019 for the 2018 refinancing lease:

Year Ending June 30,	Refinancing Lease - Direct Borrowing		
	Principal	Interest	Total
2020	\$ 259,000	\$ 85,542	\$ 344,542
2021	264,000	77,540	341,540
2022	269,000	69,386	338,386
2023	279,000	61,001	340,001
2024	288,000	52,326	340,326
2025-2029	1,566,000	122,706	1,688,706
Total	<u>\$ 2,925,000</u>	<u>\$ 468,501</u>	<u>\$ 3,393,501</u>

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE E – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions and injuries to employees. The District and various other districts throughout the State of California formed the Vector Control Joint Power Agency (VCJPA) to provide coverage for workers' compensation, general and property liability exposures and to pay for the administration of the program. The Joint Powers Agreement established for its members the VCJPA General Liability and Workers' Compensation Plans.

The VCJPA is a "risk-sharing pool" and manages one pool for all members. The arrangement allows its members to transfer or pool risks and share in the cost of losses. The District currently reports all its risk management activities in its General Fund. Premiums due to the VCJPA are reported when incurred. Each member of the VCJPA pays an annual premium to the insurance system which is evaluated each year.

The agreement for the formation of the VCJPA provides that the system will be self-sustaining through member premiums and is insured through a commercial company for claims in excess of the self-insured retention.

VCJPA members are also permitted to deposit unobligated funds with the VCJPA in the Member Contingency Fund and the Property Contingency Fund. The purpose of these funds is to pay for items not covered under VCJPA's pool programs. The District did not have any claims outstanding not covered by the pool programs. Deposit and withdrawal of unobligated funds may be made by the District at any time.

As of June 30, 2019, the District had \$180,076 in the Member Contingency Fund and \$616 in the Property Contingency Fund.

NOTE F – PENSION PLAN

Plan Description

All qualified permanent and probationary District employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within the Miscellaneous risk pool. Rate plans within the Safety and Miscellaneous risk pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan. The District sponsors three rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE F – PENSION PLAN (CONTINUED)

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment and the retirement formula of 2.0% at 55 for existing “Miscellaneous Classic” members, 2.0% at 60 for existing “Miscellaneous Second Tier” members and 2.0% at 62 for “PEPRA Miscellaneous Tier” existing members and all future members. The cost of living adjustments for each plan are applied as specified by California Public Employees’ Retirement Law (PERL).

The rate plan provisions and benefits in effect as of June 30, 2019 are summarized as follows:

	Miscellaneous Classic Plan	Miscellaneous Second Tier Plan	PEPRA Miscellaneous Tier Plan
	Hired on or before	Hired on or after	Hired on or after
Hire Date	June 30, 2011	July 1, 2011	January 1, 2013
Benefit formula	2.0% at 55	2.0% at 60	2.0% at 62
Minimum service years to vest	5	5	5
Benefit payments	monthly for life	monthly for life	monthly for life
Earliest allowable retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	1.43% - 2.00%	1.09% - 2.00%	1.00% - 2.00%

Contributions

Section 20814(c) of PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process.

For public agency cost-sharing plans covered by the Miscellaneous risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employees under the Miscellaneous Classic, Miscellaneous Second Tier and PEPRA Miscellaneous Tier rate plans are required to contribute 7%, 7% and 6.25% of their annual pay, respectively. The District’s contractually required contribution rates for the year ended June 30, 2019, for the Miscellaneous Classic, Miscellaneous Second Tier and PEPRA Miscellaneous Tier, were 8.892%, 7.634% and 6.842%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District’s contributions to the pension plan were \$160,717 for the year ended June 30, 2019.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE F – PENSION PLAN (CONTINUED)

Pensions Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a net pension liability of \$467,374 for its proportionate share of the net pension liability. The net pension liability of the Plan was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial evaluation as of June 30, 2017 rolled forward to June 30, 2018. The District’s proportion of the net pension liability of the Plan was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District’s proportion was 0.00485%, which was a decrease of 0.00004% from its proportion measured as of June 30, 2017.

