

**TURLOCK MOSQUITO
ABATEMENT DISTRICT**

**ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT
THEREON**

JUNE 30, 2022

**TURLOCK MOSQUITO ABATEMENT DISTRICT
FINANCIAL REPORT
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Turlock Mosquito Abatement District
Turlock, California

Opinion

We have audited the accompanying financial statements of Turlock Mosquito Abatement District (District) as of and for the year-ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of June 30, 2022, and the respective changes in financial position, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Board of Directors
Turlock Mosquito Abatement District
Modesto, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and budgetary comparison 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 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 principally of inquiries of management regarding 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 assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2022, on our consideration of the Turlock Mosquito Abatement District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Fechter & Company
Certified Public Accountants

Sacramento, California
December 19, 2022

**TURLOCK MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the Turlock Mosquito Abatement District (The District), this narrative overview and analysis reflects the District's financial activities for the fiscal year ending June 30, 2022. We recommend that the readers consider this information in conjunction with the financial statements as a whole.

FINANCIAL POSITION SUMMARY

Fund and government-wide financial statements are presented on pages 9-14.

The government-wide financial statements, the Statement of Net Position, and the Statement of Activities, are prepared using the full accrual basis of accounting, much like a for-profit organization. These statements reflect inventory and capital investments of the District, as well as presentation of the finances of the District as a whole (rather than by funds).

Fund financial statements tell how these services were paid for as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements providing information about the District's two funds.

Notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the basic financial statements. Required supplemental information consists of more detailed data on budget to actual revenues and expenditures and retirements fund schedule of funding progress.

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,758,272 at the close of the fiscal year. The District's liabilities accounted for \$2,923,581 with the largest liability as the net pension liability of \$1,008,157.

The change in the District's assets over liabilities from last year's audit compared to this year's audit is \$895,036. This reflects the change in revenues, expenditures, and changes in fixed asset values.

The District's member contingency account in the Vector Control Joint Powers Agency (VCJPA) is designed to pay for unexpected self-insured losses and losses not covered under the VCJPA, such as cost associated with pollution remediation and lawsuits exceeding coverage limits for violations of the clean water act. This account has an ending account balance of \$30,007.

The District's ending fund balance increased \$815,195 from the previous fiscal year. The District's unrestricted fund balance increased from \$3,318,062 from the previous fiscal year to \$4,133,257 for fiscal year 2021/2022.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The District fully prefunded the District's OPEB liability in the California Employee Retiree Benefit Trust (CERBT). The District lost \$55,507 from investment earnings and incurred administrative expenses of \$252. This resulted in an ending balance of \$462,107 as of June 30, 2022. As part of the valuation process, the Board selected an amortization period of 20-years and to prefund the District's OPEB liability by contributing at least 100% of the Annual Required Contribution each year. The District continues to invest in CERBT asset allocation Strategy 3 with an annual return rate estimated at 5.05%.

Summary of Assets, Liabilities, and Fund Balances

	2022	2021
Assets		
Current and other assets	\$ 4,045,414	\$ 3,452,845
Right-to-use assets, net	285,425	-
Capital assets, net	391,598	115,720
Total Assets	\$ 4,722,437	\$ 3,568,565
Deferred Outflows of Resources	\$ 2,172,130	\$ 711,184
Liabilities		
Current and other liabilities	\$ 2,923,581	\$ 2,196,066
Total Liabilities	\$ 2,923,581	\$ 2,196,066
Deferred Inflows of Resources	\$ 1,212,714	\$ 243,834
Net Position		
Invested in capital assets	\$ 177,356	\$ 115,720
Unrestricted net position	2,580,916	1,724,129
Total Net Position	\$ 2,758,272	\$ 1,839,849

As the District completed the year, its governmental funds (as presented on the reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds on page 14) reported a fund balance showing a net increase of \$815,195.

Summary of Revenues and Expenses

	2022	2021
Revenues	\$ 3,095,301	\$ 2,974,121
Operating expenses	2,200,265	2,817,263
Excess of revenues over expenses	\$ 895,036	\$ 156,858

**TURLOCK MOSQUITO ABATEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Significant Events

Fiscal year 2021-2022: Continued drought conditions resulted in a reduction in agricultural water use which depressed mosquito populations and virus activity. In 2021, the District ended the season with (3) human cases which was a dramatic decrease from the (15) human cases observed in 2020. In terms of challenges, the San Joaquin River National Wildlife Refuge continues to be a problem producing huge numbers of mosquitoes, even during drought conditions. The District is also seeing a significant increase in service requests due to *Aedes aegypti* (invasive mosquito).

