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April 4, 2019

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

We have audited the financial statements of Northern Salinas Valley Mosquito Abatement District (the District) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 7, 2018. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2, Significant Accounting Policies, to the financial statements. As described in Note 10 to the financial statements, the District changed accounting policies related to Other Postemployment Benefits (OPEB) by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Government-Wide Statement of Activities and Changes in Net Position. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the allowance for uncollectable accounts receivable is calculated based on historical collection of accounts receivable. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the useful lives of capital assets are based on the historical data, experience with similar capital assets, industry guidelines and information from the District staff. We evaluated the key factors and assumptions used to develop depreciation and determined that it is reasonable in relation to the financial statements.

Management's estimate of the accrued compensation is based on the District Personnel Policy in the Employee Handbook. We evaluated the key factors and assumptions used to develop accrued compensation policy and determined that it is reasonable in relation to the financial statements.

Management's estimate of the Net Pension Liability and related deferred outflows and inflows is based on actuarial valuations determined in accordance with the parameters of GASB Statement No. 68. We evaluated the key factors and assumptions used to develop the Net Pension Liability and related deferred outflows and inflows of resources and determined that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Net OPEB Liability and related deferred outflows and inflows is based on actuarial valuations determined in accordance with the parameters of GASB Statement No. 75. We evaluated the key factors and assumptions used to develop the Net OPEB Liability and related deferred outflows and inflows of resources and determined that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Employee Retirement Plan in Note 6 to the financial statements – Retirement Plan. This note was developed with the CalPERS GASB No. 68 Accounting Valuation Report, with the measurement date as of June 30, 2017.

The disclosure of Implementation of New Pronouncement in Note 10 to the financial statements that describes the effects of the implementation requirements of GASB Statement No. 75.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The attached material misstatements detected as a result of audit procedures were corrected by management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 4, 2019.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

#### *Other Reports*

Other information that is required to be reported to you is included in the: 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*. Please read all information included in those reports to ensure you are aware of relevant information.

#### *Report on Required Supplementary Information*

With respect to the required supplementary information (RSI) accompanying the financial statements, which included Management’s Discussion and Analysis, Budgetary Comparison Schedule, Notes to Required Supplementary Information, Schedule of District’s Proportionate Share of the Net Pension Liability and Related Notes to the Schedule, Schedule of Contributions and Related Notes to the Schedule, and Schedule of Changes in the Net OPEB Liability and Related Ratios, we applied certain limited procedures to the RSI 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

#### *Report on Other Information*

With respect to supplementary information accompanying the financial statements, which includes Building and Equipment, but is not RSI, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and management of Northern Salinas Valley Mosquito Abatement District and is not intended to be, and should not be, used by anyone other than these specified parties.

*McGilloway, Ray, Brown & Kaufman*

McGilloway, Ray, Brown & Kaufman  
Salinas, California  
April 4, 2019

Client: **215606 - Northern Salinas Valley Mosquito Abatement District**  
 Engagement: **215606A - NSVMAD**  
 Period Ending: **6/30/2018**  
 Trial Balance: **1.05 - Trial Balance Database**  
 Workpaper: **1.07 - Adjusting Journal Entries Report**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 8</b>			
VCJPA Insurance Refund			
1080	ACCOUNTS RECEIVABLE	14,740.00	
4950	INSURANCE REFUNDS & INT		14,740.00
<b>Total</b>		<b><u>14,740.00</u></b>	<b><u>14,740.00</u></b>
<b>Adjusting Journal Entries JE # 9</b>			
To record 4th Quarter Interest Receivable from Mo Co			
1070	INTEREST RECEIVABLE	11,976.00	
4311	INTEREST ON POOLED and CDs		11,976.00
<b>Total</b>		<b><u>11,976.00</u></b>	<b><u>11,976.00</u></b>

Client: **215606 - Northern Salinas Valley Mosquitos Abatement District**  
Engagement: **215606 - NSVMAD**  
Period Ending: **6/30/2018**  
Workpaper: **Passed Adjusting Journal Entries**

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	Financial Statement Effect—Amount of Over (Under) Statement of:					
			Total Assets	Total Liabilities	Fund Balance/Net Position	Revenues	Expen.	Change in Fund Balance/ Net Position
Accrued Employee Benefits	F	Understating of accrued employee benefit liability		(24,593)	24,593			
Total			-	(24,593)	24,593	-	-	-
Less audit adjustments subsequently booked								
Net unadjusted AD—current year (iron curtain method)			-	(24,593)	24,593	-	-	-
Effect of unadjusted AD—prior years								
Combined current year and prior year AD (rollover method)			-	(24,593)	24,593	-	-	-
Financial statement caption totals			5,489,084	1,969,806	3,519,278	1,925,599	1,728,276	197,323
Current year AD as % of F/S captions (iron curtain method)			0.00%	-1.25%	0.70%	0.00%	0.00%	0.00%
Current and prior year AD as % of F/S captions (rollover method)			0.00%	-1.25%	0.70%	0.00%	0.00%	0.00%