As of June 30, 2019, the District reported a pension expense of \$52,306 and reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,693	\$ 9,083
Change in assumptions	79,312	19,438
Employer pension contributions paid by District subsequent to measurement date	160,717	-
Net difference between projected and actual earnings on pension plan investments	3,439	-
Changes in proportion and differences between District contributions and proportionate share of contributions	123,499	5,812
	<u>\$ 393,660</u>	<u>\$ 34,333</u>

The deferred outflows of resources of \$160,717 results from pension contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the next fiscal year. Amounts reported as deferred outflows and deferred inflows of resources related to pensions, will be recognized in future pension expense as follows:

<u>Year Ended June 30</u>	
2020	\$ 126,476
2021	87,502
2022	(9,110)
2023	(6,258)
	<u>\$ 198,610</u>

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE F – PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation, rolled forward to June 30, 2018, was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Services
Investment Rate of Return	7.15% Net of Pension Plan Investment, includes Inflation
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for All Funds

¹ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes of assumptions

In measurement year ended June 30, 2018, the demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The inflation rate deuced from 2.75% to 2.50% and there were no changes in the discount rate. All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a 2014 CalPERS study for the period from 1997 to 2011, including updates to salary increases, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website at www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE F – PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Changes of assumptions (Continued)

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.92%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

¹ An expected inflation of 2.00% used for this period

² An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE F – PENSION PLAN (CONTINUED)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability, calculated using the discount rate of 7.15%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate.

Discount Rate - 1%	6.15%
Net Pension Liability	\$ 889,164
Current Discount Rate	7.15%
Net Pension Liability	\$ 467,374
Discount Rate + 1%	8.15%
Net Pension Liability	\$ 119,193

NOTE G – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note F, the District provides post-retirement healthcare benefits to its retirees under its single-employer defined benefit healthcare plan administered by CalPERS as permitted under the Public Employees’ Medical and Hospital Care Act (PEMHCA). The District has established an other postemployment benefits (OPEB) trust account with the California Employers’ Retiree Benefit Trust (CERBT), an agent multiple employer plan administered by CalPERS. CalPERS’ issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. Copies of CalPERS’ annual financial report may be obtained from their Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

Benefits Provided

In accordance with California Government Code, all employees electing a CalPERS retirement date within 120 days of retiring from the District are eligible to receive healthcare benefits for life. Employees who retire directly from the District at the age of 55 or older and with at least 10 years of District and CalPERS service are eligible to receive the enhanced benefits, referred to as the District Supplemental Benefit Stipend. These benefits are payable for the lifetime of the retiree and his or her spouse at one of the following stipends:

- 1) If hired prior to July 1, 2008, the District will contribute 100% of the premium for the retiree and his or her spouse up to the Kaiser plan rates (by coverage level) in the Sacramento region.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided (Continued)

- 2) If hired after July 1, 2008 but prior to July 1, 2011, the District will contribute the lessor of (a) and (b) below:
 - (a) 100% of the monthly premium for the retiree and his or her spouse.
 - (b) The Kaiser plan rates (by coverage level) in the Sacramento region multiplied by the appropriate percentage from the District Retiree Medical Benefit Schedule, based on the employee's years of service with the District.

- 3) If hired on or after July 1, 2011, but prior to July 1, 2017, the District will contribute the lessor of (a) and (b) below:
 - (a) 100% of the monthly premium for the retiree and his or her spouse.
 - (b) 80% of the Kaiser plan rates (by coverage level) in the Sacramento region multiplied by the appropriate percentage from the District Retiree Medical Benefit Schedule, based on the employee's years of service with the District.

- 4) If hired on or after July 1, 2017, the District will contribute the lessor of (a) and (b) below:
 - (a) 100% of the monthly premium for the retiree and his or her spouse.
 - (b) 80% of the Kaiser plan rates (by coverage level) in the Sacramento region multiplied by the appropriate percentage from the District Retiree Medical Benefit Schedule, based on the employee's years of service with the District, with the benefit ending at the earlier of the member's age 65, or Medicare eligibility.

The District Retiree Medical Benefit Schedule applies a percent to the District's otherwise maximum monthly subsidy for retirees hired on or after July 1, 2008:

District Retiree Medical Benefit Schedule

<u>Years of District Service</u>	<u>% of Full Benefit Paid</u>	<u>Years of District Service</u>	<u>% of Full Benefit Paid</u>
Less than 10	0%	15	75%
10	50%	16	80%
11	55%	17	85%
12	60%	18	90%
13	65%	19	95%
14	70%	20 or more	100%

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms:

Active plan members	18	
Retirees and beneficiaries receiving benefits	2	
Inactive plan members entitled to but not yet receiving benefits	-	
Total	20	

Contributions

Under PEMHCA, the District is obligated to contribute toward the cost of retiree medical coverage for all employees who retire from the District for the retiree’s lifetime or until CalPERS medical coverage is discontinued.