Aedes aegypti, first detected in Newman in 2019, can now be found throughout the District. Requests for service from residents regarding these mosquitoes have increased significantly and are expected to continue to rise. This mosquito is not as affected by drought conditions and is more closely associated with suburban water use. Control of this mosquito will have a significant impact on control costs in the future.

The District’s Aggressive Source Reduction program continues to be successful in managing the District’s costliest properties which also tend to be the properties breeding the most mosquitoes. Utilizing a Memorandum of Understanding (MOU) in which property owners assume the cost of mosquito control has seen District expenses and time spent servicing these properties go down. This program was developed knowing that invasive mosquitoes would eventually spread to Stanislaus County, so we needed to be prepared to spending more-and-more time including these mosquitoes as part of our control program. Typically, when a property owner signs an MOU as part of our Aggressive Source Reduction Program, the amount of work required goes down dramatically or disappears completely.

In FY 2021-2022, the District recouped the following in costs:

Weed Control Program	\$44,557
Abatement/MOU Program	\$16,341
TOTAL	\$60,898

Finally, the COVID-19 pandemic continued to create challenges for all workplaces in FY 2021-2022. The District was able to manage employees being out due to COVID-19 infection, possible exposure, care for a family member, etc. No work-related cases of COVID-19 were reported and the District developed and trained employees regarding safe workplace practices.

The following are policy issues that continue to have a significant impact on District programs:

Clean Water Act & NPDES Permit: In recent years, there have been a few lawsuits involved with the release of pesticides or their residues (termed “pollutants”) into waters of the United States (WOTUS). On November 27, 2006, the EPA issued a final rule clarifying two specific circumstances in which a Clean Water Act (CWA) permit is not required to apply pesticides to or around WOTUS. They are: 1) the application of pesticides directly to water to control pests; and 2) the application of pesticides to control pests that are present over or near water, where a portion of the pesticides will unavoidably be deposited to the water to target the pests. The action put into effect a rule that confirms EPA’s past operating approach that pesticides legally registered under FIFRA for application to or near aquatic environments, and legally applied to control pests at those sites, are not subject to NPDES permit requirements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

In 2008, this rule was challenged by several environmental groups and the U.S. Sixth Circuit court of Appeals held that this rule was not a proper interpretation of the Clean Water Act. The Sixth Circuit ruled that a CWA permit would be required for all biological and chemical pesticide applications that leave a residue in water. After a couple lengthy stays granted by the court, this mandate went into effect October 31, 2011. No further legal appeals are expected, so any further help regarding this matter would be legislative in nature. Currently, a legislative fix for this issue is contained in both versions of the Farm Bill in the House and Senate. It is hoped that the final Farm Bill is passed containing language removing this duplicative regulation.

The District's Water Quality Order 2016-0039-DWQ (General Permit No. CAG990004) was renewed and amended to add pyriproxyfen as a registered active ingredient.

Invasive Species: California currently has (2) new invasive species within its borders, the Yellow Fever mosquito (*Aedes aegypti*) and the Asian Tiger mosquito (*Aedes albopictus*). Both of these mosquitoes are known to transmit diseases such as: Zika, Yellow Fever, Dengue Fever, and Chikungunya virus. At one time, these mosquitoes and the viruses they transmit were limited to more tropical environments but increasing temperatures have been a catalyst for dispersal worldwide. West Nile virus was once a stable disease in Northern Africa; however, in only 10-15 years it is now found globally. Diseases such as Dengue and Chikungunya are on the move and may follow the path of West Nile virus across the United States – this becomes much more possible if the vector mosquitoes become established in California.

In 2014, the District began surveillance activities for *Aedes aegypti*. In 2017, the District was notified that a large population of *Aedes aegypti* were found in the neighboring county of Merced (city of Merced). The District was approved for a grant in 2017 from the California Department of Public Health to help fund the surveillance and detection of *Ae. aegypti* within the District (\$26,000). Officials from the California Department of Public Health have notified the District that more monies may become available later on in the year and the District plans to apply. We are hoping that the close proximity of this recent finding in Merced may make the District eligible for increased funding.

In 2018, *Ae. aegypti* were found in Los Banos within Merced County. The District received \$41,000 in 2018, as part of the CDC/California Department of Health Invasive Species grant to help with additional monitoring and surveillance. In 2019, the Yellow Fever mosquito was found in Newman and in 2020, Turlock and Ceres.

