

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT

REPORT ON AUDITED
FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Management Discussion and Analysis	4-7
Government-wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Fund	10
Reconciliation of Governmental Fund Balance Sheet to Net Position of Governmental Activities	11
Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds	12
Reconciliation of Governmental Fund Statement of Revenue, Expenditures and Change in Fund Balance to Change in Net Position of Governmental Activities	13
Notes to Financial Statements	14-30
Required Supplementary Information:	
Schedule of the District's Proportionate Share of Net Pension Liability/ Schedule of the District's Contributions	31-32
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	33
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34-35



Sampson, Sampson & Patterson, LLP
CERTIFIED PUBLIC ACCOUNTANTS

3148 Willow Avenue, Suite 102
Clovis, California 93612-4739
(559) 291-0277 • FAX (559) 291-6411

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Consolidated Mosquito Abatement District
Parlier, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Consolidated Mosquito Abatement District (the District) as of and for the year ended June 30, 2022, 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 each major fund of Consolidated Mosquito Abatement District as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Consolidated Mosquito Abatement 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 opinion.

Management's Responsibility for the Financial Statements

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

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.

Auditor's Responsibility

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 opinion. 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 generally accepted auditing standards, the *Government Auditing Standards* and the State Controller's Minimum Audit Requirements for California Special Districts 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 generally accepted auditing standards, the *Government Auditing Standards* and the State Controller's Minimum Audit Requirements for California Special Districts, 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 management's discussion and analysis on pages 3 through 6, the schedule of revenues, expenditures and changes in fund balances – budget and actual on page 33, and the schedules of the District's proportionate share of net pension liability and contributions on pages 31-32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers them to be essential parts 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 December 19, 2022 on our consideration of Consolidated Mosquito Abatement 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 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 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 the District's internal control over financial reporting and compliance.

Sampson, Sampson & Patterson, LLP

Clovis, California
December 19, 2022

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

As management of the Consolidated Mosquito Abatement District (District), we offer readers of this section of the annual report on audited financial statements (audit report) a narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022, from the management's perspective. Please read and consider the information represented here in conjunction with the financial statements as a whole.

Current Year Financial Highlights (as of June 30, 2022)

Assets of the District (total net position) exceeded its liabilities by \$13,361,584. The total net position at the beginning of the fiscal year was \$11,556,530. There was a change in net position of \$1,805,054 to account for the end of year net position of \$13,361,584. Of this amount, there is an unrestricted net position of \$9,161,794, which may be used to meet the District's ongoing obligations.

The General Fund of the District showed total revenues of \$4,234,089 and total expenditures of \$3,273,655. The General Fund balance at the beginning of the year was \$7,002,215, and there was a net change in fund balance of \$1,242,378, which accounted for an end of year fund balance of \$8,244,593. This represents a 17.7% increase in the General Fund during the course of the fiscal year.

Overview of the Report on Audited Financial Statements

This audit report presents financial statements that include activities of the District prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Decision and Analysis – for States and Local Governments*. The Single Governmental Program for Special Purpose Governments reporting model is used which best represents the activities of the District. The District's basic services are governmental activities and are supported by general District revenues such as taxes, and by specific program revenues such as contract fees and charges.

The audit report itself consists of three parts: (1) management's discussion and analysis (this section); (2) basic financial statements; and (3) required supplementary information, if any. Basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide a broad, longer-term view of the District's activities and finances as a whole and is comprised of the statement of net position and the statement of activities. The statement of net position provides information about the financial position of the District, including its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The statement of activities provides information about all the District's revenues and all of its expenses also on the full accrual basis, with the emphasis on measuring net revenues or expenses of the District's programs. The statement of activities explains in detail the change in net position for the year.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Fund financial statements: The fund financial statements provide detailed information about each of the District's most significant funds, called major funds. The District only has one major fund, a governmental fund, the General Fund. The fund financial statements report the District's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the District's General Fund. The fund financial statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts. These statements can provide a more nuanced view of finances involved in District activities and the provision of public health services.

Notes to the financial statements: The basic financial statements also include notes that further explain some of the of the information presented in the financial statements and provide more detailed data.

Required supplementary information: In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. All these sections of the audit report, when considered together, will provide for a more complete understanding of the activities of the District and its fiscal position from year-to-year.

