

**SHASTA MOSQUITO AND VECTOR  
CONTROL DISTRICT**

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**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**



**SIMMONS & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANT**

**SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT  
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**JUNE 30, 2019**

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***INDEPENDENT AUDITORS' REPORT***

TO THE BOARD OF TRUSTEES  
SHASTA MOSQUITO AND VECOTR CONTROL DISTRICT  
ANDERSON, CALIFORNIA

***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities and each major fund of Shasta Mosquito and Vector Control District (the 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 of the Financial Statements***

The District's 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 included 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.

***Auditors' Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that I 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 judgement, 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Opinions***

In my opinion, the financial statements referred to above present fairly, In all material respects, the respective financial position of the governmental activities and each major 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 on pages 5 to 10 and the required supplementary information on pages 30 through 34 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. I 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 I obtained during my audit of basic financial statements. I do not express an opinion or provide an 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, I have also issued my report dated January 31, 2020 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Handwritten signature of Leri K. Simmons, CPA in cursive script.

January 31, 2020  
Redding, California

## **INTRODUCTION**

As management of the Shasta Mosquito and Vector Control District ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities during the fiscal year ending June 30, 2019. Please read it in conjunction with the District's financial statements and accompanying notes to those financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS**

- The District's net position increased 1.6% or \$49,517 to \$3,072,315 in 2019 as a result of the years' operations.
- In 2019, the District's property tax revenues increased by 2.6% or \$35,413 to \$1,397,029 and the District's benefit assessment revenue increased by 6.7% or \$86,511 to \$1,366,568 due an increase in the rate for benefit assessment area 1 and 2.
- In 2019, total general revenues from all sources increased by \$121,924.
- In 2019, total expenses increased by \$5,726.

## **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 the 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 net operating reserves and credit worthiness.

## **DISTRICT ACTIVITIES**

The Shasta Mosquito and Vector Control District is a special district, originally started as the Redding Mosquito Abatement District in 1919; they quickly joined the forces of other local mosquito abatement districts and formed the Shasta Mosquito Abatement District in the 1950s. After several annexations, the Shasta Mosquito Abatement District expanded to a full vector control district; changing the District name to Shasta Mosquito and Vector Control District in 1994. Currently, the District comprises approximately 1,086 square miles in Shasta County and provides Mosquito and Vector Control to Redding, Anderson, Shasta Lake City and many towns in unincorporated Shasta County. The District's Mission is: "To protect the public's health from vector-borne disease and nuisance, through a comprehensive mosquito and vector control program focused on innovation, experience and efficiency."

**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 our District better 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; one will need to position other non-financial factors however, such as changes in the District's property assessment charge to assess the overall health of the District.

**GOVERNMENT FUNDS FINANCIAL STATEMENTS**

**Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance**

Governmental funds are 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 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.

**OVERVIEW OF THIS ANNUAL REPORT**

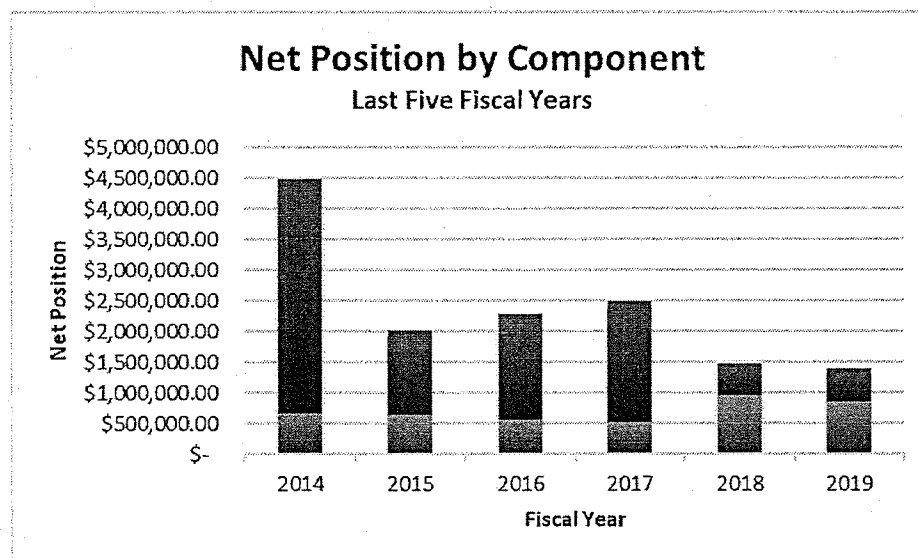
This annual report includes the Independent Auditors' Report, Management's Discussion and Analysis, and the Financial Statements of the District. The financial statements are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and information concerning the District's budget and compliance.

