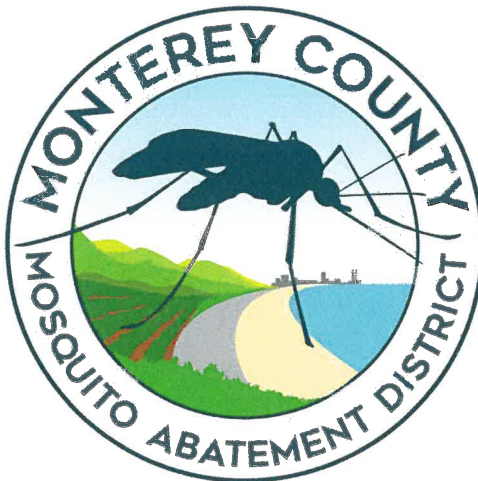


**NORTHERN SALINAS VALLEY
MOSQUITO ABATEMENT DISTRICT**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2021**



**NORTHERN SALINAS VALLEY
MOSQUITO ABATEMENT DISTRICT**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northern Salinas Valley Mosquito
Abatement District
Salinas, California

We have audited the accompanying financial statements of the Northern Salinas Valley Mosquito Abatement District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2021, and the respective changes in financial position and, cash flows 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 California State Controller's Office and California regulations governing Special Districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 40-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bianchi, Kasavan & Pope, LLP
Salinas, California
June 13, 2022

**NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

This discussion and analysis of the Northern Salinas Valley Mosquito Abatement District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's basic financial statements.

Financial Highlights

- The net position at June 30, 2021, was \$4,647,050 which reflects an increase of \$530,785 from prior year.
- Total revenues from all sources increased by 8.3% or \$184,011 to \$2,398,561, from prior year, which is primarily the result of increased parcel fee assessments.
- Total expenses decreased by 4.8% or \$95,164 to \$1,867,776 from prior year, which is primarily result of decreased services and supplies.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements.

Government-wide Financial Statement

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

Statement of Net Position

The statement of net position presents financial information on all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the difference reported as net position. Over time, increase or decrease in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities

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

The government-wide financial statements can be found on pages 8 - 9 of this report.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like state or local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintain only one governmental fund (general fund) which is considered to be major fund.

**NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Governmental Fund

Governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental fund 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 fund and governmental activities.

The basic governmental fund financial statements can be found on pages 10 - 14 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 39 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information (RSI) concerning the District's progress in funding its obligations to provide pension and OPEB benefits to its employees. The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule presented in RSI is provided for the general fund to demonstrate compliance with budget. RSI can be found immediately after the notes the financial statements on pages 40 - 45.

**NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Governmental-wide Overall Financial Analysis

Summary of Net Position

A comparative summary of the District's Statement of Net Position as of June 30 are as follows:

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change %</u>
Assets				
Current assets	\$6,235,637	\$3,559,015	\$2,676,622	75.2%
Other assets	653,862	641,187	12,675	2.0%
Capital assets, net	4,267,732	1,588,701	2,679,031	168.6%
Total assets	<u>11,157,231</u>	<u>5,788,903</u>	<u>5,368,328</u>	<u>92.7%</u>
Deferred outflow of resources	<u>315,631</u>	<u>404,695</u>	<u>(89,064)</u>	<u>-22.0%</u>
Liabilities				
Current liabilities	286,694	104,198	182,496	175.1%
Long-term liabilities	6,319,535	1,792,117	4,527,418	252.6%
Total liabilities	<u>6,606,229</u>	<u>1,896,315</u>	<u>4,709,914</u>	<u>248.4%</u>
Deferred inflow of resources	<u>219,583</u>	<u>181,018</u>	<u>38,565</u>	<u>21.3%</u>
Net Position				
Net investment in capital assets	530,702	1,588,701	(1,057,999)	-66.6%
Assigned	952,786	-	952,786	100.0%
Unrestricted	3,163,562	2,527,564	635,998	25.2%
Total net position	<u>\$4,647,050</u>	<u>\$4,116,265</u>	<u>\$ 530,785</u>	<u>12.9%</u>

Net position increased in 2021 to \$4,647,050 up \$530,785 from fiscal year ended 2020.

Net investment in capital assets increased by \$2,679,031. This increase is primarily the net result of constructing a new District office building.

The increase in current assets is primarily due to the increase in restricted cash received as a loan from the construction of the new District office building and from the related construction-in-progress.

The increase in long-term liabilities is a direct result of the new construction loan and changes in assumptions, expected and actual experience, changes in proportion and contribution to the District's pension and Other Post Employment Benefit (OPEB) plans. Additional information on the District's pension and OPEB plans can be found in Notes 6 and 8.

**NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Statement of Activities

A comparative summary of the District's Statement of Activities for the years ended June 30 is as follows:

	2021	2020	Change	Change %
Revenues:				
Program revenue	\$ 714,183	\$ 538,198	\$ 175,985	32.7%
General revenue	1,684,378	1,676,352	8,026	0.5%
Total revenue	<u>2,398,561</u>	<u>2,214,550</u>	<u>184,011</u>	<u>8.3%</u>
Expenses				
Salaries and related employee benefits	1,206,945	1,299,256	(92,311)	-7.1%
Services, supplies and other expenses	660,831	663,684	(2,853)	-0.4%
Total expenses	<u>1,867,776</u>	<u>1,962,940</u>	<u>(95,164)</u>	<u>-4.8%</u>
Change in net position	530,785	251,610	279,175	111.0%
Net position - beginning of year	<u>4,116,265</u>	<u>3,864,655</u>	<u>251,610</u>	<u>6.5%</u>
Net position - end of year	<u><u>\$4,647,050</u></u>	<u><u>\$4,116,265</u></u>	<u><u>\$530,785</u></u>	<u><u>12.9%</u></u>

The increase in total revenue is mainly due to increase in total parcel fee assessments collected by the District. The decrease in salaries and related employee benefits are directly attributed to turnover in certain staff positions. The decrease in services, supplies and other expenses is a result of a decrease in chemical supplies and a decrease in professional services related to attorney fees for the extension of office building lease that were incurred the year before.

Capital Assets, Net

The District's capital assets as of June 30 are as follows:

	2021	2020	Change	Change %
Depreciable assets				
Structures and improvements	\$ 1,050,213	\$ 1,050,213	\$ -	0.0%
Equipment and vehicles	848,875	1,097,225	(248,350)	-22.6%
Non-depreciable assets				
Land	751,768	751,768	-	0.0%
Construction-in-process	<u>3,047,156</u>	<u>329,673</u>	<u>2,717,483</u>	<u>824.3%</u>
Total capital assets	5,698,012	3,228,879	2,469,133	76.5%
Accumulated depreciation	<u>(1,430,280)</u>	<u>(1,640,178)</u>	<u>209,898</u>	<u>-12.8%</u>
Capital assets, net	<u><u>\$4,267,732</u></u>	<u><u>\$1,588,701</u></u>	<u><u>\$2,679,031</u></u>	<u><u>168.6%</u></u>

Capital assets include land, structures and improvements, equipment and vehicles, and construction in process. Capital assets, net increased by \$2,679,031 over last year's capital asset, net balance. The increase consists primarily of construction-in-progress of \$2,717,483.

**NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Factors Affecting Future Periods and Other Issues

Significant factors noted by management affecting future periods are as follows:

Revenues and Expenses

During the year, the special assessment fees were \$8.42 and \$8.16 per parcel for Zones A and B, respectively, with a total of approximately 83,844 parcels assessed by the County Assessor's Office. From July 1, 2016, and onward, the parcel fee will be determined by budgetary need. These fees shall not remain a static number, will be re-calculated every year, and must be approved not only by the Board of Trustees, but with a civil engineer who prepares an annual report dictating the dollar amount. Overall, revenues and expenses are expected to remain constant for the next few years. The sustained unknown factor will be the financial impact of newly introduced invasive mosquito species to California, capable of transmitting novel diseases to people in this region, and the continued potential for an epidemic of West Nile virus. Mitigation efforts by the District to control either scenario could be astronomical.

Economic Factors

The estimated population residing in the 458 square miles within the Northern Salinas Valley Mosquito Abatement District has remained fairly constant over the past year. The number of individuals residing in unincorporated areas of the District approximated 267,000.

In November 2016, the Local Area Formation Commission (LAFCO) increased the District's sphere of influence to include the rest of the county which is the first major step to annex the rest of Monterey County. This move is in preparation for controlling the invasive mosquito population which carries exotic new diseases. The expansion would add an additional 75,000 parcels and 3,000 square miles which would require the District to secure funding through a tax exchange or another Proposition 218 benefit assessment in order to ensure the District has the necessary staff and equipment to support the increase in area. Without proper funding and support, the increased area could be a major liability to the District.

The very knowledgeable Board of Trustees and highly competent staff continue to permit the District to seek new and better ways to carry out its responsibilities. The financial state of California appears to have somewhat stabilized; however, constant vigilance must be maintained in order to best prepare the District for the vagaries of local and state politics.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's accountability for the District's assets. If you have questions about this report or need additional financial information, contact the Northern Salinas Valley Mosquito Abatement District, 342 Airport Boulevard, Salinas, California 93905. Salinas office: (831) 422-6438. Email: info@montereycountymosquito.com.

BASIC FINANCIAL STATEMENTS

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

Assets	
Current assets:	
Cash and investments	\$ 3,892,345
Prepaid expenses	51,432
Restricted cash and investments	<u>2,291,860</u>
Total current assets	<u>6,235,637</u>
Noncurrent assets:	
Restricted cash and investments held in PARS irrevocable pension trust (Note 3)	26,076
Deposits with Vector Control Joint Powers Agency (VCJPA)	627,786
Capital assets, net	<u>4,267,732</u>
Total noncurrent assets	<u>4,921,594</u>
Total assets	<u>11,157,231</u>
Deferred outflows of resources	
Deferred outflows of resources - pension	295,492
Deferred outflows of resources - OPEB	<u>20,139</u>
Total deferred outflows of resources	<u>315,631</u>
Total assets and deferred outflows of resources	<u>\$ 11,472,862</u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 31,196
Compensated absences - due within one year	73,983
Construction loan - due within one year	<u>181,515</u>
Total current liabilities	<u>286,694</u>
Noncurrent liabilities:	
Compensated absences - due in more than one year	23,815
Construction loan - due in more than one year	4,616,919
Net pension liability	1,530,187
Net OPEB liability	<u>148,614</u>
Total noncurrent liabilities	<u>6,319,535</u>
Total liabilities	<u>6,606,229</u>
Deferred inflows of resources	
Deferred inflows of resources - pension	80,025
Deferred inflows of resources - OPEB	<u>139,558</u>
Total deferred inflows of resources	<u>219,583</u>
Total liabilities and deferred inflows of resources	<u>6,825,812</u>
Net position	
Net investment in capital assets	530,702
Assigned	952,786
Unrestricted	<u>3,163,562</u>
Total net position	<u>4,647,050</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 11,472,862</u>

See accompanying notes to basic financial statements

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Total	Governmental Activities
Governmental activities					
Mosquito abatement	\$ 1,867,776	\$ 11,863	\$ 702,320	\$ 714,183	\$ (1,153,593)
 Total governmental activities	 <u>\$ 1,867,776</u>	 <u>\$ 11,863</u>	 <u>\$ 702,320</u>	 <u>\$ 714,183</u>	 <u>(1,153,593)</u>

General Revenues:

Taxes	1,391,737
Special district taxes	213,218
Investment earnings	39,926
Gain on disposal of assets	20,000
Miscellaneous	19,497
Total general revenues	<u>1,684,378</u>
Change in net position	530,785
Net position - beginning of year	<u>4,116,265</u>
Net position - end of year	<u>\$ 4,647,050</u>

See accompanying notes to basic financial statements

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
BALANCE SHEET GOVERNMENTAL FUND
GENERAL FUND
JUNE 30, 2021

Assets

Current Assets:

Cash	\$ 3,137,984
Taxes and other receivables (net of allowance, \$35,670)	-
Prepaid expenses	51,432
Certificate of deposit	754,361
Restricted cash and investments	<u>2,291,860</u>
Total current assets	<u>6,235,637</u>

Noncurrent Assets:

Deposits with Vector Control Joint Powers Agency (VCJPA)	<u>627,786</u>
Total noncurrent assets	<u>627,786</u>
Total assets	<u><u>\$ 6,863,423</u></u>

Liabilities

Current liabilities:

Accounts payable	<u>\$ 31,196</u>
Total current liabilities	<u>31,196</u>

Fund Balances

Nonspendable	51,432
Assigned	
Deposits	627,786
Building and education fund	325,000
Unassigned	<u>5,828,009</u>
Total fund balances	<u>6,832,227</u>
Total liabilities and fund balances	<u><u>\$ 6,863,423</u></u>

See accompanying notes to basic financial statements

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balances - Governmental Fund	\$ 6,832,227
Amounts reported for governmental activities in the statement of of net position are different because:	
Restricted cash and investment held by pension trust in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet:	
Cash and investments held in PARS irrevocable pension trust	26,076
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet:	
Governmental capital assets	5,698,012
Less accumulated depreciation	(1,430,280)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the balance sheet of governmental funds:	
Deferred outflows of resources	315,631
Deferred inflows of resources	(219,583)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the balance sheet of governmental funds:	
Compensated absences	(97,798)
Construction loan	(4,798,434)
Net pension liability	(1,530,187)
Net OPEB liability	(148,614)
Net Position of Governmental Activities	\$ 4,647,050

See accompanying notes to basic financial statements

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Revenues:	
Taxes	\$ 1,391,737
Parcel fees	702,320
Charges for services	11,863
Special district taxes	213,218
Interest income	34,979
Miscellaneous	19,497
	<hr/>
Total revenues	2,373,614
Expenditures:	
Salaries and employee benefits:	
Salaries	789,826
Retirement	176,572
Other Post Employment Benefits	10,662
Deferred compensation employer contribution	5,450
Employee insurance	198,874
	<hr/>
Total salaries and employee benefits	1,181,384
Services, supplies, and other expenditures:	
Agricultural supplies	29,608
Agricultural services	36,897
Capital outlay	2,800,069
Clothing and personal	3,113
Communications	9,330
County - administrative fee	15,359
Debt service - interest payment	125,959
Educational program	14,786
Fish culture	583
Household	11,756
Insurance	55,718
Maintenance	43,256
Memberships	14,298
Office	5,908
Professional and special services	79,220
Rent and lease	51,202
Research lab/continuing education	7,815
Safety supplies	1,205
Special District expense	9,224
	<hr/>
Total forward	3,315,306