Government-wide financial analysis: An analysis of the net position serves as a useful indicator of the District's finances over time, and as of June 30, 2022, the District's assets exceeded its liabilities by \$13,361,584. A significant portion of the net position (\$4,199,790) reflects net investment in capital assets. Capital assets are used to provide services to the District's residents. The following tables represent summaries of the District's net position and changes in net position for the current and prior years:

Consolidated Mosquito Abatement District Governmental Activities Net Position

	Governmental Activities Current Year Total	Prior Year Total
	Total	Total
Current assets	\$ 9,685,124	\$ 7,319,260
Capital assets	7,456,261	7,771,013
Deferred outflows	435,814	581,472
Total assets and deferred outflows	17,577,199	15,671,745
Current liabilities	251,811	219,100
Noncurrent liabilities	3,339,072	3,893,336
Deferred inflows	624,732	2,779
Total liabilities and deferred inflows	4,215,615	4,115,215
Net position:		
Invested in capital assets, net of related debt	4,199,790	4,354,721
Unrestricted	9,161,794	7,201,809
Total net position	\$ 13,361,584	\$ 11,556,530

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Consolidated Mosquito Abatement District Governmental Activities Changes in Net Position

	Governmental Activities Current Year Total	Prior Year Total
Program Revenue		
Charges for services	\$ 9,963	\$ 6,175
Total Program Revenue	9,963	6,175
Expense		
Mosquito abatement	2,503,369	3,484,848
Interest on long-term debt	136,923	132,571
Total Expense	2,640,292	3,617,419
Increase/(decrease) in net revenue before general revenue	(2,630,329)	(3,611,244)
Total General Revenue	4,435,383	4,340,946
Increase/(decrease) in net position	1,805,054	729,702
Net position, beginning of year	11,556,530	10,244,566
Prior period adjustment	—	582,262
Net position, end of year	\$13,361,584	\$11,556,530

Capital asset administration: The District investment in capital assets for its governmental activities as of June 30, 2022, amounted to \$7,456,261 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements and equipment. Additional information on the District capital assets can be found in Note 4 – Capital Assets.

Debt administration: The District's long-term debt consists of a capital lease used to finance the acquisition and construction of its new headquarters facilities in Parlier and the accrued unfunded liability from its California Public Employee Retirement System pension obligation. Additional information on the District's long-term debt can be found in Note 5 – Long-Term Debt and Note 6 – Pension Plan.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Economic factors and next year's budgets and rates: For budgetary purposes, revenues are anticipated at conservative levels (underestimates) and expenses are overestimated. The budget for the year ending June 30, 2023, projects a deficit of \$482,000. Total revenue is budgeted at \$4,226,000 and total expenses, including capital outlay and debt service, are budgeted at \$4,708,000. Salaries, wages and related costs are budgeted to increase by \$229,000, while services, supplies, maintenance and miscellaneous expenditures are budgeted to increase by \$67,000. Capital outlay and debt service are budgeted to increase by \$5,000, while total reserves are budgeted to increase by \$1,025,000.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives and public health services it provides. If you have any questions about this report or need any additional information, contact the District at (559) 896-1085.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	
Cash	\$ 7,546,320
Cash with fiscal agent	537,844
Receivables:	
Accounts	27,999
Taxes	29,846
Interest	25,332
Note	154,062
Inventory	188,015
Prepaid expense	12,522
Net pension asset	1,163,184
Capital assets (net of accumulated depreciation)	<u>7,456,261</u>
Total Assets	<u>17,141,385</u>
Deferred outflow of resources	<u>435,814</u>
Total Assets and Deferred Outflow of Resources	<u>17,577,199</u>
LIABILITIES	
Accounts payable	115,803
Accrued payroll and related liabilities	105,560
Accrued interest payable	30,448
Non-Current Liabilities:	
Due within one year	248,400
Due in more than one year	<u>3,090,672</u>
Total Liabilities	<u>3,590,883</u>
Deferred inflow of resources	<u>624,732</u>
Total Liabilities and Deferred Inflow of Resources	<u>4,215,615</u>
NET POSITION	
Net investment in capital assets	4,199,790
Unrestricted	<u>9,161,794</u>
Total Net Position	<u>\$13,361,584</u>