Currently, *Ae. aegypti* has been collected throughout the District and the requests for service from District residents continues to increase. This mosquito isn't as impacted by drought conditions since it has evolved to live close to humans in suburban/urban environments. Control of this mosquito will have a significant impact on future costs. Now that the mosquito and related service requests are becoming more common, funds from the Invasive Species Fund Balance will be spent down and future control costs will become part of the District's general costs of business.

Pesticide Resistance: The issue of chemical resistance has become a very hot topic in California, especially with regulatory and legislative concerns limiting the number of products available for use and where these products can be applied. In 2014, the California Department of Public Health adopted a new program to test for the presence of the *kdr* mutation gene in mosquitoes. Mosquitoes with this mutation are resistant to pyrethrins which is the chemical being used by the District to control adult

**TURLOCK MOSQUITO ABATEMENT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

mosquitoes. After sending in hundreds of mosquitoes for testing, the results indicated that the presence of this gene mutation was found in virtually 100% of the wild mosquito population. Additional related testing indicated that some mosquito populations are also exhibiting some resistance to larvicide products containing methoprene. Methoprene mimics a hormone found naturally in mosquitoes which prevent them from developing into adults and keeps them in the aquatic stage.

Review of the District’s application records, it became apparent that the District had not been properly rotating chemicals and had a history of treating at the lowest label rates (or lower) thereby increasing the rate of resistance in wild mosquito populations. In 2014, the Insecticide Resistance Guidelines were implemented which provided staff information regarding resistance, how it develops, and how to combat it by rotating chemical use for larvicides and adulticides.

Starting in 2015, the District began using adulticide aerial applications using a different adulticide chemical with the active ingredient naled. Naled is in the organophosphate chemical family and has a different mode of action than pyrethrin based chemicals. By rotating this chemical in at various times of the year, we are hoping to target mosquitoes that may be more resistant to pyrethrin based chemicals and remove them from the population. In addition, staff has begun to rotate larvicides using chemicals with different modes of action at various times of the year to prevent mosquitoes from developing resistance to repeated use of one type of chemical.

Currently, the District is cooperating with Anton Cornel and the Centers of Excellence for Vector-Borne Disease to study resistance to other products the District commonly uses. This information will help the District make choices not only more effective for control but more efficient from a cost perspective.

Capital Assets

	2022	2021
Land	\$ 7,937	\$ 7,937
Structures & improvements	315,235	315,235
Motor vehicles	183,029	286,961
Office and lab equipment	157,504	121,096
Spray equipment	335,671	244,076
Operations and safety	2,988	4,489
	1,002,364	979,794
Less Accumulated Depreciation	(825,008)	(864,074)
Capital Assets, Net	\$ 177,356	\$ 115,720

Request for Information

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to David Heft, Manager, Turlock Mosquito Abatement District, 4412 N. Washington Road, Turlock, CA 95380.

TURLOCK MOSQUITO ABATEMENET DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

Cash and investments	\$ 3,703,114
Accounts receivable	21,565
Inventory	504,970

Total current assets	4,229,649
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Deposits - non-current	30,007
Net OPEB asset	71,183
Right-to-use assets	214,242
Capital assets, net	177,356

TOTAL ASSETS	4,722,437
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DEFERRED OUTFLOWS OF RESOURCES

Deferred OPEB - Note 9	81,456
Deferred pensions - Note 8	2,090,674

LIABILITIES

Accounts payable and accrued expenses	126,399
Lease liabilities - current portion	77,406
Long-term liabilities - current portion	124,300

Total current liabilities	328,105
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Long-term liabilities:

Lease liabilities, net current portion	133,922
Long term liabilities, net current portion	1,396,626
Net pension liability	1,008,157
Compensated absences	56,771

TOTAL LIABILITIES	2,923,581
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DEFERRED INFLOWS OF RESOURCES

Deferred OPEB - Note 9	128,379
Deferred pensions - Note 8	1,084,335

NET POSITION

Invested in capital assets, net of related debt	177,356
Unrestricted	2,580,916

NET POSITION	\$ 2,758,272
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The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
Public Safety	\$ 2,153,031	\$ -	\$ -	\$ -	\$ (2,153,031)
Interest	47,234	-	-	-	(47,234)
Total Governmental Activities	\$ 2,200,265	\$ -	\$ -	\$ -	(2,200,265)

General Revenues

Property taxes and assessments	2,810,022
Other governmental revenues	167,660
Interest income	26,733
Miscellaneous	90,886
Total General Revenues	3,095,301
Change in net position	895,036
Net position at beginning of fiscal year	1,839,849
Prior period adjustment	23,387
Net position at end of fiscal year	\$ 2,758,272