# SHASTA MOSQUITO & VECTOR CONTROL DISTRICT MANAGEMENT DISCUSSION & ANALYSIS

JUNE 30, 2019

Statement of Net Positions	2018	2018	Change
<b>Assets</b>			
Cash and investments	\$ 3,038,888	\$ 2,916,415	\$ 122,473
Other current assets	79,624	124,184	(44,560)
Capital assets - net accumulated depreciation	1,024,985	1,164,438	(139,453)
<b>Total Assets</b>	<b>\$ 4,143,497</b>	<b>\$ 4,205,037</b>	<b>\$ (61,540)</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 583,714</b>	<b>\$ 773,225</b>	<b>\$ (189,511)</b>
<b>Liabilities</b>			
Current liabilities	\$ 215,925	\$ 183,677	\$ 32,248
Net pension liabilities	2,727,157	2,850,490	(123,333)
Note payable, lab remodel	182,754	200,000	(17,246)
<b>Total Liabilities</b>	<b>\$ 3,125,836</b>	<b>\$ 3,234,167</b>	<b>\$ (108,331)</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 195,586</b>	<b>\$ 257,831</b>	<b>\$ (62,245)</b>
<b>Net Position</b>			
Invested in capital assets	\$ 842,231	\$ 964,438	\$ (122,207)
Unrestricted	560,558	521,826	38,732
<b>Total Net Position</b>	<b>\$ 1,402,789</b>	<b>\$ 1,486,264</b>	<b>\$ (83,475)</b>

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 of the District exceeded liabilities by \$1,017,661 as of June 30, 2019. At the end of the fiscal year 2019, the District reflected a positive balance in its unrestricted net position of \$560,558 that may be utilized in future years.

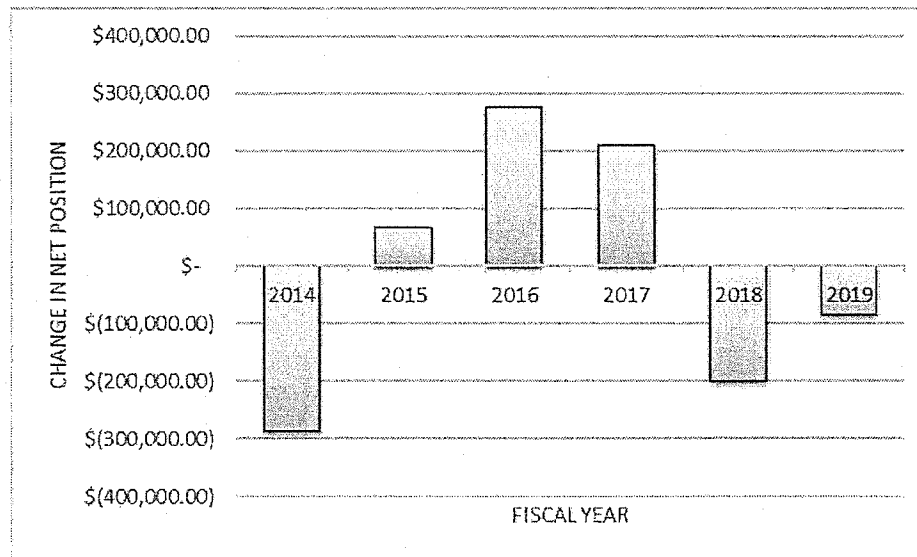


# SHASTA MOSQUITO & VECTOR CONTROL DISTRICT MANAGEMENT DISCUSSION & ANALYSIS

JUNE 30, 2019

Statement of Activities	2019	2018	Change
<b>Expenses</b>			
Mosquito and Vector control operations	\$ 2,714,080	\$ 2,841,346	\$ (127,266)
Program Revenues	1,366,568	1,280,057	86,511
General Revenues	1,397,029	1,361,616	35,413
<b>Total Revenues</b>	<b>2,763,597</b>	<b>2,641,673</b>	<b>121,924</b>
<b>Change in Net Position</b>	<b>49,517</b>	<b>(199,673)</b>	<b>249,190</b>
<b>Net Position - Beginning of Period</b>	<b>3,022,798</b>	<b>2,499,683</b>	<b>523,115</b>
<b>Net Position, Changes to Beginning of Period, Note 1</b>	<b>-</b>	<b>(813,746)</b>	<b>813,746</b>
<b>Net Position - End of Period</b>	<b>\$ 3,072,315</b>	<b>\$ 1,486,264</b>	<b>\$ 1,586,051</b>

The statement of activities shows how the District's net position changed during the fiscal year. In the case of the District, net position increased by \$49,517 during the fiscal year ended June 30, 2019.





**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT  
MANAGEMENT DISCUSSION & ANALYSIS**

**JUNE 30, 2019**

<b>Changes in Governmental Net Position</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Program Revenues</b>			
Charges for services - special benefit assessment	\$ 1,366,568	\$ 1,280,057	\$ 86,511
<b>Total Program Revenues</b>	<b>1,366,568</b>	<b>1,280,057</b>	<b>86,511</b>
<b>General Revenues</b>			
Property taxes	1,309,621	1,305,966	3,655
Homeowners property tax relieve	14,950	15,067	(117)
Use of money and property	42,161	20,686	21,475
Other revenues	30,297	19,897	10,400
<b>Total General Revenues</b>	<b>1,397,029</b>	<b>1,361,616</b>	<b>35,413</b>
<b>Total Revenues</b>	<b>\$ 2,763,597</b>	<b>\$ 2,641,673</b>	<b>\$ 121,924</b>

In 2019, the District's program revenues increased by 1% or \$86,511 to \$1,366,568 due to an increase in the District benefit assessment area 1 and 2 rates. In 2019, total general revenues from all sources increased \$121,924 due to an increase in benefit assessment revenue.

