West Valley Mosquito and Vector Control District

Ontario, California

Annual Financial Report

For the Year Ended June 30, 2023

THE PUN GROUP
ACCOUNTANTS & ADVISORS

West Valley Mosquito and Vector Control District
Annual Financial Report
For the Year Ended June 30, 2023

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FINANCIAL SECTION

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THE PUN GROUP
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the West Valley Mosquito and Vector Control District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund information of the District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and the Schedule of the District's Contributions to the Pension Plan as listed in 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 of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, on our consideration of 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 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.

The Pun Group, LLP

Santa Ana, California
October 12, 2023

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the Board of Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the West Valley Mosquito and Vector Control District (the "District") as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 District'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.

The Pun Group, LLP

Santa Ana, California
October 12, 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the West Valley Mosquito and Vector Control District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position decreased 2.53%, or $165,523 from the prior year's net position of $6,529,867 to $6,364,344, as a result of this year's operations.

- Total revenues from all sources increased by 2.07%, or $77,214 from $3,726,548 to $3,803,762, from the prior year, primarily due to property assessments of $176,876.

- Total expenses for the District's operations increased by 32.26% or $968,244 from $3,001,041 to $3,969,285, from the prior year. This increase in total expenses is primarily due to an increase in operating expenses of $971,221.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. Think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors such as changes in the District's property assessment base to assess the *overall health* of the District.

Governmental Funds Financial Statements

Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions 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 inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *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 financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $6,364,343 as of June 30, 2023.

Condensed Statement of Net Position

	June 30, 2023	June 30, 2022	Change
Assets:			
Current assets	$ 4,440,831	$ 4,440,786	$ 45
Capital assets, net	3,847,035	3,924,435	(77,400)
Total assets	8,287,866	8,365,221	(77,355)
Deferred outflows of resources	602,451	325,230	277,221
Liabilities:			
Current liabilities	276,260	311,109	(34,849)
Non-current liabilities	2,236,484	1,808,037	428,447
Total liabilities	2,512,744	2,119,146	393,598
Deferred inflows of resources	13,229	41,438	(28,209)
Net position:			
Net investment in capital assets	2,164,993	2,057,498	107,495
Unrestricted	4,199,351	4,472,369	(273,018)
Total net position	$ 6,364,344	$ 6,529,867	$ (165,523)

At the end of fiscal year 2023, the District shows a positive balance in its unrestricted net position of $4,199,351 that may be utilized in future years.

Government-wide Financial Analysis (Continued)

Condensed Statements of Activities

	June 30, 2023	June 30, 2022	Change
Program revenues	$ 3,776,993	$ 3,748,629	$ 28,364
Expenses	(3,969,285)	(3,001,041)	(968,244)
Net program expense	(192,292)	747,588	(939,880)
General revenues	26,769	(22,081)	48,850
Change in net position	(165,523)	725,507	(891,030)
Net position – beginning of period	6,529,867	5,804,360	725,507
Net position – end of period	$ 6,364,344	$ 6,529,867	$ (165,523)

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, net position decreased by $165,523, during the fiscal year ended June 30, 2023.

Total Revenues:

	June 30, 2023	June 30, 2022	Increase (Decrease)
Program revenues:			
Property assessments	$ 3,480,509	$ 3,303,633	$ 176,876
Contract services	296,484	322,043	(25,559)
Intergovernmental revenues	-	122,953	(122,953)
Total program revenues	3,776,993	3,748,629	28,364
General revenues:			
Investment earnings	19,482	(24,464)	43,946
Other revenues	7,287	2,383	4,904
Total general revenues	26,769	(22,081)	48,850
Total revenues	$ 3,803,762	$ 3,726,548	$ 77,214

Total revenues from all sources increased by 2.07%, or $77,214 from $3,726,548 to $3,803,762, from the prior year, primarily due to an increase of $176,876 in the property assessments.