The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund
ASSETS	
Cash and investments	\$ 3,703,114
Accounts receivable	21,565
Inventory	<u>504,970</u>
 Total current assets	 <u>4,229,649</u>
 Deposits - non-current	 <u>30,007</u>
 TOTAL ASSETS	 <u>\$ 4,259,656</u>
 LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 126,399</u>
 Total liabilities	 <u>126,399</u>
 FUND BALANCES	
Fund balance:	
Non-spendable	534,977
Assigned for contingencies/public health emergency	323,278
Assigned for compensated absences	56,530
Assigned for invasive species	131,204
Assigned for operations	1,154,433
Assigned for capital replacement	428,614
Unassigned	<u>1,504,221</u>
 Total fund balance	 <u>4,133,257</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 4,259,656</u>

The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total fund balances - governmental funds	\$	4,133,257
<p>In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>		
Right-to-use assets, net		214,242
Capital assets at historical cost, net		177,356
<p>Deferred outflows of resources are not reported in the Statement of Net Position</p>		
		2,172,130
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:</p>		
Lease liabilities		(211,328)
Long-term liabilities		(1,520,926)
Deferred inflows of resources		(1,212,714)
Net pension liability		(1,008,157)
Net OPEB asset		71,183
Compensated absences		(56,771)
		(2,838,792)
Net position of governmental activities	\$	2,758,272

The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2022**

	<u>General Fund</u>
REVENUES	
Property taxes and assessments	\$ 2,810,022
Other governmental revenues	167,660
Interest income	26,733
Miscellaneous	<u>94,547</u>
 Total revenues	 3,098,962
EXPENDITURES	
Current:	
Salaries and benefits	2,873,793
Services and supplies	720,035
Debt service:	
Principal	153,244
Interest	47,234
Capital outlay	<u>131,521</u>
 Total expenditures	 3,925,827
OTHER FINANCING SOURCES	
Proceeds from issuance of long-term liabilities	<u>1,642,060</u>
 Total other financing sources	 <u>1,642,060</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>815,195</u>
FUND BALANCES, BEGINNING OF YEAR	<u>3,318,062</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 4,133,257</u></u>

The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES	\$	815,195
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances		131,521
Depreciation and amortization expense not reported in governmental funds		(118,807)
Loss on disposal of asset		(3,661)

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Proceeds from long-term debt		(1,642,060)
Long-term debt payments		153,244
Change in OPEB liability		32,670
Change in accrued pensions		1,512,791
Change in compensated absences		14,143
		14,143

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	895,036
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The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

The Turlock Mosquito Abatement District (the “District”) was formed in January 1946 to protect the public from mosquito borne diseases and the discomfort caused by mosquito bites. Originally, the District controlled mosquitoes within an area of 342 square miles; today, the District controls mosquitoes within an area of 966 square miles. The governing body is made up of appointed members, five from the cities and three from the county. The eight-person board represents the cities of Newman, Patterson, Turlock, Hughson, Ceres, and unincorporated areas within the County of Stanislaus. The District operates under the California Health and Safety Code, Department of Health Services Vector Control Program and Local Agencies Engaged in Mosquito and Vector Control. Stanislaus County is responsible for the District's cash. The County collects and apportions the taxes that are the main source of revenue for the district. All disbursements, other than petty cash, are made using checks issued by Stanislaus County.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations. This is required supplementary information.
- Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting for all of the District’s activities.

These and other changes are reflected in the accompanying financial statements which includes these notes to financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

The “measurement focus” of a Governmental Fund is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds used by the District:

General Fund – the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of the funds present increases (i.e., revenues) and decreases (i.e., expenditures) in net current assets.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

The modified accrual basis of accounting is used by the governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) “Measurable” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes and other revenues as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are property taxes, special assessments, interest revenue, and charges for services. Revenues consist mainly of property taxes that are calculated by the County of Stanislaus. Tax levies are established in March of each year and are generally due in two installments, in April and December of each year. Tax payments are remitted to the District by the respective county offices.

Inventory

Inventory is valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventory are recorded as expenditures when consumed rather than when purchased. Substantially all inventory is purchased from one supplier.

Capital Assets

Capital assets are those purchased or acquired with an original cost of \$1,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets’ lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over a period of 5-45 years.