See accompanying notes to basic financial statements

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND, (Continued)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Total forward	3,315,306
Expenditures (Continued):	
Services, supplies, and other expenditures (Continued):	
Transportation and travel	1,637
Trustee board meeting	1,965
Utilities	20,952
	3,339,860
Total services, supplies, and other expenditures	3,339,860
Total expenditures	4,521,244
Excess of revenues over expenditures	(2,147,630)
Other financing sources:	
Proceeds from sale of equipment	20,000
Proceeds from construction loan	4,798,434
	4,818,434
Total other financing sources	4,818,434
Net change in fund balance	2,670,804
Fund balance - beginning of year	4,161,423
Fund balance - end of year	\$ 6,832,227

See accompanying notes to basic financial statements

**NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balance - Total Governmental Fund	\$ 2,670,804
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but the cost of those capital assets is allocated over their estimated useful lives and reported as depreciation expense are reported as capital assets in the statement of activities:	
Capital outlay	2,755,069
Depreciation	(96,038)
The net effect of various miscellaneous transactions involving capital assets is to decrease net position	
Gain on disposition of capital assets	20,000
Investment earning on PARS irrevocable pension trust are not available to pay current period expenditures and, therefore, are not reported as income in governmental fund	
	4,945
Proceeds of construction loan are reported as an other financing source in fund statements because they are current financial resources, but a liability on statement of net of net position.	
	(4,798,434)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	64,062
Change in net pension liability and related deferrals	(101,211)
Change in net OPEB liability and related deferrals	11,588
Change in Net Position for Governmental Activities	\$ 530,785

See accompanying notes to basic financial statements

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. Organization and Description of District

The Northern Salinas Valley Mosquito Abatement District (the District) was organized November 29, 1950, as a mosquito abatement district under the provisions of Chapter V, Division of the California Health and Safety Code by action of the Monterey County Board of Supervisors. The areas encompassed were generally known as Alisal, Castroville, Elkhorn, Spreckels and Salinas. On January 26, 1953, the areas generally known as Seaside, Sand City, Marina, Del Rey Oaks, San Benancio Canyon and Corral de Tierra were annexed to the District by action of its Board of Trustees. On December 14, 1964, the Buena Vista area was added to the District. On April 12, 1993, the City of Monterey was added to the District.

2. Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government unit (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

Basis of Presentation and Accounting

Basic Financial Statements – The District has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide statements to be combined. The effect of internal activity between funds or groups of funds has been eliminated from these financial statements.

Measurement Focus and Basis of Accounting – the accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the types of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon 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 have been earned and 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 considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
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and interest expenditure on general long-term debt, as well as expenditures related to compensated absences and postemployment benefits are recognized later based on specific accounting rule applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Ad valorem tax associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current period. Charges for services, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available.

Reconciliation of the Governmental Funds financial statements to the Government-Wide financial statements is provided to explain the differences created by the different measurement focus and basis of accounting.

Budget

The District's Board of Trustees approves the initial budget and subsequent changes during the year. The amended budget amounts in the financial statements are the final amounts approved by the Board of Trustees. The budget amounts reflected in the financial statements are prepared on a cash basis which does not substantially differ from the amounts the District would have reported on the modified accrual basis.

Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, deposits in checking account, and demand deposit account maintained by the Monterey County Treasurer's Office.

Investment

Investment consists of a certificate of deposit with an initial maturity of more than three months and funds maintained in Monterey County Treasury investment pool.

Receivables

Receivables are amounts due representing revenues earned or accrued in the current period. Receivables which have been remitted within 60 days subsequent to year end are considered measurable and available recognized as income in the government-fund financial statements.

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The allowance is based on an assessment of the current status of individual accounts.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and governmental funds financial statements, as applicable.

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NOTES TO BASIC FINANCIAL STATEMENTS
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Restricted Cash and Investment

Restricted cash and investment of the District represent funds set-aside in Public Agency Retirement Services (PARS) irrevocable pension trust to hold assets that are legally restricted for use in administering the District's pension plan.

Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and vehicles, are reported in the Government-Wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are recorded at estimated acquisition cost at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. The District has established capitalization thresholds for reporting capital assets at the following years of useful lives:

Buildings	40 Years
Leasehold Improvements	15 Years
Vehicles	5 Years
Office equipment	5 Years
All other equipment	7 Years

Compensated Absences

District employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. Accumulated vacation pay will be paid upon termination of employment. Vacation time may be accumulated or postponed. The total accumulated vacation time shall not exceed 30 days after December 31 of any given year. Upon retirement, 100% of sick leave may be converted to retirement service credit or an employee shall be compensated for 1/3 of his/her accumulated sick leave at straight time rate of pay. Upon resignation an employee shall be compensated for 1/3 of his/her accumulated sick leave.

Pensions

The District offers 2 retirement plans to its employees. Employees hired before January 1, 2013 are members of the CalPERS Classic Plan and employees hired after January 1, 2013 are members of the California Public Employees' Pension Reform Act Plan (PEPRA Plan).

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expenses, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS finance office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 6 for the CalPERS Classic Plan disclosures.

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2021

Post-employment Benefits Other than Pensions

The District's net Other Post-Employment Benefits (OPEB) liability is recognized as a long-term liability in the Statement of Net Position, the amount is actuarially determined. The District offers health benefits to retirees under age 65 as well as their qualified dependents, as required by state law. The District joined the Public Agency Retirement Services (PARS) in 2020 to prefund its OPEB liability. Its initial cash contribution to the plan was \$60,000.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report 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 future periods and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The District has the following items that qualify for reporting in this category:

- Deferred outflows of resources related to pensions are reported in the government-wide financial statements as described further in Note 6.
- Deferred outflows of resources related to OPEB are reported in the government-wide financial statements as described further in Note 8.

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*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows of resources related to pensions are reported in the government-wide financial statements as described further in Note 6.
- Deferred inflows of resources related to OPEB are reported in the government-wide financial statements as described further in Note 8.

Fund Accounting

The accounts of the District are organized on the basis of a fund which is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue and expenditures as appropriate. The District has only one major fund – the General Fund.

General Fund – Assigned for Deposits

The District has established a deposit fund to recognize that insurance deposits are not immediately available for general operations. Only after they have been refunded by the insurance organization are they available to the District.

General Fund – Assigned Building and Education Fund

The District has established a Building and Education Fund for the purposes of facility improvement, replacement, lease payments and the educational assistance of staff. All funds in excess of 75% of the budget shall be deposited in the reserved fund. Expenditures from the fund

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may be expended only upon a 4/5 vote of the Board of Trustees. The District is planning to utilize these funds to cover the construction cost of the new office building.