Total Expenses:

	June 30, 2023	June 30, 2022	Increase (Decrease)
Expenses:			
Operations	$ 3,715,936	$ 2,744,715	$ 971,221
Depreciation expense	204,972	202,691	2,281
Interest expense	48,377	53,635	(5,258)
Total expenses	$ 3,969,285	$ 3,001,041	$ 968,244

Government-wide Financial Analysis (Continued)

Total expenses for the District's operations increased by 32.26% or $968,244 from $3,001,041 to $3,969,285, from the prior year. This increase in total expenses is primarily due to an increase in operating expenses of $971,221.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* 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, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2023, the District reported a total fund balance of $4,408,522. An amount of $4,005,234 constitutes the District's *unassigned fund balance*, which is available for future expenditures.

General Fund Budgetary Highlights

The final expenditures for the District at year-end were $249,657 less than budgeted. The variance is principally due to materials and supplies and capital outlay being less than budget. Actual revenues were less than budgeted by $12,338.

Capital Asset Administration

Changes in capital assets for the year were as follows:

	Balance June 30, 2023	Balance June 30, 2022
Capital assets:		
Non-depreciable assets	$ 330,875	$ 330,875
Depreciable assets	6,382,150	6,262,461
Accumulated depreciation	(2,865,990)	(2,668,901)
Total capital assets, net	$ 3,847,035	$ 3,924,435

At the end of fiscal year 2023, the District's investment in capital assets amounted to $3,847,035 (net of accumulated depreciation). This investment in capital assets includes structures and improvements, equipment and vehicles.

See Note 3 for further information on the District's capital assets.

Long-Term Debt Administration

Changes in long-term debt for the year were as follows:

	Balance June 30, 2023	Balance June 30, 2022
Long-term debt:		
Loan payable	$ 1,682,042	$ 1,866,937

Long-Term Debt Administration (Continued)

See Note 5 for further information on the District's long-term debt administration.

Economic and Other Factors Effecting Next Year's Operations and Budget

West Nile Virus Outbreak

The California Department of Public Health (CDPH) has reported continued West Nile virus activity across the state and investigates numerous cases in humans. The District continues to actively monitor the situation in its service area for any potential outbreaks.

Invasive Aedes mosquitoes

The District has observed a dramatic increase in the proliferation of invasive Aedes mosquitoes. These aggressive, day-biting mosquitoes are creating a greater need to inspect and treat small backyard water sources. More public outreach is needed to inform the public on how to protect from these aggressive biters. The District has created a comprehensive program utilizing In2Care attract and kill traps, as well as instituting a program for the release of X-Ray irradiated sterile male Aedes mosquitoes for control. Additionally, this genus of mosquito is a cryptic breeder requiring additional technician man hours for inspections and treatments.

Tropical diseases

With the establishment of invasive Aedes mosquitoes within the District, there is a greater risk of diseases such as dengue and chikungunya will become locally transmitted. CDPH tracks many imported human cases of dengue and chikungunya each year. The District has developed our own testing metric for these tropical diseases.

Green energy requirements

The state has implemented new, green energy requirements that will require the changeover to electric vehicles. This will increase the cost of the vehicles and the electricity the District uses, on top of the initial, set-up costs associated with charging stations for the District.

Contract Services

The District will continue to initiate contract services to provide service for certain areas not covered under assessment that are habitat for vectors and mosquitoes.

Contacting the District's Financial Management Team

The financial report is designed to provide the District's present users with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact adminemail@wvmvcd.org or (909) 635-0307.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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West Valley Mosquito and Vector Control District
Statement of Net Position
June 30, 2023

ASSETS	Governmental Activities
Current assets:	
Cash and investments (Note 2)	$ 3,927,694
Accounts receivable – other	108,982
Accrued interest receivable	867
Materials and supplies inventory	78,675
Deposits with Vector Control Joint Powers Agency (VCJPA) (Note 10)	310,534
Prepaid items	14,079
Total current assets	4,440,831
Non-current assets:	
Capital assets – not being depreciated (Note 3)	330,875
Capital assets – being depreciated, net (Note 3)	3,516,160
Total non-current assets	3,847,035
Total assets	8,287,866
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions (Note 6)	602,451
LIABILITIES	
Current liabilities:	
Accrued salaries and benefits	32,309
Accrued interest payable	19,974
Long-term liabilities – due in one year:	
Compensated absences (Note 4)	33,811
Loan payable (Note 5)	190,166
Total current liabilities	276,260
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (Note 4)	62,791
Loan payable (Note 5)	1,491,876
Net pension liability (Note 6)	681,817
Total non-current liabilities	2,236,484
Total liabilities	2,512,744
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions (Note 6)	13,229
NET POSITION	
Net investment in capital assets (Note 7)	2,164,993
Unrestricted	4,199,351
Total net position	$ 6,364,344

See accompanying Notes to the Basic Financial Statements.