All employees who retire from the District who are eligible to continue coverage in retirement will receive the required PEMHCA minimum employer contribution (MEC). Benefits continue to a covered surviving spouse as well, if eligible for survivor benefits under the retirement program. The MEC was \$133 per month in 2018 and increased to \$136 per month in 2019.

The District’s Board of Trustees is granted the authority to establish and amend contribution requirements of the District, in excess of the minimum for plan members. The Board establishes rates based on an actuarially determined rate based on annual actuarial valuation reports.

During the fiscal year ended June 30, 2019, the District contributed \$169,880 to the OPEB plan. Of this amount, the District paid \$22,368 in benefits provided to retirees during the year and \$147,512 to the CERBT.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability (Continued)

Actuarial assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Contribution policy	Pre-funded through CERBT asset allocation Strategy 2
Actuarial assumptions:	
Discount rate ¹	6.55%
Inflation	2.75%
Investment rate of return ²	6.55%
Salary increases	3.25% per year, used only to allocate the cost of benefits between service years.
Mortality, retirement, disability, termination	CalPERS 2014 experience study using 1997-2011 experience data.
Mortality improvement	MacLeod Watts Scale 2017 applied generationally.
Healthcare Cost Trend Rate	7.5% for 2019, grading down to 5% for years 2024 and thereafter.

¹ Discount rate was reduced from 6.73%.

² Same as discount rate. Plan assets projected to be sufficient to pay all benefits from trust

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	40.0%	4.80%	5.98%
Fixed Income	43.0%	1.10%	2.62%
Global Real Estate (REITs)	8.0%	3.20%	5.00%
Treasury Inflation Protected Securities	5.0%	0.25%	1.46%
Commodities	4.0%	1.50%	2.87%
Total	<u>100.0%</u>		

¹ An expected inflation of 2.00% used for this period

² An expected inflation of 2.92% used for this period

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB was 6.55%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at June 30, 2018	\$ 1,389,094	\$ 936,369	\$ 452,725
Changes in the year:			
Service cost	93,974	-	93,974
Interest on the total pension liability	98,783	-	98,783
Assumption changes	43,516	-	43,516
Contributions - employer	-	116,868	(116,868)
Net investment income	-	57,796	(57,796)
Benefit payments and refunds	(30,539)	(30,539)	-
Administrative expenses	-	(492)	492
Other expenses	-	(1,239)	1,239
Net changes	<u>205,734</u>	<u>142,394</u>	<u>63,340</u>
Balances at June 30, 2019	<u>\$ 1,594,828</u>	<u>\$ 1,078,763</u>	<u>\$ 516,065</u>

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates

The 1st table presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.55 percent) or 1-percentage-point higher (7.55 percent) than the current discount rate.

The 2nd table presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are a 1-percentage-point lower (6.50 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.50 percent decreasing to 6.0 percent) than the current healthcare cost trend rates.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability (continued)

	1% Decrease (5.55%)	Discount Rate (6.55%)	1% Increase (7.55%)
Net OPEB Liability	\$ 793,094	\$ 516,065	\$ 294,958

	Healthcare Trend Rate		
	1% Decrease (6.50% to 4.00%)	Current Trend (7.50% to 5.00%)	1% Increase (8.50% to 6.00%)
Net OPEB Liability	\$ 239,947	\$ 516,065	\$ 912,615

OPEB plan fiduciary net position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$150,006. As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 169,880	\$ -
Changes of assumptions	125,047	-
Differences between actual and expected experiences	45,966	-
Net differences between projected and actual earnings on OPEB plan investments	5,759	-
Total	\$ 346,652	\$ -

The amounts reported as deferred outflows of resources related to OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2020.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in future OPEB expenses, as follows:

<u>Years ending June 30,</u>	<u>Amount</u>
2020	\$ 21,382
2021	21,382
2022	21,383
2023	21,612
2024	20,000
2025-2028	71,013
Total	<u>\$ 176,772</u>

NOTE H – RELATED PARTY TRANSACTIONS

Under contractual agreement, the County provides administrative services to the District, including personnel, and allocates costs related to these services and facilities to the District. For the fiscal year ended June 30, 2019, the County incurred, on the District’s behalf, \$12,464 for salaries and benefits, operating costs and administrative services. The County also charges the District for administrative and collection costs related to benefit assessments and property tax revenues. For the fiscal year ended June 30, 2019, the amount charged was \$46,712.