	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Expenses</b>			
Mosquito and Vector control operations			
Salaries and benefits	\$ 1,934,594	\$ 2,058,509	\$ (123,915)
Service and supplies	727,746	672,623	55,123
Utilities	31,290	27,040	4,250
Capital outlay	-	-	-
Debt service interest expense	6,500	-	6,500
Depreciation	146,942	83,174	63,768
<b>Total Expenses</b>	<b>\$ 2,847,072</b>	<b>\$ 2,841,346</b>	<b>\$ 5,726</b>

In 2019, total expenses increased by \$5,726.

**General Fund Budgetary Highlights**

The Shasta Mosquito and Vector Control District's budget year starts July 1 ending June 30<sup>th</sup> the following year. Annual preparation for the budget begins in January and continues through the spring until the budget package is distributed to the Board of Trustees at the regular meeting in May each year to be approved and adopted at the June meeting.

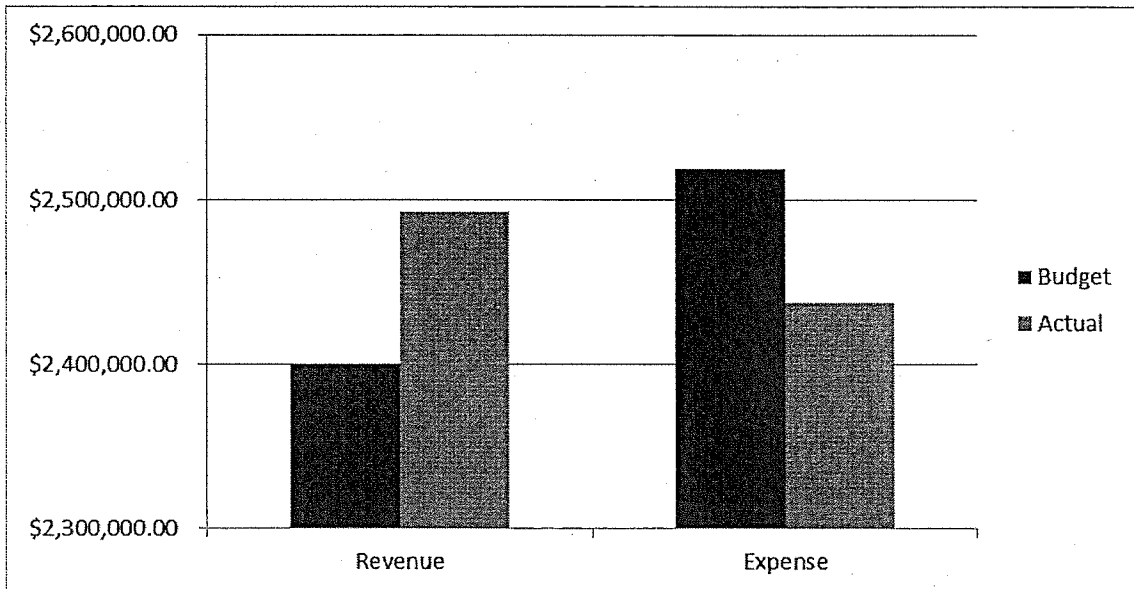
The District Manager prepares the budget document and serves as the focal point for issuing guidelines, responding to questions, and along with the Administrative Office Manager (AOM), reviewing departmental budget requests. The District Manager, along with the AOM, works to prepare and present the budget to the Finance Committee. The Finance Committee is comprised of two Board members selected by the Board president at the beginning of the calendar year. The Finance Committee reviews, and if

## SHASTA MOSQUITO & VECTOR CONTROL DISTRICT MANAGEMENT DISCUSSION & ANALYSIS

JUNE 30, 2019

necessary, revises the proposed budget. The Finance Committee also determines whether the proposed budget adequately addresses the priorities of the District. The Finance Committee approves the proposed budget and submits it for adoption by the full Board of Trustees. The Board of Trustees has the final responsibility for adopting the budget and making the necessary appropriations.

The final actual expenditures for the General Fund at year-end were \$36,755 less than the budgeted amount due to salaries and benefits savings from vacancies and savings in operational expenses. Actual revenues were more than the anticipated budget by \$12,762. See page 29 for the District's Budget to Actual Schedule.



### Capital Assets

Detail on capital assets can be found in Note 5 of the financial statements.

### Debt Administration

In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Compensated absences account for one the largest long-term liability for the District year ending June 30, 2019 at \$169,728. Additionally, the District currently carries a defined benefit post-employment healthcare plan and net pension liability post-employment benefit obligation.

Details on long-term debt can be found in Note 6 of the financial statements.

### Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

Requests for Information

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District Manager at the Shasta Mosquito and Vector Control District, 19200 Latona Rd., Anderson, CA 96007 or (530) 365-3768.

**SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT  
STATEMENT OF NET POSITION/  
GOVERNMENTAL FUNDS BALANCE SHEET**