Compensated Absences

The current accumulated unpaid employee vacation benefits are reported as a liability in the General Fund. The long-term unpaid employee vacation benefits are reported as a liability in the statement of net position. Vacation benefits are recorded as expenditures in the period that vacation leaves are taken.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave. Accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reserved Fund Balances

Reservations or restrictions of fund balances are used to indicate the portion of the fund balance that is not available for expenditure or is segregated for a specific future use. It is the District's policy to first use restricted resources, when available.

Portions of unreserved fund balances may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or debt service. Such plans or intent are subject to change and may never be legally authorized or result in expenditures.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by District legislation or external restrictions by creditors, grantors, laws, or regulations of other governments.

Budgets and Budgetary Accounting

The Board of Trustees approves a tentative budget no later than June 30 of each year, and adopts a final budget no later than August 30.

From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations. The Board of Trustees may amend the budget by motion during the fiscal year or make transfers from one object or purpose to another within the same budget unit. The original budget is presented in the financial statements. Appropriations lapse at the end of each fiscal year.

A budget is adopted for the General Fund on an accounting basis that materially conforms to accounting principles generally accepted in the United States of America.

Estimates and Assumptions

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

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting standards for all governments that report governmental funds. Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (i.e. – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

Implementation of Accounting Pronouncement

The District adopted the provisions of GASB Statement No. 87 (GASB 87), Leases. GASB 87 requires lessees to recognize operating and capital leases right-of-use assets and lease liabilities on the Statement of Activities. The District adopted GASB 87 effective July 1, 2021 using a modified retrospective transition approach (Note 7).

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: CASH AND INVESTMENTS

The District maintains substantially all of its cash in the Stanislaus County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost. The fair market value of the pool as of the above date is shown by the pools sponsor, the County of Stanislaus, which produces a comprehensive annual financial report. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. Government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Information regarding the amount of dollars invested in derivatives with the county treasury pool was not available.

NOTE 3: CAPITAL ASSETS

The District’s recorded capital asset balances changed during the year as follows:

	Balance July 1, 2021	Additions	Disposals & Adjustments	Balance June 30, 2022
Land	\$ 7,937	\$ -	\$ -	\$ 7,937
Structures and improvements	315,235	-	-	315,235
Motor vehicles	286,961	-	(103,932)	183,029
Office and lab equipment	121,096	-	36,408	157,504
Spray equipment	244,076	66,192	25,403	335,671
Operations and safety	4,489	-	(1,501)	2,988
	<u>979,794</u>	<u>66,192</u>	<u>(43,622)</u>	<u>1,002,364</u>
Less Accumulated Depreciation	<u>(864,074)</u>	<u>(24,282)</u>	<u>63,348</u>	<u>(825,008)</u>
Capital Assets, Net	<u>\$ 115,720</u>	<u>\$ 41,910</u>	<u>\$ 19,726</u>	<u>\$ 177,356</u>

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation expense was \$24,282 for the year ended June 30, 2022.

NOTE 4: VECTOR CONTROL JOINT POWERS AGREEMENT

The District is a signatory of a Vector Control Joint Powers Agency Agreement (VCJPA). This agreement is a joint power agreement as authorized by Section 6500 and following of the California Government Code. The VCJPA arranges for and provides insurance for its member districts; it is not a component unit of the District. This VCJPA is accountable for its own fiscal matters. The District had \$30,007 held in trust by the agency at June 30, 2022.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5: WORKERS' COMPENSATION

The VCJPA provides workers' compensation coverage for the District in excess of the District's retained limit of \$25,000 up to \$500,000 per occurrence. The VCJPA is also a member of an excess risk-sharing pool (LAWCX) that provides coverage for losses that exceed the \$500,000 per occurrence limit up to the statutory limit.

NOTE 6: RISK MANAGEMENT

Employment Practices Liability – The VCJPA provides employment practices liability coverage to the District up to \$2,000,000 in coverage for employment practices liability type claims. The first \$25,000 is provided by the VCJPA with the District retaining its own self-insured retention of \$10,000. Coverage between \$25,000 and \$2,000,000 is provided by an excess risk-sharing pool (ERMP).

Commercial General Liability, Auto Liability, Errors, and Omissions – The VCJPA provides coverage to the District for bodily injury, property damage, personal injury, and public officials' liability through pooled sharing of losses. The VCJPA provides the District with \$1,000,000 per occurrence with the District retaining a portion of each loss at \$10,000. The VCJPA is also a member of an excess risk-sharing pool (CARMA) that provides coverage for losses that exceed the \$1,000,000 per occurrence limit up to \$14,000,000.