NOTE I – COMMITMENT AND CONTINGENCIES

Operating Leases

The District’s operating lease obligations are for the rental of a copier and the rental of a satellite office of a local mosquito and vector control district, including office use, storage of district vehicles and equipment, vehicle and equipment maintenance, and the storage of mosquito/vector control pesticides.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE I – COMMITMENT AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

The future minimum lease payments required for these operating leases is as follows:

<u>Years ending June 30,</u>	<u>Amount</u>
2020	\$ 28,128
2021	28,128
2022	21,702
2023	<u>1,617</u>
Total	<u>\$ 79,575</u>

Rental expenditures were \$28,422 for the fiscal year ended June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Charges for services (benefit assessment)	\$ 4,171,285	\$ 4,171,285	\$ 4,295,620	\$ 124,335
Property taxes	342,141	342,141	335,942	(6,199)
Investment earnings	39,350	39,350	124,274	84,924
Miscellaneous	22,600	22,600	64,936	42,336
			<u>4,820,772</u>	
Total revenues	<u>4,575,376</u>	<u>4,575,376</u>	<u>4,820,772</u>	<u>245,396</u>
Expenditures:				
Public health and integrated vector management:				
Salaries and benefits	2,530,502	2,539,742	2,428,651	111,091
Professional services	523,868	435,141	525,344	(90,203)
Public health pesticides	345,233	857,345	858,183	(838)
Administration and public information	218,270	205,180	182,119	23,061
Insurance	123,826	122,000	120,325	1,675
Fuel and lubricants	30,000	30,000	35,429	(5,429)
Utilities	89,720	113,284	80,298	32,986
Maintenance	45,410	98,673	67,415	31,258
Rents and leases	26,904	26,904	27,615	(711)
Membership dues and subscriptions	18,817	18,817	14,162	4,655
Travel and transportation	29,527	27,147	27,824	(677)
Legal services	15,000	15,000	6,583	8,417
Miscellaneous	395	-	-	-
Debt service:				
Interest	161,150	78,131	132,842	(54,711)
Principal	230,000	313,019	230,000	83,019
Refunding debt issuance costs	-	-	78,674	(78,674)
Capital outlay	-	84,911	108,553	(23,642)
			<u>4,924,017</u>	
Total expenditures	<u>4,388,622</u>	<u>4,965,294</u>	<u>4,924,017</u>	<u>41,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>186,754</u>	<u>(389,918)</u>	<u>(103,245)</u>	<u>286,673</u>
Other financing sources:				
Sale of capital assets	-	-	10,321	10,321
Issuance of refinancing lease	-	-	2,925,000	2,925,000
Payment to refunded certificates of participation escrow agent	-	-	(3,040,000)	(3,040,000)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(104,679)</u>	<u>(104,679)</u>
Net change in fund balance	<u>\$ 186,754</u>	<u>\$ (389,918)</u>	<u>(207,924)</u>	<u>\$ 181,994</u>
Fund balance, July 1, 2018			<u>3,617,141</u>	
Fund balance, June 30, 2019			<u>\$ 3,409,217</u>	

See accompanying note to required supplementary information.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
LAST 10 YEARS⁽¹⁾**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.00485%	0.00489%	0.00445%	0.00393%	0.00453%
District's proportionate share of the net pension liability	\$ 467,374	\$ 485,387	\$ 384,878	\$ 269,960	\$ 281,495
District's covered payroll	\$ 1,555,261	\$ 1,443,816	\$ 1,312,324	\$ 1,289,603	\$ 1,181,197
District's proportionate share of the net pension liability as a percentage of its covered payroll	30.05%	33.62%	29.33%	20.93%	23.83%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