**JUNE 30, 2019**

<b>Changes in Governmental Net Position</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Position</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 2,483,888	\$ 555,000	\$ 3,038,888	\$ -	\$ 3,038,888
Accounts receivable	-	-	-	-	-
Due from other governments	14,998	-	14,998	-	14,998
Inventories	64,626	-	64,626	-	64,626
Nondepreciable capital assets	-	-	-	51,273	51,273
Depreciable capital assets - net	-	-	-	973,712	973,712
Other postemployment benefit asset	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,563,512</b>	<b>\$ 555,000</b>	<b>\$ 3,118,512</b>	<b>\$ 1,024,985</b>	<b>\$ 4,143,497</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				<b>\$ 583,714</b>	<b>\$ 583,714</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable	\$ 40,395	\$ -	\$ 40,395	\$ -	\$ 40,395
Payroll liabilities	5,802	-	5,802	-	5,802
Compensated absences	-	-	-	169,728	169,728
Net OPEB liability	-	-	-	481,793	481,793
Net pension liability	-	-	-	2,245,364	2,245,364
Note payable, lab remodel	-	-	-	182,754	182,754
<b>Total Liabilities</b>	<b>46,197</b>	<b>-</b>	<b>46,197</b>	<b>3,079,639</b>	<b>3,125,836</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				<b>198,586</b>	<b>198,586</b>
<b>Fund Balance</b>					
Nonspendable	64,626	-	64,626		
Committed	555,000	-	555,000		
Assigned - capital projects	-	555,000	555,000		
Unassigned	1,897,689	-	1,897,689		
<b>Total Fund Balance</b>	<b>2,517,315</b>	<b>555,000</b>	<b>3,072,315</b>		<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,563,512</b>	<b>\$ 555,000</b>	<b>\$ 3,118,512</b>		<b>-</b>
<b>NET POSITION</b>					
Investment in capital assets				\$ 842,231	\$ 842,231
Unrestricted				560,558	560,558
<b>TOTAL NET POSITION</b>				<b>\$ 1,402,789</b>	<b>\$ 1,402,789</b>

**SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**For the year ended  
JUNE 30, 2019**

Year Ended June 30, 2018	General Fund	Capital Projects Fund	Total	Adjustments (Note 2)	Statement of Net Activities
<b>Revenues</b>					
Taxes	\$ 1,309,621	\$ -	\$ 1,309,621	\$ -	\$ 1,309,621
Charges for current service	1,366,568	-	1,366,568	-	1,366,568
Homeowners property tax relief	14,950	-	14,950	-	14,950
Use of money and property	42,161	-	42,161	-	42,161
Other Revenues	30,297	-	30,297	-	30,297
<b>Total Revenues</b>	<b>2,763,597</b>	<b>-</b>	<b>2,763,597</b>	<b>-</b>	<b>2,763,597</b>
<b>Expenditures/Expenses</b>					
Current:					
Salaries and benefits	1,923,809	-	1,923,809	10,785	1,934,594
Service and supplies	727,746	-	727,746	-	727,746
Utilities	31,290	-	31,290	-	31,290
Debt service principal	17,247	-	17,247	(17,247)	-
Debt service interest expense	6,500	-	6,500	-	6,500
Capital outlay	7,488	-	7,488	(7,488)	-
Depreciation	-	-	-	146,942	146,942
<b>Total Expenditures/Expenses</b>	<b>2,714,080</b>	<b>-</b>	<b>2,714,080</b>	<b>132,992</b>	<b>2,847,072</b>
<b>Other Financing Sources (Uses)</b>					
Loan proceeds	-	-	-	-	-
Transfers in	275,381	-	275,381	-	275,381
Transfers out	-	(275,381)	(275,381)	-	(275,381)
<b>Total Other Financing Sources (Uses)</b>	<b>275,381</b>	<b>(275,381)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in Fund Balance</b>	<b>324,898</b>	<b>(275,381)</b>	<b>49,517</b>	<b>(49,517)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(83,475)</b>	<b>(83,475)</b>
<b>Fund Balance/Net Position-Begining of Year (As Previously Reported)</b>	<b>2,192,417</b>	<b>830,381</b>	<b>3,022,798</b>		<b>1,486,264</b>
<b>Fund Balance/Net Position-End of Year</b>	<b>2,517,315</b>	<b>555,000</b>	<b>3,072,315</b>		<b>1,402,789</b>

**NOTE 1: ORGANIZATION AND STATEMENT OF PURPOSE**

**Reporting Entity:** Shasta Mosquito and Vector Control District (the District) is a California Special District governed by a five-member board of trustees. As required by generally accepted accounting principles, these financial statements present the Shasta Mosquito and Vector District Control alone, as the District has no component units, related organizations, or jointly governed organizations.

The purpose of the District is to protect the public's health from vector-borne disease and nuisance through comprehensive mosquito and vector control program.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller and state regulations governing special districts.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation:** For financial reporting purposes, the District is considered a special-purpose government engaged in governmental activities. As provided by Governmental Accounting Standards Board (GASB) Statement No. 34, the basic financial statements are presented using the combined approach. This approach combines the fund financial statements with the government-wide financial statements (i.e., the statement of net position and the statement of activities) by using a columnar format that reconciles the individual line items of fund financial data to government-wide data in a separate column. Interfund activities are eliminated in the government-wide financial statements. The other reconciling items are further explained in note 3.

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 related cash flows. Contributions and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund revenues except property taxes which have a 60-day availability period. Expenditures are recorded when the related fund liability is incurred. The activities of the District are recorded in the General Fund and the Capital Projects Fund.

**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**Basis of Accounting:** The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Cash and Cash Equivalents:** The District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the County Treasurer's investment pool are considered cash equivalents. The Organization maintains its cash accounts in depositories that are insured by the Federal Deposit Insurance Corporation up to \$250,000 per account.

**Due from Other Governments:** Due From other governments consist of property taxes and special assessments. Management considers all taxes receivable to be collectible.