Net Position

The District's Governmental-Wide net position is classified in the following categories:

- Net investment in capital assets - this component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction, or improvement of those assets.
- Restricted - this component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - this component of net position consists of net amount of assets that are not included in the determination of restricted or net investment in capital assets.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

In the fund financial statements, government funds report the following fund balance classification:

- Nonspendable – includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – includes amount that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – includes amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the Board of Trustees. The formal action that is required to be taken to establish, modify or rescind a fund balance commitment is through Board resolution.
- Assigned – includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by Board of Trustees which has the authority to remove or change the assignment of the funds with a simple majority vote.
- Unassigned – includes the residual amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

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The fund balance of the District's governmental fund is classified as nonspendable, assigned and unassigned as presented on the balance sheet on Page 10.

Property Taxes Revenue

The County of Monterey Assessor's Office (the County) assess all real and personal property taxes within the County each year. The County of Monterey Collector's Office bills and collect the district's share of property taxes. Property taxes are accounted for as collected and remitted by the County of Monterey Treasurer's Office in the governmental funds after charging the District an administration fee of \$15,359. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. The District receives a percentage of the 1% property tax ad valorem rate.

Property taxes receivable at year-end are related to property taxes collected by the County of Monterey which have not been credited to the District's cash balance as of June 30th. The property tax calendar is as follows: Secured property taxes for each year ended June 30 are payable in equal installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31.

Parcel Fee Revenue

The District board of trustees approved parcel fee assessment every year. The approved assessment rate for fiscal year 20-21 is \$5.96 per single-family equivalent benefit unit for Zone A, and \$5.78 per single-family equivalent benefit unit for Zone B which is same as last year. Assessed parcel fee are accounted for as collected and remitted by the County of Monterey Treasurer's Office in the governmental fund.

Charges for Services

The District also provides abatement services to cities and counties outside of their jurisdiction, businesses, and individuals which are invoiced and collected by the District.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

- | | | |
|------------------|---|--|
| Statement No. 84 | <i>"Fiduciary Activities"</i> | The provisions of this statement are effective for reporting periods beginning after December 15, 2019. The District has implemented this pronouncement for the fiscal year 2020-21. |
| Statement No. 90 | <i>"Majority Equity Interests
—An Amendment of
GASB Statements No. 14
and No. 61"</i> | The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. The District has implemented this pronouncement for the fiscal year 2020-21. |
| Statement No. 93 | <i>"Replacement of
Interbank Offered Rates"</i> | The provisions of this Statement are effective for reporting periods beginning after June 15, 2020. The District has implemented this pronouncement for the fiscal year 2020-21. |
| Statement No. 98 | <i>"Annual Comprehensive
Financial Report"</i> | The provisions of this Statement are effective for reporting periods beginning after June 15, 2021. The District has implemented this pronouncement for the fiscal year 2020-21. |

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Future Accounting Pronouncements: GASB Statements listed below will be implemented in future financial statements:

Statement No. 87	<i>"Leases"</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2021.
Statement No. 89	<i>"Accounting for Interest Cost Incurred before the End of a Construction Period"</i>	The provisions of this statement are effective for reporting periods beginning after December 15, 2020.
Statement No. 91	<i>"Conduit Debt Obligations"</i>	The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.
Statement No. 92	<i>"Omnibus 2020"</i>	The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.
Statement No. 94	<i>"Public-Private and Public-Public Partnerships and Availability Payments Arrangements"</i>	The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.
Statement No. 96	<i>"Subscription-Based Information Technology Arrangements"</i>	The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.
Statement No. 97	<i>"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"</i>	The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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3. Cash and Investments

Cash and investments as of June 30, 2021, consist of the following:

Cash and investment in Monterey County Treasury Investment Pool	\$ 2,892,696
Cash and investment in bank	999,509
Restricted cash and investments held by U.S. Bank	2,291,860
Restricted cash and investments held by PARS irrevocable pension trust	26,076
Cash on hand	140
	<u>\$ 6,210,281</u>

It is the policy of the District to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and confirming to all state and local statutes governing the investment of public funds, using the “prudent person” standards for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield.

The District utilizes a pooled for most of its cash and investment in the Monterey County Treasury (the County Treasury), to maximize its investment program. Investment income from this pooling is allocated based upon the District’s pro-rata share of the fair value provided by the County Treasurer. The deposits and investments of the irrevocable pension trust fund are held separately by the Public Agency Retirement Services.

A. Cash Deposits with Financial Institutions

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by 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.

The District maintains a checking account with Comerica Bank and uses this account as the operating account for the District. At June 30, 2021, the District’s bank balance was \$245,148 and was not exposed to custodial credit risk. The deposits at Comerica are insured by the Federal Deposit Insurance Corporation (FDIC) up to the amount of \$250,000.

The District also has a project fund account held with U.S. Bank which is restricted for the construction of the new headquarter facility. At June 30, 2021, the District’s bank balance was \$2,291,860.

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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B. Investment

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. Agencies, mutual funds with portfolios of securities issued or guaranteed by the United State Government, or agreement to repurchase these same obligations, negotiable and non-negotiable certificates of deposits, municipal bonds, commercial papers, corporate bonds, and the State or County Treasurer's Investment Pool.

Investments in County Treasury

The District maintains most of its cash in the Monterey County Treasury (the County Treasury). The County Treasury pools these funds with those of other districts in the county and invests the cash. The fair value of the District's investment in the 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 County Treasurer (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which are recorded on an amortized cost basis.

The County Treasury is authorized to deposit cash and invest excess funds by California Government code Section 53648 et seq.

The County Treasury 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; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

The value of the District deposits in this pool as of June 30, 2021, as provided by the pool sponsor was \$2,892,696. The Treasury Investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Cash accounts which essentially operate as demand deposit accounts are maintained by the Monterey County Treasurer's Office. Available cash balances are controlled and invested by the County Treasurer in pooled investment funds in order to provide safety, liquidity and high investment returns for all funds. Earnings from these funds are generally credited to the District's accounts on a quarterly basis. The balances are not insured or collateralized.

Pension Trust

The District established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's pension and OPEB plans. The pension and OPEB trust Funds' specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the District. The guidelines and investment policies are as follows:

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Risk tolerance	Capital appreciation
Risk management	The portfolio is constructed to control risk through four layers of diversification - asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process help to drive return potential while reducing portfolio risk.
Investment Objective	The primary goal of the capital appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.
Strategic Ranges	0% - 20% Cash 10% - 30% Fixed Income 65% - 85% Equity

Certificate of Deposit

The District invested \$752,917 in a certificate of deposit earning interest at a rate of .1% maturing on July 19, 2021. The certificate of deposit is FDIC insured up to \$250,000. The fair market value of the District's certificate of deposit as of June 30, 2021, was \$754,361.

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 values to changes in market interest rates. As of June 30, 2021, the weighted average maturity of the investments contained in the Monterey County Treasury Investment pools was approximately 604 days.

As of June 30, 2021, the District had the following investments:

<u>Investment type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1 Year</u>	<u>1-5 Years</u>
Monterey County Treasury	\$ 2,892,696	\$ 2,892,696	\$ -
Comerica bank	754,361	754,361	-
U.S. Bank money market fund	2,291,860	2,291,860	-
PARS irrevocable pension trust	26,076	26,076	-
	<u>\$ 5,964,993</u>	<u>\$ 5,964,993</u>	<u>\$ -</u>

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 nationally recognized statistical rating organization. The Monterey County investment pool does not have a rating provided by a nationally recognized statistical rating organization. Approximately 84.2% of the

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investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, and negotiable other liquid funds. All assets have a better than investment grade rating. U.S. Treasuries are not specifically rated but are considered the safest of all investments. All corporate debt (13.1%) is rated in the higher levels of investment grade and all Federal Agency and municipal holdings are rated AA ratings. The Supranationals (2.7%) is rated AAA. The credit quality of the Treasurer's portfolio continues to be high.