West Valley Mosquito and Vector Control District
Statement of Activities
For the Year Ended June 30, 2023

	Governmental Activities
Expenses:	
Mosquito and vector control:	
Operations	$ 3,715,936
Depreciation expense	204,972
Interest expense	48,377
Total expenses	3,969,285
Program revenues:	
Charges for services:	
Property assessments	3,480,509
Contract services	296,484
Total program revenues	3,776,993
Net revenue (expense)	(192,292)
General revenues:	
Investment earnings	19,482
Other revenues	7,287
Total general revenues	26,769
Change in net position	(165,523)
Net position:	
Beginning of year	6,529,867
End of year	$ 6,364,344

See accompanying Notes to the Basic Financial Statements.

FUND FINANCIAL STATEMENTS

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West Valley Mosquito and Vector Control District
Balance Sheet
Governmental Fund – General Fund
June 30, 2023

ASSETS		General Fund
Assets:		
Cash and investments	$	3,927,694
Accounts receivable – other		108,982
Interest receivable		867
Materials and supplies inventory		78,675
Deposits with Vector Control Joint Powers Agency (VCJPA)		310,534
Prepaid items		14,079
Total assets	$	4,440,831
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued salaries and benefits	$	32,309
Total liabilities		32,309
Fund balance: (Note 8)		
Nonspendable		403,288
Unassigned		4,005,234
Total fund balance		4,408,522
Total liabilities and fund balance	$	4,440,831

See accompanying Notes to the Basic Financial Statements.

West Valley Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental Fund to the Government-Wide Statement of Net Position
June 30, 2023

Fund Balance – Governmental Fund		$ 4,408,522
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.		3,847,035
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the statement of net position as follows:		
Accrued interest payable	$ (19,974)	
Compensated absences	(96,602)	
Loan payable	(1,682,042)	(1,798,618)
Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:		
Pension related deferred outflows of resources	602,451	
Net pension liabilities	(681,817)	
Pension related deferred inflows of resources	(13,229)	(92,595)
Total adjustments		1,955,822
Net Position – Governmental Activities		$ 6,364,344

See accompanying Notes to the Basic Financial Statements.

West Valley Mosquito and Vector Control District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund - General Fund
For the Year Ended June 30, 2023

	General Fund
REVENUES:	
Charges for services:	
Property assessments	$ 3,480,509
Contract services	296,484
Investment earnings	19,482
Other revenues	7,287
Total revenues	3,803,762
EXPENDITURES:	
Current:	
Salaries and benefits	2,525,778
Materials and services	877,624
Capital outlay	127,572
Debt service:	
Principal	184,895
Interest	50,573
Total expenditures	3,766,442
Net change in fund balance	37,320
Fund balance:	
Beginning of year	4,371,202
End of year	$ 4,408,522

See accompanying Notes to the Basic Financial Statements.

West Valley Mosquito and Vector Control District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balance – Governmental Fund		$ 37,320
Amounts reported for governmental activities in the statement of activities is different because		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	$ 127,572	
Depreciation expense	(204,972)	(77,400)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		16,383
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(328,917)
Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.		
Repayment of debt principal	184,895	
Change in accrued interest payable	2,196	187,091
Total adjustments		(202,843)
Change in Net Position – Governmental Activities		$ (165,523)

See accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The West Valley Mosquito and Vector Control District (the "District") is located in Ontario, California. The District was formed pursuant to Section 2200 et. Seq., of the Health and Safety Code and incorporated in the State of California in 1983. The District covers a wide area of San Bernardino County and includes the cities of Chino, Ontario, Chino Hills, Rancho Cucamonga, Montclair, Upland and portions of the areas of unincorporated territory in San Bernardino County. The purpose of the District is to provide mosquito and other vector control to protect the residents within the District's service area from mosquito-borne disease and from other vectors. The District is governed by a seven-member Board of Trustees.