See independent auditor's report and notes to financial statements.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	<u>Expense</u>	<u>Charges for Services</u>	<u>Program Revenue</u>		<u>Net Revenue/ (Expense)</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities					
Mosquito abatement	\$2,503,369	\$ 9,963	\$	\$	\$ (2,493,406)
Interest on long-term debt	<u>136,923</u>	_____	_____	_____	<u>(136,923)</u>
Total Governmental Activities	<u>2,640,292</u>	<u>9,963</u>	_____	_____	<u>(2,630,329)</u>
General Revenue					
Property taxes					4,215,651
Intergovernmental					185,271
Investment income (loss)					(238,017)
Insurance recoveries and adjustments					39,683
Gain on sale of capital assets					<u>232,795</u>
Total General Revenue					<u>4,435,383</u>
Change in Net Position					1,805,054
Net Position, Beginning of Year					<u>11,556,530</u>
Net Position, End of Year					<u>\$13,361,584</u>

See independent auditor's report and notes to financial statements.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2022

	General Fund
ASSETS	
Cash	\$7,546,320
Cash with fiscal agent	537,844
Receivables:	
Accounts	2,571
Taxes	22,731
Interest	1,891
Note	154,062
Inventory	188,015
Prepaid expense	<u>12,522</u>
Total Assets	<u>\$8,465,956</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 115,803
Accrued payroll and related liabilities	<u>105,560</u>
Total Liabilities	<u>221,363</u>
Fund balances:	
Nonspendable	354,599
Committed	5,741,000
Unassigned	<u>2,148,994</u>
Total Fund Balances	<u>8,244,593</u>
 Total Liabilities and Fund Balances	 <u>\$8,465,956</u>

See independent auditor's report and notes to financial statements.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND BALANCE
SHEET TO NET POSITION OF GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the Statement of net position are different because:

Total fund balances – total governmental funds		\$ 8,244,593
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds		7,456,261
Other assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		
Receivables collected after 60 day availability period	55,984	
Net pension asset	<u>1,163,184</u>	1,219,168
Deferred outflows of resources reflecting the future consumption of net position are not financial resources and therefore, are not reported in the governmental funds:		
Deferred outflows related to pensions		435,814
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds		
Governmental long term debt payable	(3,256,471)	
Accrued interest payable	(30,448)	
Compensated absences	<u>(82,601)</u>	(3,369,520)
Deferred inflows of resources reflecting the future acquisition of net position are not financial resources and therefore, are not reported in the governmental funds:		
Deferred inflows related to pensions		<u>(624,732)</u>
Net Position of Governmental Activities		<u>\$13,361,584</u>

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
YEAR ENDED JUNE 30, 2022

	General Fund
REVENUES	
Property taxes	\$4,218,096
Intergovernmental	185,271
Charges for services	9,963
Use of money and property	(237,123)
Insurance retrospective adjustments	46,578
Other	<u>11,304</u>
Total Revenues	<u>4,234,089</u>
EXPENDITURES	
Salaries and wages	1,546,628
Employee benefits	445,321
Supplies and maintenance	336,147
Motor vehicles	144,445
Insurance	152,568
Surveillance and research	29,060
GIS & GPS	48,744
County service charge	60,739
Utilities	45,651
Communications	44,854
Travel and subsistence	36,023
Dues and subscriptions	21,391
Office supplies	16,690
Uniforms	21,183
Legal and accounting	18,301
Education and publicity	13,213
Capital outlay	5,106
Debt service	
Principal	159,821
Interest	<u>127,770</u>
Total Expenditures	<u>3,273,655</u>
Excess of revenues over expenditures	960,434
OTHER FINANCING SOURCES	
Sale of capital assets	246,303
Insurance proceeds	<u>35,641</u>
Total Other Financing Sources	<u>281,944</u>
Net change in fund balance	1,242,378
Fund balance - beginning of year	<u>7,002,215</u>
Fund balance – end of year	<u><u>\$8,244,593</u></u>

See independent auditor's report and notes to financial statements.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF
REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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

Net change in fund balances – total governmental funds	\$ 1,242,378
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period	(301,244)
Governmental funds report principal reductions of long-term liabilities as expenditures. However, in the government-wide financial statements principal reductions of long-term liabilities reduce debt and are not included within the statement of activities. This is the amount of net principal reductions of long-term debt during the current period	159,821
Certain current year revenues in the fund statements did not provide current resources in the prior year but were accrued on the statement of activities	(76,764)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and those earned was:	4,821
Governmental funds report pension contributions as expenditures. However, in The statement of activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows of resources related to pensions. This amount represents the net change in pension related amounts.	785,195
Governmental funds report interest payments on long-term liabilities as expenditures. However, in the government-wide financial statements, interest expense on long-term debt is recognized as it is incurred. This is the difference between the methods of interest recognition	<u>(9,153)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,805,054</u>