**Inventories:** The cost of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

**Capital Assets:** Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements. Acquisitions of capital assets are recorded as expenditures in the governmental fund at the time of purchase. Capital assets are recorded at historical cost, although for certain older assets estimated historical costs are used. Donated capital assets are recorded at the estimated fair market value at the date of donation. Capital assets used in operations are depreciated using the straight-line method over the estimated useful lives in the government-wide financial statements. Estimated useful lives of the various classes of depreciable capital assets are as follows:

June 30, 2019

Vehicles	5 years
Furniture and equipment	5 to 7 years
Buildings and improvements	15 to 39 years

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. The capitalization threshold is \$5,000.

**Compensated Absences:** Vested or accumulated vacation leave and compensatory time that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities of the governmental funds that will pay them. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are reported in the statement of net positions as long-term liabilities, including the current portion. In accordance with generally accepted accounting principles, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits.

**Pension:** For purposes of measuring the net pension liability, deferred outflows of resources/deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the California Public Employees' Retirement System (CalPERS) and additions to/deductions from CalPERS's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable with the benefits terms. Investments are reported at fair value.

**Deferred Outflows/Inflows of Resources:** In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period, and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District only has one item that qualifies for reporting in this category. The deferred outflows of resources related to pension represents a reclassification of current year's pension contributions, all of which will be amortized during fiscal year 2019-20, per accounting pronouncement GASB Statement No. 71 and 75.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net positions that applied to a future periods(s), and as such will not be recognized as an inflow of resources (revenue) until that time. The District only has one item that qualifies for reporting in this category, related to pension, which is the difference between the projected and actual earnings on the pension plan investments.

**Net Position/Fund Balance:** Net position represents the difference between assets and liabilities. The District's net position is classified as follows:

**Investment in Capital Assets:** This represents the District's total investment in capital assets. There are No outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of investment in capital assets.

**Unrestricted:** Unrestricted net position represents resources derived from taxed and charges for services. These resources are used for transactions relating to the general operations of the District and may be used at the discretion of the governing board to meet current expense for any purpose.

Beginning with the year ended June 30, 2011, the District implemented GASB Statement No. 54, fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable Fund Balance:** Amounts that are not in spendable form (such as inventories) or are required to be maintained intact.



**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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*Restricted Fund Balance:* Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

*Committed Fund Balance:* Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance:* Amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. All of the District's assigned fund balance is assigned for capital projects.

*Unassigned Fund Balance:* Amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, the assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

*Property Taxes:* The County of Shasta assesses, bills, and collects property taxes for the District. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1. They become due November 1 and February 1 and become delinquent December 10 and April 10.

The County adopted the alternative method of tax apportionment ("Teeter Plan"). As of July 1, 1992, the District determined they would participate in this Plan. Under the Plan, the County now remits all property taxes due to the District and all special assessments due to the District without regard to their current or delinquent status.

*Use of Estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Interfund Transfers:* Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL  
FUND FINANCIAL STATEMENTS**

Amounts reported in the statement of net position are different from the governmental funds balance sheet because:

Governmental funds report capital outlay as expenditures when incurred. However, in the statement of net positions, capital assets are capitalized when acquired and their costs are allocated over their estimated useful lives through the use of depreciation expense. This is the amount by which the cost capitalized exceeds the accumulated depreciation expense to date.

June 30, 2019

<b>Nondepreciable Capital Assets</b>	\$ 51,273
Depreciable capital assets	\$ 3,184,758
Less: Accumulated depreciation	\$ 2,211,046
<b>Depreciable capital assets, net</b>	<b>\$ 973,712</b>

Some expenses such as compensated absence, pension liabilities, deferred inflows and outflows, and other postemployment benefits (OPEB) reported in the statement of activities do not require the use of current financial resources and are, therefore, not reported as expenditures and liabilities in the governmental funds balance sheet.

The following reflects the assets and liabilities for expenses that will not be paid with current resources:

June 30, 2019

Deferred outflows of resources	\$ 583,714
Compensated absences	\$ (169,728)
Deferred inflows of resources	\$ (198,586)
Notes payable, lab remodel	\$ (182,754)
Net otherpostemployment liabilities	\$ (481,793)
Net pension liabilities	\$ (2,245,364)

Amounts reported in the statement of activities are different from the governmental fund revenues, expenditures, and changes in fund balance because:

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditure in the governmental fund.

**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

June 30, 2019

Compensated absence expense	\$	3,852
Payroll liabilities	\$	5,289
Difference in pension expenses	\$	81,081
Other postemployment benefit expense	\$	(74,148)

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

June 30, 2019

Capital Outlay	\$	-
Depreciation expense	\$	146,942

**NOTE 4: CASH AND INVESTMENTS**

The cash and investments are displayed on the statement of net position as follows:

June 30, 2019

Cash and cash equivalents	\$	3,038,888
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**Deposits**

All of the District's deposits in financial institutions are entirely insured or collateralized. The carrying amounts of the deposits are summarized as follows:

June 30, 2019

Cash in county treasury	\$	2,655,332
Cash in bank	\$	383,556

The majority of the District balances are held by the County of Shasta in a pooled fund, which is invested by the County to earn interest. Interest earned on such pooled cash balances is distributed to participating fund based on each fund's average cash balance during the distribution period. Copies of the County of Shasta's 2018 audited financial statements may be obtained from the County Office of Administration at 1450 Court Street, Room 309, Redding, CA 96001-1671.

Funds invested in the County Treasurer's investment pool are considered cash equivalents. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, provides that amounts held in external investment pools are reported at fair value.