Basis of Accounting and Measurement Focus

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Governmental Accounting Standards Board ("GASB") is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. The effect of inter-fund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

In accordance with U.S. GAAP, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-wide Financial Statements. The District has presented its General Fund, as its major fund, in this statement to meet the qualifications of U.S. GAAP.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property taxes and assessments, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The District reports the following major funds:

General Fund – is a government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary.

Fair Value Measurements

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements and Applications*, provides framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

a) Quoted prices for similar assets or liabilities in active markets.
b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
c) Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 inputs are unobservable inputs for the asset or liability.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Materials and Supplies Inventory

Inventories consist of expendable chemicals and supplies and are valued at cost using a first-in first-out basis.

Prepaid Items

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets is equipment used at the District. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Class	Useful Lives
Structures and improvements	7-50 years
Equipment and vehicles	5-15 years

Compensated Absences

Accrued Vacation – Upon completion of 1 through 4 years of employment, 80 vacation hours are earned, from year 5 through year 10, 120 vacation hours are earned, after 10 years, 160 vacation hours are earned per year to a maximum accrual amount of 240 hours, with the exception of the District Manager which is 540 hours.

Accrued Sick Leave – shall accumulate at the rate of 3.69 hours per pay-period, 96 hours per year to a maximum accrual amount of 1,040 hours.

Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, pension expense, information about the fiduciary net position of the District's California Public Employees Retirement System (CalPERS) plan and additions to/deductions from the plan's 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.

Property Assessments

Property assessments determined by the District are included on property tax bills of San Bernardino County within the District's service area. Property assessments are recorded as revenue when received, in the fiscal year of receipt, because of the adoption of the *alternate method of property tax distribution* known as the Teeter Plan, by the District and San Bernardino County (the "County"). The County remits the property assessments to the District throughout the fiscal year.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Net Position

Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District has no restricted net position as of June 30, 2023.

Unrestricted – This component of net position consists of net amount of assets that are not included in the determination of *restricted* or *net investment in capital assets*.

Fund Balance

The financial statements, governmental funds report 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.

Nonspendable – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.

Committed – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Trustees) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.

Unassigned – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Trustees establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the 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 unrestricted, committed, assigned and unassigned resources as they are needed.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising assessments and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2023 consisted of the following:

Description	Balance
Demand deposits with financial institutions	$ 3,319,307
Investments	608,387
Total cash and investments	$ 3,927,694

Demand Deposits

At June 30, 2023 the carrying amount of the District's demand deposits was $3,319,307 and the financial institution balance was $3,365,806. The $46,499 net difference as of June 30, 2023 represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to $250,000 by the FDIC.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Note 2 – Cash and Investments (Continued)

Investments

Investments as of June 30, 2023 consisted of the following:

Investments	Fair Value June 30, 2023	Maturity 12 Months or Less
External Investment Pools:		
California Local Agency Investment Fund (LAIF)	$ 108,784	$ 108,784
CalTRUST – Short Term Fund	392,843	392,843
CalTRUST – Medium Term Fund	106,760	106,760
Total investments	$ 608,387	$ 608,387

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions.

Investments are to be made in the following areas:

- External Investment Pools:
  - California Local Agency Investment Fund (LAIF)
  - Investment Trust of California – CalTRUST
- Non-negotiable certificates-of-deposit
- Governmental agency securities

Investment in California – Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The District's investment with LAIF at June 30, 2023 included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

Note 2 – Cash and Investments (Continued)

Investment in California – Local Agency Investment Fund (LAIF)(Continued)

As of June 30, 2023, the District had $108,784 invested in LAIF, which had invested 1.14% of the pool's investment funds in structured notes and medium-term asset-backed securities.