Summarized below are the ratings of the District's investments as of June 30, 2021:

Issuers	Amount	S&P	Moody's	% of Total
Monterey County Treasury	\$2,892,696	NR	NR	48.6%
Comerica bank	754,361	A-/A-2	Aa3	12.6%
U.S. Bank money market fund	2,291,860	NR	NR	38.4%
PARS irrevocable pension trust	26,076	NR	NR	0.4%
	<u>\$5,964,993</u>			<u>100.0%</u>

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District manages this risk by placing funds with financial institutions that are insured and by the fact that the monies in the Monterey County Treasury are diverse according to the policies of the investment pool. The Monterey County Treasury's investment policy may be obtained from the Comprehensive Annual Financial Report on the County of Monterey website.

Disclosures Related to Fair Value Measurement

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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The District had the following recurring fair value measurements as of June 30, 2021:

<u>Investment by Fair Value Level</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of deposit	\$ 754,361	\$ -	\$754,361	\$ -
<u>Investment Not Measures at Fair Value</u>				
Monterey County Treasury pool	2,892,696			
U.S. Bank money market fund	2,291,860			
PARS irrevocable pension trust	26,076			
Total investment	<u>\$ 5,964,993</u>			

4. Capital Assets, Net

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Dispositions</u>	<u>June 30, 2021</u>
<u>Depreciable assets</u>				
Structures and improvements	\$ 1,050,213	\$ -	\$ -	\$ 1,050,213
Equipment and vehicles	1,097,225	57,586	(305,936)	848,875
<u>Non-depreciable assets</u>				
Land	751,768	-	-	751,768
Construction in process	329,673	2,717,483	-	3,047,156
Total capital assets	3,228,879	2,775,069	(305,936)	5,698,012
Accumulated depreciation	(1,640,178)	(96,038)	305,936	(1,430,280)
Capital assets, net	<u>\$ 1,588,701</u>	<u>\$ 2,679,031</u>	<u>\$ -</u>	<u>\$ 4,267,732</u>

Depreciation expense for the year ended June 30, 2021, was \$96,038.

5. Compensated Absences

The following is a summary of compensated absences for the year ended June 30, 2021:

	<u>June 30,</u>			<u>June 30,</u>	<u>Due Within</u>
	<u>2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>2021</u>	<u>One Year</u>
Compensated absences	<u>\$ 161,860</u>	<u>\$ 61,891</u>	<u>\$(125,953)</u>	<u>\$ 97,798</u>	<u>\$ 73,983</u>

The District's liability for vested and unpaid compensated absences (accrued vacation and sick time) in the governmental activities has been accrued in the amounts of \$97,798 at June 30, 2021. There is no fixed payment schedule for compensated absences. Compensated absences are paid, if matured, out of the General Fund.

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6. Pension Plan

A. General Information about the Pension Plan

Plan Description – All qualified employees are eligible to participate in the District Miscellaneous and PEPRAs Miscellaneous Employee Pension Plan, cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. 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, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment.

Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRAs Miscellaneous members become eligible for Service Retirement upon attainment of age 52 with at least 5 years of service. 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 adjustments for the plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2020, the measurement date, are summarized as follows:

	Miscellaneous	
	Classic	PEPRA
Hire date	Hire prior to January 1, 2013	Hire on or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% at 62
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Final Average Compensation Period	One Year	Three Year
Required employee contribution rates	8.00%	6.250%
Required employer contribution rates	10.221%	6.985%
Required Payment of Unfunded Liability	\$92,987	\$1,380

On September 12, 2012, the California Public Employees’ Pension Reform Act of 2013 (PEPRA) was signed into law. PEPRA took effect January 1, 2013, and affects new CalPERS members on or after January 1, 2013, through provisions affecting benefit

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formulas, the definition of what comprises pensionable earning, limits on pensionable earnings, and other matters. The new law calls for new employees to pay 50 percent of the normal cost of benefits. In addition to creating new retirement formulas for newly hired members, PEPRAs also effectively closed all existing active risk pools to new employees.

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 Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, the employer contributions to the Plan were as follows:

Misc. Classic	\$	141,012
Misc. PEPRAs		17,729
	\$	158,741

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

As of June 30, 2021, the District reported its proportionate share of the net pension liability as follows:

District’s Miscellaneous Plan	\$	1,530,187
Total Net Pension Liability	\$	1,530,187

The District’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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 plans relative to the projected contributions for all participating employers, actuarially determined. The District’s proportionate share of the net pension liability as of June 30, 2021 and 2020, were as follows:

	Percentage Share of Risk		Change:
Fiscal year ended	6/30/2021	6/30/2020	Increase/(Decrease)
Measurement date	6/30/2020	6/30/2019	
Percentage of Plan (PERF C) NPL	0.0363%	0.0352%	0.0011%

For the year ended June 30, 2021, the District recognized pension expense of \$259,952. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,856	\$ -
Changes in assumption	-	10,915
Net differences between projected and actual earnings on plan investments	45,457	-
Change in employer's proportion	12,438	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	69,110
Pension contributions subsequent to measurement date	158,741	-
Total	\$ 295,492	\$ 80,025

The deferred outflows of resources to contributions of \$158,741 were subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Recognition of other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2022	\$ (10,105)
2023	21,584
2024	23,444
2025	21,803
Total	<u>\$ 56,726</u>

Actuarial Methods and Assumptions used to determine Total Pension Liability - For the measurement period ended June 30, 2020, (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019, actuarial accounting valuation. The June 30, 2021, total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table*	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.50% until Purchasing Power
Post-retirement benefit increase	Protection Allowance Floor on Purchasing Power applies

**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, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.*

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Changes of Assumptions – There were no changes in the discount rate for the PERF C, which remained at 7.15%.

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 statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The expected real rates of return by asset class per the CalPERS’ Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020, as followed:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 1-10**</u>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00	1.00	2.62
Inflation assets	0.00	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)

*An expected inflation of 2.00% used for this period

**An expected inflation of 2.92% used for this period

Amortization of Deferred Outflows and Deferred Inflows of Resources – Net difference between projected and actual 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,

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

and the remaining net difference between projected and actual investment earning on pension plan investments is amortized over the remaining amortization periods. Net difference between projected and actual investment earning 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 are 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 PERF C for the June 30, 2020 measurement date is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of all active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

The following presents the proportionate share of the net pension liability of the District's Plan as of the Measurement Date June 30, 2020, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate		
	6.15%	7.15%	8.15%
	(1% Decrease)	(Current Rate)	(1% Increase)
Measurement date		June 30, 2020	
Fiscal Year End		June 30, 2021	
Net Pension Liability	\$ 2,303,167	\$ 1,530,187	\$ 891,499

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

Subsequent Events – There were no subsequent events that would materially affect the results presented in this disclosure.