The District categorizes its fair value measurements within the fair value hierarchy established by general 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; and level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value investment as of June 30, 2019:

- County treasurer's investment pool is valued using quoted prices for similar instruments in active market and quoted prices for identical or similar instruments in markets that are not active (level 2) inputs.

The *California Government Code* and investment policy of the County authorize the County to invest in obligations, participations, or other investments of the U.S. Government or its agencies, state and municipal bonds, commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Standard & Poor's Corporation or Moody's Investor Service, Inc., banker's acceptances, repurchase agreements, and the State Treasurer's Investment Pool (Local Agency Investment Fund).

The pooled treasury has regulatory oversight from the Shasta County Treasury Oversight Committee in accordance with California Government Code requirements. As provided in the 2019 audited financial statements for the County of Shasta, the County Treasury's Pooled Money Investment account's weighted average maturities was 1.31 years at June 30, 2019.

### Risk Information

Interest rate risk is the risk that changes in interest rates that 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. *California Government Code*, Section 53601, limits the County's investments to maturities of five years.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by ratings assigned by nationally-recognized organizations. The District's investment in the County investment pool is unrated.

Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The District's investment policy does not address this risk.

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., financial institution, broker-dealer) to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in the possession of another party. For deposits, the *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The District does not have a policy to

**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

address this risk. As all funds of the District are maintained by the County, the District relies on the County to mitigate this risk.

**NOTE 5: CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>Nondepreciable Capital Assets</b>				
Land	\$ 51,273	-	-	\$ 51,273
<b>Depreciable Capital Assets</b>				
Building and improvements	\$ 2,027,153	-	-	\$ 2,027,154
Furniture and equipment	584,601	7,488	-	592,089
Vehicles	565,515	-	-	565,515
<b>Total Depreciable Capital Assets</b>	3,177,269	7,488	-	3,184,758
Less: Accumulated depreciation	2,064,104	146,942	-	2,211,046
<b>Total Depreciable Assets - Net</b>	1,113,165	(139,454)	-	\$ 973,712

**NOTE 6: LONG TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Compensated absences	\$ 165,876	\$ 119,462	\$ 116,011	\$ 169,327	-

**Compensated Absences**

Compensated absence represents accumulated vacation leave, sick leave, and compensatory time earned by District employees. The District does not consider that these amounts will be paid with current resources unless an employee has given notice of planned resignation/retirement. As of June 30, 2019, there were no material known amounts, and accordingly, no liability for compensated absence was included in the General Fund at June 30, 2019. The amount is included in the government-wide statement of net positions as a long-term liability, with none of the balance expected to be due within the next year.

**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**Long-term Debt**

The district entered into a loan to finance the remodel of the lab at the end of last year in the amount of \$200,000. The repayments are made on an annual basis in the amount of \$23,746 including interest. The principal balance was \$182,754 as of June 30, 2019 and matures on June 30, 2028.

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
<b>Long-term debt</b>	\$ 200,000	\$ -	\$ 17,246	\$ 182,754	17,807
June 30, 2021					18,385
June 30, 2022					18,983
June 30, 2023					19,600
June 30, 2024					20,237
Thereafter					87,742
<b>Totals</b>					\$ 182,754

**NOTE 7: PENSION**

**California Public Employees' Retirement System  
Plan Description and Provisions**

All full-time employees participate in CalPERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The District is part of a "cost-sharing" pool within CalPERS.

Employees hired on or before December 31, 2012: Employees shall receive a 2% at 55 retirement formula benefit from the CalPERS Retirement Plan. Effective January 1, 2013, employees shall pay 100% of the member contribution, which is 7.0% of payroll on pretax basis in accordance with applicable Internal Revenue Code.

Employees hired on or after January 1, 2013: Employees shall receive a 2% at 62 retirement formula benefit from the CalPERS Retirement Plan based upon the highest 36 months average salary. Employees shall pay 100% of the member contribution.

The Public Employees' Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.) established benefit provisions for CalPERS. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS, 400 Q Street, Sacramento, California 95811.

***Funding Policy***

Active plan members are required to contribute 7.0% of their annual covered salary.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's employer contribution rate for the current year was 16.25%.

The contribution requirements of the plan members are established by state statutes. The District's contributions to CalPERS for the fiscal years ended June 30, 2019, 2018, and 2017, were \$192,052, \$228,245, and \$213,509, respectively, and equaled 100% of the required contribution for each year.

**Employees Covered**

The following employees were covered by the benefit term of the plan:

**June 30, 2019**

Inactive employees or beneficiaries currently receiving benefits	8
Active employees	15
<b>Total</b>	<b>23</b>

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the District reported a net pension liability of \$2,245,364 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2019, using standard update 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 districts and the state, actuarially determined. At June 30, 2019, the District's proportion was .00015%.

For the year ended June 30, 2019, the District recognized pension expense of \$283,613. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

<b>June 30, 2019</b>	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 11,101	\$ -
Differences between District Contributions and proportionate share of contributions	7,172	14,579
Difference between expected and actual experience	56,834	-
Change in assumptions	193,243	-
Changes in proportions	14,226	39,617
District contributions subsequent to the measurement date	192,052	-
<b>Total</b>	<b>\$ 474,628</b>	<b>\$ 54,196</b>

The \$192,052 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	
2020	\$ 208,594
2021	116,223
2022	(76,242)
2023	(20,196)
<b>Total</b>	<b>\$ 228,379</b>

**Actuarial Assumptions**

The total pension liability in the June 30, 2017, actuarial valuation for CalPERS was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. They mortality table used was developed base on CalPERS's specific date. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. The actuarial assumptions used in the June 30, 2017; valuation was based on the results of an actuarial experience study for the period July 1, 1997 through June 30, 2013.