Deposits and withdrawals to and from LAIF are transferred on the basis of $1 and not fair value. Accordingly, under the fair value hierarchy, LAIF is valued based on inputs not categorized as level 1, level 2 or level 3.

Investment Trust of California – CalTRUST

The Investment Trust of California, doing business as CalTRUST, is a California joint powers agency which provides California public agencies with investment management services for surplus funds to consolidate investment activities of its participants and thereby reduces duplication, achieves economies of scale and carries out coherent and consolidated investment strategies through the issuance of shares of beneficial interest in investments purchased by CalTRUST. CalTRUST currently offers three accounts or series as a means for Public Agencies to invest their funds. The District participates in the CalTRUST Short-Term & Medium-Term Fund Series.

CalTRUST investments do not fall under the fair value hierarchy (i.e. uncategorized) as there is no active market for the investments.

Disclosures Relating to Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2023, none of the District's deposits and investments were exposed to disclosable custodial credit risk.

Disclosures Relating to 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 fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

Note 2 – Cash and Investments (Continued)

Disclosures Relating to Credit Risk

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; however, LAIF and CalTRUST are not rated.

Disclosures Relating to Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF and CalTRUST.

Note 3 – Capital Assets

Changes in capital assets for the year were as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Non-depreciable capital assets:				
Land	$ 330,875	$ -	$ -	$ 330,875
Total non-depreciable capital assets	330,875	-	-	330,875
Depreciable capital assets:				
Structures and improvements	5,326,274	-	(7,884)	5,318,390
Equipment and vehicles	936,188	127,572	-	1,063,760
Total depreciable capital assets	6,262,462	127,572	(7,884)	6,382,150
Accumulated depreciation:				
Structures and improvements	(1,814,687)	(153,125)	7,884	(1,959,928)
Equipment and vehicles	(854,215)	(51,847)	-	(906,062)
Total accumulated depreciation	(2,668,902)	(204,972)	7,884	(2,865,990)
Total depreciable capital assets, net	3,593,560	(77,400)	-	3,516,160
Total capital assets, net	$ 3,924,435	$ (77,400)	$ -	$ 3,847,035

Note 4 – Compensated Absences

Compensated absences comprise unpaid vacation leave time off which is accrued as earned.

The changes to the compensated absences balance for the year ended June 30, 2023 were as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Current Portion	Long-term Portion
$ 112,985	$ 96,163	$ (112,546)	$ 96,602	$ 33,811	$ 62,791

Note 5 – Long-Term Debt

Changes in long-term debt for the year ended June 30, 2023 were as follows:

Balance July 1, 2022	Additions	Payments	Balance June 30, 2023	Current Portion	Long-term Portion
$ 1,866,937	$ -	$ (184,895)	$ 1,682,042	$ 190,166	$ 1,491,877

Loan Payable

On September 17, 2015, the District received principal proceeds of $2,883,764 to advance refund its Certificates-of-Participation – Series 2005 RR into a 15-year 2.85% loan payable. Principal is payable annually on August 1, and interest is payable semi-annually on August 1 and February 1 at 2.85%. Annual debt service requirement for the loan payable is as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 190,166	$ 45,228	$ 235,394
2025	195,585	39,731	235,317
2026	201,159	34,078	235,237
2027	206,892	28,263	235,155
2028	212,789	22,283	235,072
2029-2031	675,451	29,236	704,687
Total	$ 1,682,042	$ 198,819	$ 1,880,861

Note 6 – Net Pension Liability and Defined Benefit Pension Plan

Plan Description

All full-time employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and may be amended by District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information. These reports can be found on the CalPERS website.

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. Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 50 for Classic Tier 1 members and 52 for PEPRA Tier 2 members with at least 5 years of service.

Participant members are eligible for non-industrial disability benefits after 5 years of service. Industrial disability benefits are not offered to miscellaneous employees.

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Benefits Provided (Continued)

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0 @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates	11.590%	7.470%

Employees Covered by Benefit Terms

At June 30, 2021, the valuation date, the following employees were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Active members	6	16	22
Transferred and terminated members	12	10	22
Retired members and beneficiaries	5	-	5
Total plan members	23	26	49

Contributions

Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the District reported a liability of $681,817 for its proportionate share of the collective net pension liability.