See independent auditor’s report and notes to financial statements.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

Consolidated Mosquito Abatement District was organized in June 1946, upon the approval of the Board of Supervisors of Fresno County. The District was organized to provide mosquito control activities in Fresno County and later expanded operations into Kings County. The District has plant locations in Selma, Sanger, Caruthers, Reedley, Parlier and Clovis. As the District is a governmental unit, it is exempt from federal and California taxes on income.

The accounting and reporting policies of the District conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (in *Audits of State and Local Governmental Units*), and by the Financial Accounting Standards Board (when applicable).

These general purpose financial statements present the District in conformance with GASB Statement No. 14, "The Financial Reporting Entity." Under Statement No. 14, component units are organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. The District has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customer or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants 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.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District revenues are available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

The District reports the following major governmental fund:

The General Fund is the District's only operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Amounts reported as program revenue include charges to customers for goods and services, operating grants and contributions and capital grants and contributions.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Cash and Investments

The District invests its excess cash principally with the Fresno County Treasury. The County pools these funds with those of other entities in the County and invests the cash in accordance with California Government Codes. Generally, investments with the County are available for withdrawal on demand.

2. Receivables

Receivables consist primarily of billed, but unpaid amounts, property taxes and interest on funds deposited with the County Treasury.

3. Inventory

Inventory consists of expendable supplies held for consumption and are stated at cost on the first-in, first-out basis. The value of inventory is fully reserved in an equal amount.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

4. Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of five years. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed and any gain or loss arising from its disposal is credited or charged to operations.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is recorded by using the straight-line method. The book value of each asset is reduced by equal amounts over its estimated useful life as follows:

Buildings	40 years
Building improvements and storage tanks	15 years
Machinery and shop equipment	10 years
Office and laboratory furniture and equipment	7 years
Vehicles and automotive equipment	7 years
Field equipment	5 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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(s) and so will *not* be recognized as an outflow resources (expense/expenditure) until then. The District has one type of deferred outflow which qualifies for reporting in this category, deferred inflows related to pensions.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. The separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has one type of deferred inflow which qualifies for reporting in this category, deferred inflows related to pensions.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

6. Pension Plan

The District recognizes a net pension liability, which represents its proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the CalPERS Actuarial Office. The net pension liability is measured as of the District's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred. The average remaining service lifetime for the June 30, 2021 measurement period is 3.7 years.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

	2022
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

7. Fund Equity

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowings used for the acquisition or improvement of those assets.

In the fund financial statements, governmental funds report fund balance amounts in the following classifications: Nonspendable, restricted, committed, assigned and unassigned. Nonspendable amounts represents inventories, prepaid items and long-term receivables. Restricted amounts have been restricted by external bodies. Committed amounts have been restricted by the District's governing board. Assigned amounts represent tentative designations by the District. Unassigned amounts are spendable and are not restricted, committed or assigned.

The District will spend the funds restricted for their purpose within those funds first followed by assigned funds for their intended purposes prior to spending any unassigned funds.

8. Net Position

Net position comprises the various net earnings from operating income, nonoperating revenue and expense and capital contributions. Net positions are classified in the following three components:

Invested in capital assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net asset components as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the District's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

F. Budgets and Budgetary Accounting

The District established a budget for its governmental fund for the year ended June 30, 2022. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

G. Reconciliation of government-wide and fund financial statements

1. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of the \$(301,244) difference are as follows:

Capital outlay	\$ 5,106
Depreciation expense	<u>(306,350)</u>
Net adjustment to increase net changes in fund balance- total Governmental funds to arrive at changes in net assets-Governmental activities	<u>\$ (301,244)</u>

Note 2 – Cash and Investments

Cash and investments as of June 30, 2022 consist of the following:

Cash on hand	\$ 4,975
Deposits with financial institutions	135,103
Deposits with county treasury	<u>7,406,242</u>
Total cash and investments	<u>\$7,546,320</u>

Bank deposit accounts are insured up to \$250,000 per institution by the Federal Depository Insurance Corporation (FDIC). All of the District’s cash balances held by financial institutions are fully insured or collateralized.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

Cash in County Treasury

Within the guidelines of Government Code Section 53601, the District maintains substantially all of its cash in the Fresno County Treasury as part of the common investment pool. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable and non-negotiable certificates of deposit, repurchase agreements, and mortgage-backed pass-through securities.