**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry age normal
Actuarial assumptions	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and services
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated 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, staff 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 returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal return 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Target Allocation	Rate of Return Years 1 -10	Rate of Return Years 11+
Global equity	51%	5.25%	5.71%
Global fixed income	19%	0.99%	2.43%
Inflation sensitive	6%	0.45%	3.36%
Private equity	10%	6.83%	6.95%
Real estate	10%	4.50%	5.13%
Infrastructure and forestland	2%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

**Discount Rate**

The discount rates used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, the amortization and smoothing periods recently adopted by CalPERS were utilized. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of the return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**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 7.50%, 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 one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
June 30, 2019	-6.65%	-7.65%	-8.65%
District's proportionate share of the net pension liability	\$ 3,448,357	\$ 2,245,364	\$ 1,252,313

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in CalPERS' separately issued Comprehensive Annual Financial Report (CAFR).

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The District contracts for healthcare for its active and retired employees under the Public Employee Medical Hospital Care Act (PEMHCA) (the Plan). The Plan provides lifetime healthcare insurance for eligible employees and their eligible family members through the District's group insurance plan, which covers both active and retired members. Benefit provisions are established and may be amended by the District's Board of Trustees authorized by bylaws. The Plan provides for the District to contribute a retiree benefits stipend in accordance with the MOU up to 80% of the cost of health insurance between 60 and the age of Medicare.

Currently, the District has 15 active full-time employees who are eligible for postretirement health benefits and eight retirees who receive postretirement health benefits.

**Funding Policy, Funded Status, and Funding Progress**

The contribution requirements are established and may be amended by the District. The District contributes 100% of the cost of current-year premiums for eligible retired Plan members and their eligible family members depending on the date of hire.

As of June 30, 2019, the District has set aside approximately \$906,570 in an external trust fund and the fair value of the trust fund as of June 30, 2019, was approximately \$980,910.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determine regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Assumptions**

The total pension liability in the July 1, 2017, actuarial valuation for the District was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry age normal
Actuarial assumptions	
Discount rate	6.73%
Inflation	2.75%
Salary increases	3.25 % per year
Investment rate of return	6.73 % per year

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the Employer reported a liability of \$481,793 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Employer's proportion of the net OPEB liability was based on the Employer's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2018 the Employer's proportion was 37.75 percent.

**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

For the year ended June 30, 2019, the District recognized pension expense of \$26,090. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

<b>June 30, 2019</b>	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 1,401	\$ -
Differences between District Contributions and proportionate share of contributions	-	-
Difference between expected and actual experience	-	144,390
Change in assumptions	7,448	
Changes in proportions	-	-
District contributions subsequent to the measurement date	100,238	-
<b>Total</b>	<b>\$ 109,087</b>	<b>\$ 144,390</b>

The \$100,238 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	
2020	\$ (27,459)
2021	(27,459)
2022	(27,461)
2023	(26,656)
2024	(26,506)
<b>Total</b>	<b>\$ (135,541)</b>

**NOTE 9: SELF-INSURANCE**

The District is a member of the Vector Control Joint Powers Agency (the JPA) for the purpose of providing a pooling plan for member districts to provide their own workers' compensation and liability insurance.

Under the agreement, the District has a self-insured retention under the workers' compensation plan of \$10,000 and excess insurance coverage to the statutory limit. The liability fund provides for a self-insured retention of \$2,500 and excess insurance coverage to \$10,000,000. The premiums billed by the JPA to member districts are planned to match the expenses of the self-insurance as well as the cost of providing the excess layer coverage and the cost of administering the plans.

The District uses the general fund methods to account for the cost of self-insurance. While the ultimate amount of the costs of self-insurance through June 30, 2019, is dependent on the future

**SHASTA MOSQUITO & VECTOR CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

developments, District management believes that the aggregate premiums paid to the JPA are adequate to cover the District's losses through June 30, 2019, including incurred but not reported losses.

Total premiums paid to the JPA during the year ended June 30, 2019, totaled \$48,215 and \$59,344, respectively, for workers' compensation and liability insurance. Losses paid under either program during the fiscal year were not in excess of self-insured retention amounts paid in prior years.