Property – The VCJPA provides coverage for real and personal property from the District's deductible of \$500, up to \$10,000 per loss. The excess provider (PEPIP) provides coverage in excess of \$10,000 up to \$1,000,000,000. This coverage provides replacement cost for the District's scheduled property.

Boiler & Machinery – The PEPIP portion of the program also provides coverage up to \$100,000,000 of repair or replacement cost with a deductible of \$2,500 and up for the sudden and accidental breakdown of boiler and machinery equipment.

Auto Physical Damage – The VCJPA also provides coverage for the District's vehicles up to a maximum of \$35,000 per vehicle, unless otherwise declared. The District's deductible is \$500 per accident, per vehicle.

Group Fidelity – The District, along with other VCJPA members, has purchased coverage up to \$1,000,000 with a \$15,000 deductible per loss.

Business Travel Accident – The District has purchased coverage up to \$150,000 per accident with no deductible.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7: LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2022, is shown below:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Compensated absences	\$ 70,914	\$ -	\$ (14,143)	\$ 56,771	\$ -
Lease liabilities	-	308,767	(97,439)	211,328	77,406
Long-term debt	-	1,576,731	(55,805)	1,520,926	124,300
Net OPEB liability (asset)	(109,772)	-	38,589	(71,183)	-
Net pension liability	1,937,887	-	(2,946,044)	(1,008,157)	-
Total	\$ 1,899,029	\$ 1,885,498	\$ (3,074,842)	\$ 709,685	\$ 201,706

Leases

The District has twenty vehicles they lease under 60-month operating leases. The leases call for fixed monthly payments and contain imputed interest rates that vary from 1.91% to 2.90%. The following is the District's recorded right-to-use leased asset balances for these leases:

	Balance July 1, 2021	Additions	Disposals & Adjustments	Balance June 30, 2022
Right-to-use assets -vehicles	\$ -	\$ 308,767	\$ -	\$ 308,767
Less Accumulated Amortization	-	(94,525)	-	(94,525)
Right-To-Use Assets, Net	\$ -	\$ 214,242	\$ -	\$ 214,242

Amortization expense was \$94,525 for the year ended June 30, 2022. The following future minimum lease payments for these leases are as follows:

Year Ending June 30,	Interest	Principal	Total
2023	\$ 3,620	\$ 77,406	\$ 81,026
2024	2,121	62,448	64,569
2025	990	44,537	45,527
2026	269	22,061	22,330
2027	25	4,876	4,901
Total	\$ 7,025	\$ 211,328	\$ 218,353

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7: LONG-TERM LIABILITIES (continued)

Long-Term Debt

In January 2022, the District issued bonds for \$1,576,731. The bonds contain an interest rate of 2.79% and have a mature date of August 1, 2032. The bond calls for mandatory redemption semi-annual payments beginning on February 1, 2022. The following future mandatory redemption payments are as follows:

Year Ending June 30,	Interest	Principal	Total
2023	\$ 40,700	\$ 124,300	\$ 165,000
2024	37,183	127,817	165,000
2025	33,566	131,434	165,000
2026	29,847	135,153	165,000
2027	26,023	138,977	165,000
Thereafter	48,672	863,245	911,917
Total	<u>\$ 215,991</u>	<u>\$ 1,520,926</u>	<u>\$ 1,736,917</u>

NOTE 8: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. Copies of the CalPERS annual financial report may be obtained from the executive office at 400 P Street, Sacramento, CA 95814.

Employee and Employer Contribution Obligations

All full-time District employees are eligible to participate in CalPERS. The Plan requires an employee contribution of 7% of annual covered salary. The District is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the Board of Administration. The contribution requirements of plan members and the District are established and may be amended by CalPERS. Total covered payroll for the year was \$837,946. The employer contributions rates of annual covered payroll are as follows:

Tier	Non-Safety
Tier 1	10.320%
Tier 2	8.630%
PEPRA	7.470%

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 8: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)
(continued)**

In addition the District also makes unfunded liability payments annually to help make up for the shortfall in the pension plan. This is also actuarially determined. The following represents the unfunded liability payments made during the 2021 fiscal year:

Tier	Non-Safety
Tier 1	\$ 382,394
Tier 2	1,104
PEPRA	2,223

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

At June 30, 2022, the District reported a liability of \$1,008,157 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$(1,512,791) in its Government-Wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions.