7. Deferred Compensations Plan

Employees of the District are eligible to participate in a deferred compensation plan adopted under the provision of Internal Revenue Code 457(b). Under the plan, employee may elect to defer a portion of their salaries before taxes.

The deferred compensation amount is not available for withdrawal by employees until termination of employment, death, disability or financial hardship. Participants can elect to contribute an amount generally not to exceed limits established by the Internal Revenue Service.

The District matches 25% of the employees' contributions. For the year ended June 30, 2021, the District's match paid totaled \$5,450.

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

8. Post-Employment Benefits Other Than Pensions (OPEB)

A. *General Information about the OPEB Plan*

Plan Description: The District has medical coverage currently contracted with CalPERS as permitted under the Public Employees’ Medical and Hospital Care Act (PEMHCA). The Plan provides for continuation of medical insurance benefits for certain retirees or annuitant and their dependents. The Plan can be amended by action of the District Board on passing a Resolution. Non-Medicare premiums were \$867 and Medicare eligible premiums were \$360. Retirees pay blended medical premiums rather than expected medical costs by age and gender and active premiums subsidize non-Medicare eligible retiree medical costs as implied subsidies. Under PEMHCA, the District is required to contribute toward medical coverage for the retiree’s lifetime or until coverage is otherwise discontinued. For purposes of reporting under GASB Statements 74 and 75, the plan is a single employer plan. The District established a trust during the fiscal year 2019-20 and future trust contributions will be on an “as-funds-are-available” basis.

The plan information is as follows:

Fiscal Year End	June 30, 2021
Plan Type	Single Employer
OPEB Trust	Yes
Special Funding Situations	No
Nonemployer Contributing Entities	No

Employees Covered: As of the June 30, 2019, actuarial valuation, the following current and former employees were covered by the benefit terms under the healthcare plan:

June 30, 2021 Fiscal Year End June 30, 2020 Measurement Date June 30, 2019 Valuation Date	Number of Covered Participants
Actives Employees	7
Inactive Employees Currently Receiving Benefit Payments	1
Total Employees	8

Benefits and Eligibility: Under the CalPERS health plan, the District is required to pay the minimum employer health premium contribution for the District’s eligible retirees and eligible surviving spouses. The employee is responsible for paying the remainder of the monthly healthcare premium. The contributions of the District are established by the passing of a resolution. The minimum employer monthly contributions as of fiscal year 2021 were \$139 per month. The amount will increase in subsequent years to reflect inflation in the cost of healthcare.

Contributions: The District intends to contribute to the Trust the actuarially determined contribution (ADC) net of the pay-as-you-go benefits paid annually directly from employer resources. For the fiscal year ended June 30, 2021, the District’s cash contributions were \$10,662

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FOR THE YEAR ENDED JUNE 30, 2021

to PARS irrevocable OPEB trust, \$1,982 in premium payments made on behalf of retirees, and implied subsidy payments of \$7,495, resulting in total payments of \$20,139.

B. OPEB Liabilities, OPEB Expenses, and Deferred Outflows/Inflows of Resources Related to OPEB

OPEB Liability: As of the June 30, 2020, measurement date, the District's total OPEB liability (asset) were as follows:

Fiscal Year Ended	June 30, 2021
Measurement Date	June 30, 2020
Total OPEB Liability (TOL)	\$ 212,007
Fiduciary Net Position (FNP)	63,393
Total Net OPEB Liability (Asset)	\$ 148,614
Funded status (FNP/TOL)	29.9%

Changes in the OPEB Liability (Assets): The changes in the total OPEB liability for the District Plan are as follows:

Changes in Net OPEB Liability	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability(Asset) (a) - (b)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 308,078	\$ -	\$ 308,078
Service Cost	23,745	-	23,745
Interest	9,087	-	9,087
Changes of Benefit Terms	-	837	(837)
Actual versus Expected Experience	(60,724)	-	(60,724)
Changes of Assumptions	(55,083)	-	(55,083)
Employer Contributions	-	73,096	(73,096)
Employee Contributions	-	-	-
Net Investment Income	-	2,626	(2,626)
Benefit Payments	(13,096)	(13,096)	-
Administrative Expenses	-	(70)	70
Net Changes	(96,071)	63,393	(159,464)
Balance at June 30, 2021 (Measure Date June 30, 2020)	\$ 212,007	\$ 63,393	\$ 148,614

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$8,551.

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Differences Between Projected and Actual		
Earnings on Plan Investments	\$ -	\$ 2,101
Differences Between Expected and Actual		
Experience	-	74,037
Changes of Assumptions	-	63,420
Employer Contributions after Measurement Date	20,139	-
Total	\$ 20,139	\$ 139,558

Deferred outflows of resources in the amount of \$20,139 related to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as revenue as follows:

Year Ended June 30,	
2022	\$ (23,514)
2023	(23,514)
2024	(22,137)
2025	(20,591)
2026	(19,093)
Thereafter	(30,709)
Total	\$ (139,558)

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gain and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the sources of the gain and loss:

Net differences between projected and actual earnings on plan investments	5 years straight-line recognition
All other amounts	Straight-line recognition over the expected average remaining service lifetime (EARSL) (8.13 years)

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Actuarial Methods and Assumptions Used to Determine the OPEB Liability: The District's net OPEB liability (asset) was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Significant Accounting Actuarial Assumptions and Methods:

Fiscal Year End	June 30, 2021
Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
<hr/>	
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets (\$0 at the measurement date)
Municipal Bond Index	S&P Municipal Bond 20 Year High Grade Index
Discount Rate	2.79% as of June 30, 2019; 5.10% as of June 20, 2020
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increases	3.00% per year
General Inflation	2.50% annually
Mortality Rate	MacLeod Watts Scale 2020 applied generationally from 2015
Termination	CalPERS experience study report issued December 2017
Retirement	CalPERS experience study report issued December 2017
Disability	CalPERS experience study report issued December 2017
Service	CalPERS experience study report issued December 2017
Healthcare Trend	5.8% for 2021, decreasing to ultimate rate of 4.00% in 2076. PEMHCA minimum retired contribution is assumed to increase annually by 4%
Participation	Active employees: 60% of participating active employees and 40% of nonparticipating actives are assumed to elect health care benefits Retired participants: If currently covered, retiree will continue coverage until his or her death and if a retiree currently under age 65 and waiving coverage through the District, actuary assumed a 25% probability that he or she would re-join the plan

Change of Assumption: Discount rate changed from 2.79% on June 30, 2019, to 5.10% as of June 30, 2020, based on the published change in return for the applicable municipal bond index. The liability related to the excise tax repeal was removed.

Discount Rate: The discount rate used to measure the total OPEB liability was 5.10%. When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB No. 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/aa or higher. When a plan sponsor makes

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

regular, sufficient contributions to the trust in order to prefund the OPEB liabilities, GASB No. 75 allows use of a rate up to the expected rate of return of the trust.