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using actuarial procedures. The District's proportion of the net pension liability 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.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool:

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2021). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2022). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY2022).

(3) The individual plan's TPL, FNP, and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from step (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in step (2) multiplied by the TPL ratio generated in step (4). The plan's FNP as of the measurement date is equal to the FNP generated in step (2) multiplied by the FNP ratio generated in step (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in step (5).

The District's proportion of the net collective pension liability as of June 30, 2023 was as follows:

	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022
Beginning of measurement period	0.000878%	0.004497%
Ending of measurement period	0.014570%	0.000878%
Increase (decrease)	0.013692%	-0.003619%

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the District recognized a pension expense of $518,036. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 189,118	$ -
Difference between actual and proportionate share of employer contributions	17,087	13,229
Change in employer's proportion	196,966	-
Differences between expected and actual experience	4,523	-
Differences between projected and actual earnings on pension plan investments	124,891	-
Changes in assumptions	69,866	-
Total	$ 602,451	$ 13,229

$189,118 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	$ 149,143
2025	115,253
2026	59,319
2027	76,389
Total	$ 400,104

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of 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 singe equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Long-term Expected Rate of Return (Continued)

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

Asset class[1]	Assumed asset allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

[1] In the CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

[2] An expected inflation of 2.0% used

[3] An expected inflation of 2.92% used

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 rates 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.

Sensitivity 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 6.90 percent, 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 or 1-percentage point higher than the current rate:

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
CalPERS – Miscellaneous Plan	$ 1,299,660	$ 681,817	$ 173,486

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Note 7 – Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2023 consisted of the following:

Description	Balance
Capital assets – not being depreciated	$ 330,875
Capital assets – being depreciated, net	3,516,160
Loan payable – current portion	(190,166)
Loan payable – noncurrent portion	(1,491,876)
Total net investment in capital assets	$ 2,164,993

Note 8 – Fund Balance

A detailed schedule of fund balances and their funding composition at June 30, 2023 is as follows:

Description	Balance
Nonspendable:	
Materials and supplies inventory	$ 78,675
Deposits with Vector Control Joint Powers Agency (VCJPA)	310,534
Prepaid items	14,079
Total nonspendable	403,288
Unassigned:	
Unassigned	4,005,234
Total fund balances	$ 4,408,522

Note 9 – Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

Note 10 – Risk Management

Self-Insurance and Joint Powers Agency

The District participates with other districts in a joint venture under a joint powers agreement, which established the Vector Control Joint Powers Agency (VCJPA). The relationship between the District and the VCJPA is such that the VCJPA is not a component unit of the District for financial reporting purposes.

The VCJPA is a consortium of thirty-four districts located throughout California. It was established under the provisions of California Government Code Section 6500 et seq. The VCJPA is governed by a Board of Directors, which meets 4-5 times per year, consisting of one member from each of the four regions (Coastal, Sacramento Valley, San Joaquin Valley, and Southern California) and two members from the Trustee Advisory Council.

The District is covered for the first $1,000,000 of each general liability claim and $350,000 of each workers' compensation claim through the VCJPA. The District has the right to receive dividends or the obligation to pay assessments based on a formula, which, among other expenses, charges the District's account for liability losses and workers' compensation losses under their individual self-insured retention (SIR). The VCJPA participates in an excess pool, which provides general liability coverage above $1,000,000 for each occurrence up to $14,000,000.

The VCJPA also participates in an excess pool, which provides workers' compensation coverage from $350,000 to $150,000,000.

The District's share of the VCJPA's Members Trust Fund and Property Contingency Fund balance as of June 30, 2023 totaled $310,534. The balance includes interest earnings and may be withdrawn upon leaving the plan with a sixty-day notice. At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the districts in accordance with its governing documents.