(1) Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
LAST 10 YEARS⁽¹⁾**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 160,717	\$ 137,419	\$ 124,838	\$ 108,970	\$ 133,708
Contributions in relation to the actuarially determined contribution	(160,717)	(137,419)	(124,838)	(108,970)	(133,708)
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 1,696,717	\$ 1,555,261	\$ 1,443,816	\$ 1,312,324	\$ 1,289,603
Contributions as a percentage of covered payroll	9.47%	8.84%	8.65%	8.30%	10.37%

(1) Fiscal year 2015 was the first year of implementation, therefore, only five years are shown.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
LAST 10 YEARS⁽¹⁾**

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 93,974	\$ 83,936
Interest	98,783	77,722
Differences between expected and actual experience	-	56,988
Changes of assumptions	43,516	106,300
Benefit payments	<u>(30,539)</u>	<u>(13,537)</u>
Net change in total OPEB liability	205,734	311,409
Total OPEB liability -- beginning	<u>1,389,094</u>	<u>1,077,685</u>
Total OPEB liability -- ending (a)	<u><u>\$ 1,594,828</u></u>	<u><u>\$ 1,389,094</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 116,868	\$ 185,034
Net investment income	57,796	54,736
Benefit payments	(30,539)	(13,537)
Administrative expense	(492)	(411)
Other expenses	<u>(1,239)</u>	<u>-</u>
Net change in plan fiduciary net position	142,394	225,822
Plan fiduciary net position -- beginning	<u>936,369</u>	<u>710,547</u>
Plan fiduciary net position -- ending (b)	<u><u>\$ 1,078,763</u></u>	<u><u>\$ 936,369</u></u>
Net OPEB liability -- ending (a) - (b)	<u><u>\$ 516,065</u></u>	<u><u>\$ 452,725</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	67.64%	67.41%
Covered payroll	\$ 1,604,713	\$ 1,443,816
Net OPEB liability as a percentage of covered-employee payroll	32.16%	31.36%

(1) Fiscal year 2018 was the first year of implementation of GASB 75; therefore, only two years are shown.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
LAST TEN YEARS⁽¹⁾
(UNAUDITED)**

	<u>2019</u>	<u>2018^B</u>
Actuarially determined contribution	\$ 134,126	\$ 110,465
Contributions in relation to the actuarially determined contribution	169,880	116,868
Contribution deficiency (excess)	<u>\$ (35,754)</u>	<u>\$ (6,403)</u>
Covered payroll	\$ 1,743,007	\$ 1,604,713
Contributions as a percentage of covered payroll	9.75%	7.28%

Notes to schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2019 were from the July 1, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Funding Method	Entry Age Normal Cost, level percent of pay
Amortization method	Level percentage of payroll
Amortization period ¹	30 years closed
Asset valuation method	Market value of assets
Investment rate of return ²	6.55%
Discount rate ²	6.55%
Participants valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary increase	3.25% per year, used only to allocate the cost of benefits between service years.
Assumed wage inflation	3.00% per year, used to determine amortization payments if developed on a level percent of pay basis.
General inflation rate	2.75% per year
Mortality improvement	MacLeod Watts Scale 2017 applied generationally.
Medicare eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.
Healthcare trend ³	7.5% for 2019, grading down to 5% for years 2024 and thereafter.

(A) Fiscal year 2018 was the first year of implementation of GASB 75; therefore, only two years are shown.

(B) Fiscal year 2018's contribution in relation to the actuarially determined contribution and related contribution as percentage of covered payroll were reduced by \$21,004 and 1.31% respectively to correct an overstatement.

(1) Amortization period was 24 years in the actuarial report for fiscal year ending June 30, 2018 (June 30, 2017 measurement period).

(2) Investment rate of return and discount rates were 6.73% in the actuarial report for fiscal year ending June 30, 2018 (June 30, 2017 measurement period).

(3) Healthcare trend was Medicare - 6% for 2018, decreasing to an ultimate rate of 5% for years 2021 and thereafter in the actuarial report for fiscal year ending June 30, 2018 (June 30, 2017 measurement period).

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary accounting is employed by the District as a management control for the District's general fund. The Board of Trustees adopts an annual budget each fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is exercised at the fund level. All amendments to the budget are reflected in the financial statements and require the approval of the Board of Trustees. All unencumbered annual appropriations lapse at the end of each fiscal year. There are no encumbrances outstanding at year-end.

OTHER REPORT



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Placer Mosquito and Vector Control District
Roseville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Placer Mosquito and Vector Control District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated May 8, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California

May 8, 2020