Discount Rate Sensitivity Analysis: The following schedule presents the District's net OPEB liability if it were calculated using discount rate that is one percentage-point lower (4.10%) or one percentage-point higher (6.10%) than the current rate (5.10%) for measurement period ended June 30, 2020:

	Discount Rate		
	(1% Decrease)	5.10%	(1% Increase)
	4.10%		6.10%
Net OPEB Liability	\$ 176,675	\$ 148,614	\$ 125,734

Medical Trend Sensitivity Analysis: The following presents the net OPEB liability (asset) of the District if it were calculated using health care cost trend rates that are one percentage point lower (4.8%) or one percentage point higher (6.8%) than the current rate (5.8%), for measurement period ended June 30, 2020:

	Healthcare Trend		
	(1% Decrease)	(Current Rate)	(1% Increase)
	4.8%	5.8%	6.8%
Net OPEB Liability	\$ 121,954	\$ 148,614	\$ 182,588

Subsequent Events: There were no subsequent events that would materially affect the results presented in this disclosure.

9. Joint Powers Agreement

Vector Control Joint Powers Agency: The Northern Salinas Valley Mosquito Abatement District (District) participates in the Vector Control Joint Powers Agency (VCJPA). The agency was formed for the purpose of funding and developing programs to provide various insurance coverage for its members, mosquito abatement and vector control districts in California. As of June 30, 2021, there were 35 member districts. The District is not exposed to any risk due to their participation in VCJPA as settled claims have not exceeded coverage and the financial condition of the VCJPA is strong.

The VCJPA offers programs in three major areas: group purchased insurance, workers' compensation, and general liability. Each of the programs offered may be insured, partially self-insured or fully self-insured as determined by a majority of the member districts. Both the comprehensive general/automobile liability and workers' compensation coverage are partially self-insured and each district is required to obligate itself to participate in these programs for a minimum of three program years.

Group Purchased Insurance – During the year ended June 30, 2021, the District participated in Group Purchased Insurance coverage for property damage, boiler and machinery, business travel accident, and underground storage tank.

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Workers' Compensation – Under the Workers' Compensation Program the District selected a self-insured retention (SIR) level of \$25,000. Losses between the self-insured retention and the VCJPA's excess insurance attachment point are pooled. The VCJPA's current self-insured retention is \$250,000 per occurrence. Coverage above the VCJPA self-insured retention is provided by an excess pool which self-insures a layer of \$250,000 in excess of \$250,000 and purchases an excess insurance policy with statutory limits for coverages above the \$500,000. Although premiums billed to the District are determined on an actuarial basis, ultimate liability for claims below the SIR remains with the District. Each program year is retrospectively adjusted commencing three years after the end of the program year and annually thereafter until the program year is closed.

A Workers' Compensation Aggregate Pool was established to set a level beyond which no further losses of a program year may be charged to the districts. The monies contributed to the Aggregate Pool are commingled into a single fund which will continue to grow from year to year. It is the goal of the VCJPA to create a pool which has at least \$1,000,000. The deposit premium for the pool has been established as 1% of each district's annual payroll each year to a maximum of \$5,000 per year.

General Liability – The Liability Pooling Program was established for general liability, auto liability, and losses from pesticide spraying operations. The Liability Program operates under similar principles as the Workers' Compensation Program. A self-insured retention level of \$2,500 was selected by the District with the VCJPA's SIR at \$250,000 with excess coverage of \$750,000 above the \$250,000 SIR and an umbrella insurance policy with limits of \$10,000,000 in excess of \$1,000,000. Ultimate liability for pooled claims below the SIR remains with the respective districts. A retrospective adjustment is made commencing four years after the end of the program and until program year is closed.

A Liability Aggregate Pool was established to set a level beyond which no further losses of a program year may be charged to the districts. The monies contributed to the Aggregate Pool are commingled into a single fund which will continue to grow from year to year. It is the goal of the VCJPA to create a pool which has at least \$1,000,000. The deposit premium for the pool has been established as 0.75% of each district's annual payroll each year.

The District's total premium cost to the VCJPA for the year ended June 30, 2021 was \$55,718.

The VCJPA can be contacted directly for additional financial information. Separate financial statements of VCJPA can be obtained at: 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

10. Operating Lease Commitment

The District leases land under an operating lease with the City of Salinas. In December 2021, the District extended the one month expiring February 28, 2022. Monthly rent payments are adjusted every year based on the Consumer Price Index. The rent expense for the year ended June 30, 2021, was \$42,633. The District leases a copier under a five-year lease expiring May 25, 2022. The rent expense for the year ended June 30, 2021, was \$2,400.

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The following is a schedule of future minimum rental payments required under the above non-cancelable operating leases:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	<u>\$ 28,963</u>

11. Risk and Uncertainties

COVID-19

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The ultimate impact of COVID-19 on the financial performance of the District does not appear to be adverse going forward. The District staff has made operational adjustments to mitigate the risk of COVID-19 in the workplace and to comply with all regulations set forth by government agencies. The District has not had an operational disruption of service delivery or regulatory compliance violations from the onset of the pandemic through the issuance date of the financials. District management continues to assess risks surrounding COVID-19 on a daily basis and makes any necessary operational adjustments based on these risk assessments.

12. Subsequent Events

New District Office Building

The District has begun to move into its new building and plans to be completely moved in by February 28, 2022.

The District has evaluated subsequent events through June, 13, 2022, the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>General Fund</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,391,737	\$ 141,737
Parcel fees	707,695	707,695	702,320	(5,375)
Charges for services	10,000	10,000	11,863	1,863
Special district taxes	242,305	242,305	213,218	(29,087)
Interest income	15,000	15,000	34,979	19,979
Miscellaneous	-	-	19,497	19,497
Total revenues	<u>2,225,000</u>	<u>2,225,000</u>	<u>2,373,614</u>	<u>148,614</u>
Expenditures:				
Salaries and employee benefits:				
Salaries	769,698	769,698	789,826	(20,128)
Retirement	160,000	160,000	176,572	(16,572)
Other Post Employment Benefits	10,662	10,662	10,662	-
Deferred comp employer contribution	15,000	15,000	5,450	9,550
Employee insurance	255,000	255,000	198,874	56,126
Total salaries and employee benefits	<u>1,210,360</u>	<u>1,210,360</u>	<u>1,181,384</u>	<u>28,976</u>
Services, supplies, and other expenditures:				
Agricultural supplies	110,000	110,000	29,608	80,392
Agricultural services	75,000	75,000	36,897	38,103
Capital outlay	828,500	2,800,100	2,800,069	31
Clothing and personal	6,000	6,000	3,113	2,887
Communications	10,000	10,000	9,330	670
County - administrative fee	16,000	16,000	15,359	641
Debt service - interest payment	125,959	125,959	125,959	-
Research lab/continuing education	14,000	14,000	7,815	6,185
Educational program	23,000	23,000	14,786	8,214
Fish culture	1,500	1,500	583	917
Household	15,000	15,000	11,756	3,244
Insurance	56,000	56,000	55,718	282
Maintenance	80,000	80,000	43,256	36,744
Memberships	27,914	27,914	14,298	13,616
Office	3,850	3,850	5,908	(2,058)
Professional and special services	95,900	95,900	79,220	16,680
Publication and legal ads	300	300	-	300
Rent and lease	53,000	53,000	51,202	1,798
Medical and lab supplies	1,000	1,000	-	1,000
Safety supplies	3,000	3,000	1,205	1,795
Special District expense	8,000	8,000	9,224	(1,224)
Total forward	<u>1,553,923</u>	<u>3,525,523</u>	<u>3,315,306</u>	<u>210,217</u>