Note 11 – Contingencies

Litigation

In the ordinary course of operations, the District is subject to other claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters will not materially affect its financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

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West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services:				
Property assessments	$ 3,481,100	$ 3,432,100	$ 3,480,509	$ 48,409
Contract services	382,000	374,000	296,484	(77,516)
Investment earnings	5,000	5,000	19,482	14,482
Other revenues	5,000	5,000	7,287	2,287
Total revenues	3,873,100	3,816,100	3,803,762	(12,338)
Expenditures:				
Current:				
Salaries and benefits	2,569,000	2,505,000	2,525,778	(20,778)
Materials and services	974,500	981,500	877,624	103,876
Capital outlay	284,600	284,600	127,572	157,028
Debt service:				
Principal	185,000	185,000	184,895	105
Interest	60,000	60,000	50,573	9,427
Total expenditures	4,073,100	4,016,100	3,766,442	249,658
Net change in fund balance	$ (200,000)	$ (200,000)	37,320	$ 237,320
Fund balance:				
Beginning of year			4,371,202	
End of year			$ 4,408,522	

Notes to the Budgetary Comparison Schedule:

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District prepares and submits an operating budget to the Board of Trustees no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Trustees must approve all supplemental appropriations to the budget and transfers between major accounts.

West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2023

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date:	**June 30, 2022[1]**	**June 30, 2021[1]**	**June 30, 2020[1]**	**June 30, 2019[1]**	**June 30, 2018[1]**
Proportion of the collective net pension liability	0.014570%	0.000878%	0.004497%	0.003944%	0.352500%
Proportionate share of the collective net pension liability	$ 681,817	$ 47,470	$ 489,284	$ 404,164	$ 334,283
Covered payroll	$ 1,676,377	$ 1,641,199	$ 1,508,277	$ 1,534,361	$ 1,379,427
Proportionate share of the collective net pension liability as a percentage of covered payroll	40.67%	2.89%	32.44%	26.34%	24.23%
Plan's fiduciary net position as a percentage of the plan's total pension liability	94.39%	98.76%	85.27%	77.73%	75.26%

[1] Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability (Continued)
For the Year Ended June 30, 2023

Measurement Date:	June 30, 2017[1]	June 30, 2016[1]	June 30, 2015[1]	June 30, 2014[1]
Proportion of the collective net pension liability	0.003525%	0.003105%	0.003096%	0.003038%
Proportionate share of the collective net pension liability	$ 349,585	$ 268,669	$ 212,486	$ 189,052
Covered payroll	$ 1,205,929	$ 1,074,387	$ 992,636	$ 884,829
Proportionate share of the collective net pension liability as a percentage of covered payroll	28.99%	25.01%	21.41%	21.37%
Plan's fiduciary net position as a percentage of the plan's total pension liability	73.31%	74.06%	78.40%	79.82%

[1] Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Schedule of the District's Contributions to the Pension Plan
For the Year Ended June 30, 2023

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	**2022-23[1]**	**2021-22[1]**	**2020-21[1]**	**2019-20[1]**	**2018-19[1]**	**2017-18[1]**	**2016-17[1]**	**2015-16[1]**
Actuarially determined contribution	$ 189,118	$ 181,602	$ 171,075	$ 158,491	$ 137,868	$ 122,138	$ 112,698	$ 100,339
Contribution in relation to the actuarially determined contribution	(189,118)	(181,602)	(171,075)	(158,491)	(137,868)	(122,138)	(112,698)	(100,339)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,676,377	$ 1,641,199	$ 1,508,277	$ 1,534,361	$ 1,379,427	$ 1,379,427	$ 1,205,929	$ 1,074,387
Contributions as a percentage of covered payroll	11.28%	11.07%	11.34%	10.33%	9.99%	8.85%	9.35%	9.34%

[1] Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Schedule of the District's Contributions to the Pension Plan (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	**2014-15[1]**	**2013-14[1]**
Actuarially determined contribution	$ 143,832	$ 120,180
Contribution in relation to the actuarially determined contribution	(143,832)	(120,180)
Contribution deficiency (excess)	$ -	$ -
Covered Payroll	$ 992,636	$ 884,829
Contributions as a percentage of covered payroll	14.49%	13.58%

[1] Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

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