Pension

The District is also reporting deferred outflows of resources relating to the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ -
Differences between projected and actual experience	113,054	-
Differences between projected and actual investment earnings	-	880,067
Contribution differences	293,170	47,949
Change in employer's proportion	34,714	156,319
Contributions subsequent to measurement date	1,649,736	-
	\$ 2,090,674	\$ 1,084,335

The above amounts will be amortized over a 3.8 year period other than the contributions subsequent to measurement date.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2023	\$ 117,378
2024	123,981
2025	158,833
2026	243,205
Total	<u>\$ 643,397</u>

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.15%, net of investment expense
- Inflation Rate – 2.50%
- Salary increases – Varies by Entry Age and Service – up to 3%
- COLA Increases – up to 2.5%
- Post-Retirement Mortality – Derived using CalPERS’ Membership Data for all Funds

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

The long-term expected rate of return on pension plan investments (7.15%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 8: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) –
(continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1	2.62
Inflation Assets	0%	0.77	1.81
Private Equity	8.0%	6.3	7.23
Real Estate	13.0%	3.75	4.93
Liquidity	1.0%	0	(0.92)

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension plan liability	\$ 2,069,123	\$ 1,008,156	\$ 131,070

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9: POST-RETIREMENT BENEFITS

Plan Description

The District provides post-employment health care benefits to certain employees who are eligible to retire with CalPERS and have completed a minimum of 10 years of employment with the District. For the year ended June 30, 2022, 6 retirees received health benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2022, expenditures of \$(32,670) were recognized for post-employment health care benefits.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2022, the District contributed the annual required contribution in the amount of \$3,335. For reporting purposes, this amount is capitalized as a deferred outflow of resource as the measurement period for the liability at June 30, 2021.

Employees Covered by Benefit Terms

At the OPEB liability measurement date of June 30, 2021, the following employees were covered by the benefit terms:

- Active employees – 12
- Retirees – 6

Total OPEB liability

The District's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Medical cost trend	3.9% to 5.8%
Discount rate	5.05%

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9: POST-RETIREMENT BENEFITS (continued)

2022 Fiscal Year OPEB expense breakdown

Total OPEB asset - 6/30/2021	\$	109,772
Investment earnings		62,539
Administrative costs		(161)
Service cost		(14,212)
Interest		(19,319)
Change in assumptions		(79,505)
Employer contributions		12,069
Net change in total OPEB liability		<u>(38,589)</u>
 Total OPEB asset - ending	 \$	 <u>71,183</u>

Sensitivity of the District's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB asset of the District, as well as what the District's total OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 4.05%	Discount Rate 5.05%	1% Increase 6.05%
Net OPEB plan asset	\$ 22,959	\$ 71,183	\$ 111,911

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB plan liability	\$ 117,173	\$ 71,183	\$ 15,710

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9: POST-RETIREMENT BENEFITS (continued)

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022 the District recognized OPEB expense of \$(32,670). OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss and actuarial assumptions. At June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual earnings	\$ 55,454	\$ 61,334
Change in assumptions	10,598	33,881
Differences between projected and actual experience	-	33,164
Contributions subsequent to measurement date	15,404	-
	<u>\$ 81,456</u>	<u>\$ 128,379</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2023	\$ (26,688)
2024	(19,571)
2025	(18,732)
2026	(9,576)
2027	12,240
Total	<u>\$ (62,327)</u>

NOTE 10: SUBSEQUENT EVENTS AND CONTINGENCIES

The date of management review is through December 19, 2022. No events occurred outside the ordinary scope of operations that materially impacted the District's financial statements that would require adjustment or recognition at June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

**TURLOCK MOSQUITO ABATEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes and assessments	\$ 2,600,000	\$ 2,600,000	\$ 2,810,022	\$ 210,022
Other governmental revenues	150,000	150,000	167,660	17,660
Interest income	40,000	40,000	26,733	(13,267)
Miscellaneous	85,000	85,000	94,547	9,547
Total revenues	2,875,000	2,875,000	3,098,962	223,962
EXPENDITURES				
Current:				
Salaries and benefits	1,452,438	1,452,438	2,873,793	(1,421,355)
Services and supplies	1,157,300	1,157,300	720,035	437,265
Debt service:				
Principal	85,000	85,000	153,244	(68,244)
Interest			47,234	(47,234)
Capital outlay	110,000	110,000	131,521	(21,521)
Total expenditures	2,804,738	2,804,738	3,925,827	(1,121,089)
OTHER FINANCING SOURCES				
Proceeds from issuance of long-term liabilities	-	-	1,642,060	1,642,060
Total other financing sources	-	-	1,642,060	1,642,060
EXCESS OF REVENUES (UNDER) EXPENDITURES	\$ 70,262	\$ 70,262	\$ 815,195	

See notes to required supplementary information.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

Note 1: Budgetary Basis of Accounting

Budgets for the operating fund are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

The salaries and benefits expenditures exceed the budget due to a pension payment to fund unfunded liabilities which is offset by proceeds from the issuance of bonds.

TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
POST-EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability - beginning	\$ (109,772)	\$ (94,941)	\$ 58,372	\$ 52,733
Investment earnings	(62,539)	(27,159)	(23,925)	(17,144)
Amortization of deferred outflows			-	-
Change of assumptions	79,505		(58,161)	-
Administrative costs	161	213	84	671
Service cost	14,212	13,798	15,997	15,493
Interest	19,319	18,158	28,146	26,174
Experience change	-	-	(104,556)	-
Employer contributions	(12,069)	(19,841)	(10,898)	(19,555)
Net change in total OPEB liability	<u>38,589</u>	<u>(14,831)</u>	<u>(153,313)</u>	<u>5,639</u>
Total OPEB liability - ending	<u>\$ (71,183)</u>	<u>\$ (109,772)</u>	<u>\$ (94,941)</u>	<u>\$ 58,372</u>
Covered-employee payroll	\$ 981,199	\$ 874,389	\$ 763,541	\$ 763,541
Total OPEB liability as a percentage of covered payroll	-7.255%	-12.554%	-12.434%	7.645%
Plan fiduciary net position as a percentage of the total OPEB liability	115.93%	131.67%	129.30%	87.01%
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

**TURLOCK MOSQUITO ABATEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSION
FOR THE YEAR ENDED JUNE 30, 2022**

Turlock Mosquito Abatement District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal Years*:

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
District's proportion of the net pension liability	0.04632%	0.04422%	0.04542%	0.04694%	0.04839%	0.04979%	0.04025%
District's proportionate share of the net pension liability	\$971,914	\$ 1,536,174	\$ 1,790,413	\$ 1,769,180	\$ 1,937,887	\$ 2,100,140	\$ 1,008,157
District's covered employee payroll	731,429	804,699	801,344	837,591	860,330	887,008	837,946
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	132.88%	190.90%	223.43%	211.22%	225.25%	236.77%	120.31%
Plan Fiduciary net position as a percentage of the total pension liability	84.64%	76.55%	74.62%	75.57%	74.15%	73.00%	75.67%

* Amounts presented above were determined as of 6/30.
Additional years will be presented as they become available.

CALPERS - Schedule of District Contributions

Last 10 Fiscal Years*:

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Actuarially determined contribution	\$ 75,357	\$ 108,772	\$ 121,571	\$ 142,931	\$ 160,430	\$ 183,552	\$ 296,951
Total action contribution	(75,357)	(108,772)	(121,571)	(142,931)	(160,430)	(183,552)	(296,951)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$731,429	\$ 804,699	\$ 801,344	\$ 837,591	\$ 860,330	\$ 887,008	\$ 837,946
Contributions as a percentage of covered employee payroll	10.30%	13.52%	15.17%	17.06%	18.65%	20.69%	35.44%

**TURLOCK MOSQUITO ABATEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Property taxes and assessments	\$ 2,600,000	\$ 2,600,000	\$ 2,810,022	\$ 210,022
Other governmental revenues	150,000	150,000	167,660	17,660
Interest income	40,000	40,000	26,733	(13,267)
Miscellaneous	85,000	85,000	94,547	9,547
	<u>2,875,000</u>	<u>2,875,000</u>	<u>3,098,962</u>	<u>223,962</u>
EXPENDITURES				
Current:				
Salaries and benefits	1,452,438	1,452,438	2,873,793	(1,421,355)
Services and supplies	1,157,300	1,157,300	720,035	437,265
Debt service:				
Principal	85,000	85,000	153,244	(68,244)
Interest			47,234	(47,234)
Capital outlay	110,000	110,000	131,521	(21,521)
	<u>2,804,738</u>	<u>2,804,738</u>	<u>3,925,827</u>	<u>(1,121,089)</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of long-term liabilities	-	-	1,642,060	1,642,060
	<u>-</u>	<u>-</u>	<u>1,642,060</u>	<u>1,642,060</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>\$ 70,262</u>	<u>\$ 70,262</u>	<u>\$ 815,195</u>	

See notes to required supplementary information.