JPA's audited condensed financial information is presented below:

June 30, 2019	
<b>Total Assets</b>	\$ 17,157,179
Total liabilities	\$ 10,842,547
Net position	6,314,632
<b>Total Liabilities and Net Position</b>	\$ 17,157,179
Total revenue	\$ 6,098,747
Total expenditures	5,959,565
<b>Net Increase in Net Position</b>	\$ 139,182

**NOTE 10: COMMITTED FUND BALANCE**

The committed fund balance consisted of the following:

<b>June 30, 2019</b>	
Public Health Emergency Fund	\$ 300,000
Facility Improvement Fund	-
Bio-Control Development Fund	50,000
Existing Facilities Renovation Fund	17,000
Fixed Asset Replacement Fund	68,000
IT Equipment Replacement Fund	45,000
Revenue Stabilization Fund	50,000
Pension Liability	25,000
<b>Total</b>	\$ 555,000

## **REQUIRED SUPPLEMENTARY INFORMATION SECTION**

**SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND BALANCE – GENERAL FUND**

**JUNE 30, 2019**

Year Ended June 30, 2019	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	1,069,500	1,069,500	1,309,621	240,121
Charges for current service	1,598,335	1,598,335	1,366,568	(231,767)
Homeowners property tax relief	15,000	15,000	14,950	(50)
Use of money and property	30,000	30,000	42,161	12,161
Other Revenues	38,000	38,000	30,297	(7,703)
<b>Total Revenues</b>	<b>2,750,835</b>	<b>2,750,835</b>	<b>2,763,597</b>	<b>12,762</b>
<b>Expenditures/Expenses</b>				
Current:				
Salaries and benefits	1,982,568	1,982,568	1,923,809	(58,759)
Service and supplies	707,321	707,321	727,746	20,425
Utilities	29,200	29,200	31,290	2,090
Capital outlay	8,000	8,000	7,488	(512)
Debt service principal	23,746	23,746	17,247	(6,499)
Debt service interest	-	-	6,500	6,500
<b>Total Expenditures/Expenses</b>	<b>2,750,835</b>	<b>2,750,835</b>	<b>2,714,080</b>	<b>(36,755)</b>
<b>Other Financing Sources (Uses)</b>				
Loan proceeds	-	-	-	-
Transfers in	-	-	275,381	275,381
Transfers out	-	-	(275,381)	(275,381)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>49,517</b>	<b>49,517</b>
<b>Fund Balance-Beginning of Year</b>			<b>3,022,798</b>	
<b>Fund Balance-End of Year</b>			<b>3,072,315</b>	

**SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION**  
**LIABILITY – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM JUNE 30, 2019**

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	2019	2018
District's portion of the net pension liability (asset)	0.015%	0.021%
District's proportionate share of the net pension liability (asset)	\$ 2,245,364	\$ 2,326,066
District's covered-employee payroll	\$ 752,242	\$ 789,021
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	298.49%	294.80%
Plan fiduciary net position as a percentage of the total pension liability	76.60%	76.60%



**SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS – CalPERS**

**JUNE 30, 2019**

	2019	2018
Contractually required contribution	\$ 264,939	\$ 228,245
Contributions in relation to the contractually required contribution	\$ (262,956)	\$ (228,245)
Contributions deficiency (excess)	1,983.00	-
District's covered-employee payroll	1,106,433	1,001,948
Contributions as a percentage of covered-employee payroll	23.95%	22.78%

**SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR  
OTHER POSTEMPLOYMENT BENEFITS**

**JUNE 30, 2019**

Actuarial Valuation Date	July 1, 2013	July 1, 2015	July 1, 2017
Actuarial accrued liability (AAL)	\$ 778,113	\$ 1,389,201	\$ 1,398,345
Actuarial value of plan assets	560,238	524,424	481,793
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>\$ 217,875</b>	<b>\$ 864,777</b>	<b>\$ 916,552</b>
Funded ratio (actuarial value of plan assets/AAL)	72.00%	37.75%	34.45%
Covered payroll (active members)	\$ 1,043,058	\$ 1,112,492	\$ 1,124,866
UAAL as a percentage of covered payroll	20.89%	77.73%	81.48%

**SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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**BASIS OF BUDGETING**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United State of America. Revenues are estimated, and annual appropriations are adopted. All annual appropriations lapse at fiscal yearend.

The District's governing board approves a tentative budget no later than August 31, and adopts a budget no later than September 30 of each fiscal year. A public hearing is conducted to receive comments prior to adoption. The budget is modified throughout the year to allow for unanticipated income and expenditures. The final revised budget is presented in the financial statements.

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2019, expenditures exceeded appropriations for capital outlay by \$7,488. These expenditures were funded by budget savings in other expenditures.

**CHANGE OF ASSUMPTIONS**

**California Public Employees' Retirement System**

No changes have occurred to the actuarial assumptions since the CalPERS Board adopted new actuarial assumptions in February 2014. The most significant change to the actuarial assumptions that the Board adopted was the inclusion of future mortality improvement. The actuarial assumptions adopted by the board are designed to ensure greater sustainability and soundness of the defined pension plans, and they will be better at predicting future experiences resulting in more secure retirement benefits in the decades to come. The current experience study was based on demographic CalPERS data for years 1997 to 2011. The study focused on recent patterns of termination, death, disability, retirement and salary increase. The new assumptions were reflected in the total pension liabilities as of June 30, 2013.

## **OTHER REPORT SECTION**

## SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

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### INDEPENDENT AUDITORS' 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 Directors  
Shasta Mosquito and Vector Control District  
Anderson, 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 each major fund of Shasta Mosquito and Vector Control District (the District) as of and for the year ended June 30, 2019; and the related notes to the financial statement, which collectively comprise the District's basic financial statements, and have issued our report hereon dated January 31, 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 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given those limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

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### INDEPENDENT AUDITORS' 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 (Continued)

#### *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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



January 31, 2020  
Redding, California

## **FINDINGS SECTION**

**SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT  
SCHEDULE OF FINDINGS**

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**JUNE 30, 2019**

**SECTION 1 FINDINGS  
FINANCIAL STATEMENTS AUDIT**

None.