Investments Authorized by the California Government Code

The District does not have an investment policy independent of what is allowed under the California Government Code. The table below identifies the investment types that are authorized by the Code. The table also identifies certain provisions of the Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker’s Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 years	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	None
Mortgage Pass-through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

The Fresno County Treasury Investment Pool Statement of Investment Policy is more stringent than the California Government Code. As of June 30, 2022 the Investment Pool portfolio complied with its statement of Investment Policy.

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 longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

As of June 30, 2022, the weighted average maturity of the investments contained in the Fresno County Treasury Investment Pool is 2.32 years. 30.2% of the portfolio matures within 12 months, 26.3% matures between 1 and 3 years, and 43.5% matures between 3 and 5 years.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Fresno County Treasury Investment Pool does not have a rating provided by a nationally recognized statistical rating organization. However, the assets of the portfolio held by the pool as of June 30, 2022 had an average dollar weighted quality rating of “AA+.”

Concentration of Credit Risk

There are no investments in any one issuer that represent 5% or more of total District investments.

Custodial Credit Risk

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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2022, none of the District’s deposits in excess of FDIC limits were held in uncollateralized accounts.

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 the Fresno County Treasury Investment Pool).

Investment in Fresno County Treasury Investment Pool

The District is a voluntary participant in the Fresno County Treasury Investment Pool that is regulated by the California Government Code under the oversight of the Auditor-Controller/Treasurer-Tax Collector of Fresno County. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the Treasury Investment Pool for the entire Treasury Investment Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Treasury Investment Pool, which are recorded on an amortized cost basis.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

Note 3 – Cash with Fiscal Agent

The District has funds on deposit with Vector Control Joint Powers Authority (VCJPA) and Central California Vector Control Joint Powers (CCVCJPA). These funds can be used to pay for future insurance premiums or can be withdrawn at the discretion of the District. At June 30, 2022, the District had \$407,342 and \$130,502 on deposit with VCJPA and CCVCJPA, respectively.

Note 4 – Note Receivable

The District carried back an installment note in the amount of \$160,000 related to the sale of the Reedley facility in August, 2021. The agreement provides for monthly payments of \$1,697, including interest at 5%, beginning December 1, 2021 and continuing through November 1, 2026, at which time the remaining balance of principal and interest are due. The outstanding balance at June 30, 2022 was \$154,062.

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

Government Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 436,875	\$ _____	\$ (13,500)	\$ 423,375
Capital assets being depreciated:				
Buildings and improvements	7,962,913		(29,200)	7,933,713
Equipment	311,296			311,296
Vehicles and trailers	<u>1,810,050</u>	<u>5,106</u>	<u>(230,690)</u>	<u>1,584,466</u>
Total capital assets, being depreciated	<u>10,084,259</u>	<u>5,106</u>	<u>(259,890)</u>	<u>9,829,475</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,170,509)	(192,979)	29,200	(1,334,288)
Equipment	(188,119)	(18,790)		(206,909)
Vehicles and trailers	<u>(1,391,493)</u>	<u>(94,581)</u>	<u>230,682</u>	<u>(1,255,392)</u>
Total accumulated depreciation	<u>(2,750,121)</u>	<u>(306,350)</u>	<u>259,882</u>	<u>(2,796,589)</u>
Total capital assets, being depreciated, net	<u>7,334,138</u>	<u>(301,244)</u>	<u>(8)</u>	<u>7,032,886</u>
Governmental activities capital assets, net	<u>\$ 7,771,013</u>	<u>\$ (301,244)</u>	<u>\$ (13,508)</u>	<u>\$ 7,456,261</u>

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

Note 6 – Long-Term Debt

Changes in long-term debt for the year ended June 30, 2022 were as follows:

	Beginning Balance	Additions/ Adjustments	Reductions	Ending Balance	Classification	
					Due in One Year	Due in More Than One Year
Capital lease	\$3,416,292	\$	\$159,821	\$3,256,471	\$165,799	\$3,090,672
Compensated absences	<u>87,422</u>	<u>84,297</u>	<u>89,118</u>	<u>82,601</u>	<u>82,601</u>	<u> </u>
	<u>\$3,503,714</u>	<u>\$ 84,297</u>	<u>\$248,939</u>	<u>\$3,339,072</u>	<u>\$248,400</u>	<u>\$3,090,672</u>

Capital Lease

The District entered into a capital lease agreement in April, 2017 to finance the construction of its central operating facility. Annual payments of \$287,591, including interest at 3.74 percent, are due on April 1, with the final payment due in 2037.