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES CHANGES IN FUND BALANCE (Continued)
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>General Fund</u>	
Total forward	1,553,923	3,525,523	3,315,306	210,217
Expenditures (Continued):				
Services, supplies, and other expenditures:				
Small tools	2,000	2,000	-	2,000
Transportation and travel	28,000	28,000	1,637	26,363
Trustee board meeting	3,000	3,000	1,965	1,035
Utilities	22,000	22,000	20,952	1,048
Total services, supplies, and other expenditures	<u>1,608,923</u>	<u>3,580,523</u>	<u>3,339,860</u>	<u>240,663</u>
Contingencies	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total expenditures	<u>3,319,283</u>	<u>5,290,883</u>	<u>4,521,244</u>	<u>769,639</u>
Excess of revenues over (under) expenditures	<u>(1,094,283)</u>	<u>(3,065,883)</u>	<u>(2,147,630)</u>	<u>(918,253)</u>
Other financing sources:				
Proceeds from sale of equipment	-	-	20,000	(20,000)
Proceeds from construction loan	<u>4,798,434</u>	<u>4,798,434</u>	<u>4,798,434</u>	<u>-</u>
Total other financing sources	<u>4,798,434</u>	<u>4,798,434</u>	<u>4,818,434</u>	<u>(20,000)</u>
Net change in fund balance	3,704,151	1,732,551	2,670,804	(938,253)
Fund balance - beginning of year	<u>4,161,423</u>	<u>4,161,423</u>	<u>4,161,423</u>	<u>-</u>
Fund balance - end of year	<u>\$ 7,865,574</u>	<u>\$ 5,893,974</u>	<u>\$ 6,832,227</u>	<u>\$ (938,253)</u>

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

1. Budgetary Data

An annual budget is adopted for the General Fund on a modified accrual basis of accounting, which is consistent with generally accepted accounting principles. A mid-year budget review is performed, if necessary, and the budget is amended, as needed. The Budgetary Comparison Schedule of Expenditure for the General Fund is included in this required supplementary information.

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE PLAN'S (PERF C) OF THE NET PENSION LIABILITY
AND RELATED RATIOS AS OF MEASUREMENT DATE COST SHARING DEFINED BENEFIT PENSION PLAN

LAST 10 YEARS^

Measurement Date	Fiscal Year End									
	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14	06/30/13	06/30/12
District's proportion of the net pension liability	0.03628%	0.03518%	0.03404%	0.03295%	0.03188%	0.02973%	0.02866%	0.02760%	0.02654%	0.02548%
District's proportionate share of the net pension	\$1,530,187	\$1,408,729	\$1,282,825	\$1,299,076	\$1,107,336	\$815,690	\$769,357	\$723,804	\$678,259	\$627,114
District's covered-employee payroll *	\$690,264	\$653,033	\$624,360	\$547,736	\$511,750	\$458,220	\$420,385	\$382,511	\$344,686	\$306,861
District's proportionate share of the net pension liability as a percentage of covered-employee payroll	221.68%	215.72%	205.46%	237.17%	216.38%	178.01%	178.01%	183.01%	193.81%	204.31%
Plan's fiduciary net position as a percentage of the plan's total pension liability	73.66%	74.55%	76.18%	75.59%	77.33%	80.80%	83.03%	85.26%	87.49%	89.72%

^ Fiscal year 2015 was the first year of implementation, therefore only seven years are shown. * For the year ending on the measurement date

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICTS EMPLOYER CONTRIBUTIONS
 PENSION PLAN
 LAST 10 YEARS[^]

Fiscal year ended	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Actuarially determined contribution	\$ 158,741	\$ 145,077	\$ 121,053	\$ 101,642	\$ 85,313	\$ 75,080	\$ 50,080
Contributions in relation to the actuarially determined contribution	158,741	145,077	121,053	101,642	85,313	75,080	50,080
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll *	\$ 652,180	\$ 690,264	\$ 653,033	\$ 624,360	\$ 547,736	\$ 511,750	\$ 458,220
Contributions as a percentage of covered-employee payroll	24.34%	21.02%	18.54%	16.28%	15.58%	14.67%	10.93%

[^] Fiscal year 2015 was the first year of implementation, therefore only seven years are shown. * For the fiscal year ending on the date shown

Actuarially Determined Contribution Assumptions (From the CalPERS reports (Appendix A))

Valuation Date	June 30, 2018
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of pay, direct rate smoothing
Remaining Amortization Periods	Differs by employer rate plan but not more than 30 years
Asset valuation method	Market value of assets
Inflation	2.500%
Salary increases	Varies by Entry Age and Service
Discount Rate *	7.00% (net of administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries

* Please note, the discount rate used for Actuarially Determined Contributions is different from the one used for Total Pension Liability.

NORTHERN SALINAS VALLEY MOSQUITO ABATEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY (ASSET)
AND RELATED RATIOS AS OF MEASUREMENT DATE

LAST 10 YEARS[^]

Measurement Date	Fiscal Year End			
	06/30/21	06/30/20	06/30/19	06/30/18
	06/30/20	06/30/19	06/30/18	06/30/17
Changes in total OPEB liability				
Service cost	\$ 23,745	\$ 23,865	\$ 19,517	\$ 21,187
Interest	9,087	9,154	10,182	8,705
Changes in assumption	(55,083)	(3,488)	(8,310)	(19,091)
Actual benefits payments	(13,096)	(9,566)	(10,696)	(6,572)
Actual and expected experience difference	(60,724)	-	(33,718)	-
Changes in benefits terms	-	-	-	-
Net changes in total OPEB liability	(96,071)	19,965	(23,025)	4,229
Total OPEB liability - beginning	308,078	288,113	311,138	306,909
Total OPEB liability - ending	<u>\$ 212,007</u>	<u>\$ 308,078</u>	<u>\$ 288,113</u>	<u>\$ 311,138</u>
Changes in plan fiduciary net position				
Employer contributions	\$ 73,096	\$ 9,566	\$ 10,696	\$ 6,572
Employee contributions	-	-	-	-
Net investment income	3,463	-	-	-
Benefit payments	(13,096)	(9,566)	(10,696)	(6,572)
Administrative expenses	(70)	-	-	-
Net changes in plan fiduciary net position	63,393	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	<u>\$ 63,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (Asset)				
Total OPEB liability	\$ 212,007	\$ 308,078	\$ 288,113	\$ 311,138
Plan fiduciary net position	63,393	-	-	-
Net OPEB liability (asset)	148,614	308,078	288,113	311,138
Net OPEB liability (asset) funded percentage	29.9%	0.0%	0.0%	0.0%
Covered payroll *	\$ 690,264	\$ 653,033	\$ 624,360	\$ 547,736
Net OPEB liability (asset) as a percent of covered payroll	21.53%	47.18%	46.15%	56.80%

[^] Fiscal year 2018 was the 1st year of implementation, therefore only four years are shown.

* For the year ending on the measurement date.

**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***



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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
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To the Board of Directors
Northern Salinas Valley Mosquito
Abatement District
Salinas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Northern Salinas Valley Mosquito Abatement District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 13, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Bianchi, Kazavan & Pope, LLP
Salinas, California
June 13, 2022