The annual debt service requirements for the financing at June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 165,799	121,792	\$ 287,591
2024	171,999	115,592	287,591
2025	178,432	109,159	287,591
2026	185,106	102,485	287,591
2027	192,029	95,562	287,591
2028-2032	1,073,397	364,557	1,437,954
2033-2037	<u>1,289,709</u>	<u>148,245</u>	<u>1,437,954</u>
	<u>\$3,256,471</u>	<u>\$1,057,392</u>	<u>\$4,313,863</u>

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

Note 7 – Pension Plan

General Information

Plan Description

The Plan is a cost-sharing multiple-employer defined benefit pension plan (PERF C) administered by the California Public Employees’ Retirement System (CalPERS). All qualified permanent and probationary employees are eligible to participate in Miscellaneous Employee Pension Plans. Benefit provisions under plans are established by State Statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years total service are eligible to retire at age 50 to 52 years with statutory reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustment for each plan are applied as specified by the Public Employees’ Retirement Law.

Effective January 1, 2013, CalPERS instituted a new pension plan as a result of the Public Employee Pension Reform Act (PEPRA). Employees hired from that date on are subject to the new 2% at 62 benefit formula.

Rate Plan	Classic	PEPRA
Hire Date	Prior to 1/1/2013	On or after 1/1/2013
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2%	2%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	8.65%	7.59%
Unfunded liability payment	\$35,908	\$1,458

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for the Plans 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 unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees.

For the year ended June 30, 2022, contributions recognized as part of pension expense were as follows:

	<u>Miscellaneous</u>
Contributions – employer	\$334,460

At June 30, 2022 the District reported a net pension asset of \$1,163,184 for its' proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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 plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of the June 30, 2021 measurement date was as follows:

	<u>Measurement Date</u> <u>June 30,</u> <u>2021</u>
Net Pension Asset - District	\$ 1,163,184
Total Miscellaneous Risk Pool Pension Liability	\$1,898,802,581
District's Portion of the Total Liability	.06126%

For the year ended June 30, 2022 the District recognized pension expense of \$785,195. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 103,605	\$
Difference between expected and actual experience	80,254	
Net difference between projected and actual earnings on pension plan investments		624,732
Unamortized lump sum payments	<u>251,955</u>	
Total	<u>\$ 435,814</u>	<u>\$624,732</u>

The \$103,605 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in future years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows (Inflows) of Resources
2022	\$ (112,600)
2023	(121,298)
2024	(137,937)
2025	<u>(172,643)</u>
	<u>\$ (544,478)</u>

Actuarial Assumptions

The total pension liability was determined by rolling forward the total pension liability determined in the June 30, 2020, actuarial accounting valuation to June 30, 2021. The June 30, 2021 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies

- (1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutory 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.

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 and forecasted returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

<u>Asset Class¹</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10²</u>	<u>Real Return Years 11+³</u>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00	1.00	2.62
Inflation assets		0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00		(0.92)

- (1) In the System's 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 2.00% used for this period.
- (3) An expected inflation of 2.92% used for this period.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

Amortization of Deferred Outflows and Deferred Inflows of Resources

The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over the remaining amortization periods. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience and Changes of Assumptions should be amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARSL for the June 30, 2021 measurement date is 3.7 years.

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 (asset) as of the measurement date calculated using the discount rate of 7.15 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent) or 1-percentage point higher (8.15 percent) than the current rate:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension plan liability (asset)	\$(169,697)	\$(1,163,184)	\$(1,984,485)

Pension Fund Fiduciary Net Position

Detailed information about each pension fund's fiduciary net position is available in the separately issued CalPERS ACFR.

Payable to Pension Plan

At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

Note 8 – Joint Powers Agreements

The District participates in two joint powers authorities (JPA’s); the Vector Control Joint Powers Agency (VCJPA) and the Central California Vector Control Joint Powers Agency (CCVCJPA). The relationships between the District and the two JPA’s are such that neither JPA is a component unit of the District for financial reporting purposes.

The District is a member of VCJPA for the purpose of pooling worker’s compensation, general liability, auto-physical damage, and property insurance. VCJPA also provides group purchased insurance coverage for business travel accident, group fidelity, deadly weapon response, and employee assistance program coverage. VCJPA is governed by a board of directors consisting of representatives from member districts. The board controls the operations of VCJPA, including selection of management and approval of operating budgets, independent of any influence by member district beyond their representation on the board. Deposit premiums for the worker’s compensation, general liability, and auto-physical damage programs are based on actuarially determined claims costs, including incurred but not reported claims, and expenses. Retrospective adjustments for the worker’s compensation and general liability programs are made on an annual basis, which can result in additional premium assessments or refunds.

The District received refunds of \$40,501 from VCJPA during the year ended June 30, 2022 as a result of the retrospective adjustment process.

CCVCJPA arranges for and provides health insurance coverage for its members, all of which are vector abatement districts located within the State of California. CCVCJPA is governed by a board of directors consisting of representatives from member districts. The board controls the operations of CCVCJPA, including selection of management and approval of operating budgets, independent of any influence by member districts beyond their representation on the board. Each member district pays a premium equal to the level of coverage required and shares surpluses and deficits equal to their participation in CCVCJPA.

Condensed financial information for the JPA’s for the most recent year available is as follows:

	<u>June 30, 2021</u>	<u>June 30, 2021</u>
	<u>VCJPA</u>	<u>CCVCJPA</u>
Total assets	\$19,656,152	\$2,103,467
Total liabilities	11,356,605	
Member trust funds		1,814,266
Net position	8,299,547	289,201
Total revenues	6,345,606	87,699
Total expenditures	<u>5,368,917</u>	<u>94,155</u>
Net increase/(decrease) in net position	<u>\$ 976,689</u>	<u>\$ (6,456)</u>

The District’s payments to VCJPA and CCVCJPA for the year ended June 30, 2022 were \$146,491 and \$12,005, respectively.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
(continued)

Note 9 – Fund Balance – Nonspendable and Committed

The following is an analysis of nonspendable and designated fund balances as of June 30, 2022:

Nonspendable:	
Note receivable	\$ 154,062
Inventory	188,015
Prepaid expense	<u>12,522</u>
	<u>\$ 354,599</u>
Committed:	
General purposes	\$ 3,916,000
Building acquisition	900,000
Contingencies	300,000
Special projects	250,000
Equipment acquisition	<u>375,000</u>
	<u>\$ 5,741,000</u>

Note 10–Intergovernmental Revenue

Intergovernmental revenue consists of the following:

Redevelopment assessments	\$ 156,481
Homeowners property tax relief	<u>28,790</u>
	<u>\$ 185,271</u>

Note 11 – Subsequent Events

Management has reviewed its June 30, 2022 financial statements and evaluated subsequent events through December 19, 2022, the date the financial statements were issued. Management is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
FOR THE YEAR ENDED JUNE 30, 2022
LAST 10 FISCAL YEARS*

California Public Employees Retirement System (CalPERS) – Schedule of the District’s Proportionate Share of the Net Pension Liability

Measurement Period	2021	2020	2019	June 30, 2018	2017	2016	2015
District’s proportion of the net pension liability (asset)	(.01612)%	.00923%	.00847%	.00807%	.01299%	.01028%	(.00006)%
District’s proportionate share of the net pension liability (asset)	\$(1,163,184)	\$389,622	\$339,139	\$303,962	\$511,957	\$ 357,105	\$ (1,708)
District’s covered-employee payroll	\$ 1,244,348	\$1,188,828	\$886,779	\$823,946	\$981,244	\$1,076,538	\$1,058,057
District’s proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	93.48%	32.77%	38.24%	36.89%	52.17%	33.17%	(0.16)%
District’s fiduciary net position as a percentage of the total pension liability	115.46%	94.50%	94.92%	95.15%	91.68%	93.61%	100.03%

California Public Employees Retirement System (CalPERS) – Schedule of the District’s Contributions

Fiscal Year Ended	2022	2021	2020	June 30, 2019	2018	2017	2016
Actuarially determined contribution	\$ 102,905	\$ 121,751	\$ 102,849	\$ 89,502	\$ 68,767	\$ 79,607	\$ 70,420
Contributions in relation to the actuarially determined contribution	<u>(102,905)</u>	<u>(605,453)</u>	<u>(218,478)</u>	<u>(206,854)</u>	<u>(223,328)</u>	<u>(79,607)</u>	<u>(70,420)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ (483,702)</u>	<u>\$ (115,629)</u>	<u>\$ (117,352)</u>	<u>\$ (154,561)</u>	<u>\$ 0</u>	<u>\$ 0</u>
District’s covered-employee payroll	\$1,244,348	\$1,188,828	\$886,779	\$823,946	\$981,244	\$1,076,538	\$1,058,057
Contributions as a percentage of covered-employee payroll	8.27%	50.93%	24.64%	25.11%	22.76%	7.39%	6.66%

*Historical information is required only for measurement periods for which GASB 68 is applicable.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
FOR THE YEAR ENDED JUNE 30, 2022
LAST 10 FISCAL YEARS

Notes to Schedule

The actuarial methods and assumptions used to determine contribution rates for fiscal year ended June 30, 2022 was from the June 30, 2019 valuation date.

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.0%
Inflation	2.50%
Salary Increases	Varies ⁽¹⁾
Payroll growth	2.75%
Investment Rate of Return	7.00% ⁽²⁾
Mortality ⁽³⁾	CalPERS' Membership Data

- ⁽¹⁾ Depending on age and service
- ⁽²⁾ Net of pension plan investment and administrative expenses, including inflation
- ⁽³⁾ The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. For more details on this table, please refer to the 2017 experience study report.

CONSOLIDATED MOSQUITO ABATEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget- Positive (Negative)</u>
REVENUES				
Property taxes	\$3,795,447	\$3,795,447	\$4,218,096	\$ 422,649
Intergovernmental	91,412	91,412	185,271	93,859
Charges for services	10,000	10,000	9,963	(37)
Use of money and property	25,000	25,000	(237,123)	(262,123)
Insurance recoveries and adjustments			46,578	46,578
Other			11,304	11,304
Total Revenues	<u>3,921,859</u>	<u>3,921,859</u>	<u>4,234,089</u>	<u>312,230</u>
EXPENDITURES				
Current:				
Salaries and wages	1,765,000	1,765,000	1,546,628	218,372
Employee benefits	597,000	597,000	445,321	151,679
Supplies and maintenance	484,000	484,000	336,147	147,853
Motor vehicles	207,000	207,000	144,445	62,555
Insurance	163,000	163,000	152,568	10,432
Surveillance and research	50,000	50,000	29,060	20,940
GIS & GPS	60,000	60,000	48,744	11,256
County service charge		51,000	60,739	(9,739)
Utilities	58,000	58,000	45,651	12,349
Communications	44,000	55,000	44,854	10,146
Rent	2,000	2,000		2,000
Travel and subsistence	56,000	56,000	36,023	19,977
Dues and subscriptions	28,000	28,000	21,391	6,609
Office supplies	33,000	33,000	16,690	16,310
Uniforms	30,000	30,000	21,183	8,817
Legal and accounting	28,000	28,000	18,301	9,699
Education and publicity	30,000	30,000	13,213	16,787
Capital outlay	395,000	420,000	5,106	414,894
Debt service:				
Loan and lease purchase payments	290,000	290,000	287,591	2,409
Total Expenditures	<u>4,320,000</u>	<u>4,407,000</u>	<u>3,273,655</u>	<u>1,133,345</u>
Excess of revenues over expenditures	(398,141)	(485,141)	960,434	1,445,575
OTHER FINANCING SOURCES				
Sale of capital assets			246,303	246,303
Insurance proceeds			35,641	35,641
Total Other Financing Sources			<u>281,944</u>	<u>281,944</u>
Net change in fund balance	(398,141)	(485,141)	1,242,378	1,727,519
Fund Balance, Beginning of Year	<u>7,002,215</u>	<u>7,002,215</u>	<u>7,002,215</u>	<u> </u>
Fund Balance, End of Year	<u>\$6,604,074</u>	<u>\$6,517,074</u>	<u>\$8,244,593</u>	<u>\$1,727,519</u>



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

Board of Trustees
Consolidated Mosquito Abatement District
Parlier, 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 Consolidated Mosquito Abatement District (the District) as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Consolidated Mosquito Abatement 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 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Consolidated Mosquito Abatement District's financial statements are free of 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 the 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.

Sampson, Sampson & Patterson, LLP

Clovis, California
December 19, 2022