

**SHASTA MOSQUITO & VECTOR
CONTROL DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2020



SHASTA MOSQUITO & VECTOR CONTROL DISTRICT

JUNE 30, 2020

TRUSTEE	OFFICE	TERM EXPIRES
Benjamin Hanna	President	2021
Vickie Marler	Vice President	Resigned 2021
Ann Morningstar	Secretary	2022
Phillip Cramer	Trustee	2022
Larry Mower	Trustee	Passed 2020

ADMINISTRATION

Peter Bonkrude	District Manager
Darcy Buckalew	Administrative Office Manager

ORGANIZATION

Formed in 1919, the Shasta Mosquito and Vector Control District is a special district charged with the mission “To protect the public’s health from vector-borne disease and nuisance, through a comprehensive mosquito and vector control program focused on innovation, experience and efficiency.” We serve 1,110 square miles of Shasta County including; Cottonwood, Anderson, Redding, Shasta Lake City, Palo Cedro, French Gulch, Igo, Ono, Shingletown, Castella, Millville, Viola and Bella Vista.

The Shasta Mosquito and Vector Control District (SMVCD) is a public health agency. By utilizing the most efficient, reliable, and scientifically sound mosquito and vector control techniques, SMVCD is able to reduce current mosquito and vector-borne disease issues while maintaining surveillance for future emerging diseases.

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SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Shasta Mosquito and Vector Control District
Anderson, California

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities and each major fund, of Shasta Mosquito and Vector Control District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Districts' 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules on pages 5–13 and 37–40, respectively, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Shasta Mosquito and Vector Control District's internal control over financial reporting and compliance.

Jacobson Jarvis & Co, PLLC

February 25, 2021

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

19200 Latona Road, Anderson, CA 96007
Telephone: (530) 365-3768 Fax: (530) 365-0305
Web: shastamosquito.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) or activities and financial performance of the Shasta Mosquito and Vector Control District (District), provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2020. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying financial statements and related notes, which follow this section.



BOARD OF TRUSTEES

PRESIDENT
Ann Morningstar
CITY OF SHASTA LAKE

VICE PRESIDENT
Philip Cramer
CITY OF REDDING

SECRETARY
Benjamin Hanna
SHASTA COUNTY

Vacant
SHASTA COUNTY

Vacant
CITY OF ANDERSON

ADMINISTRATION
Peter Bonkrude, MS
MANAGER

FINANCIAL HIGHLIGHTS

- The District's net position decreased by 12% or \$189,401 in fiscal year 2020, as a result of current year operations.
- The District's total revenues from all sources increased 7% or \$192,881 to \$2,956,748 in fiscal year 2020. Program revenues increased 5% or \$62,162 to \$1,428,730. General revenues increased 9% or \$130,719 to \$1,527,748.
- The District's total expenses increased by 10% or \$298,807 to \$3,145,879 in fiscal year 2020.

District Activities

The District is an independent special district, organized to control and/or provide educational information and surveillance for vectors like mosquitoes, ticks, and rodents. The District serves an area of approximately 1,100 square miles and 135,000 residents. The District utilizes an integrated vector management approach consisting of surveillance, sanitation, education and judicious use of insecticides and rodenticides. The District also has a public education responsibility that serves the District's residences and provides technical support to other public service agencies.

Our Mission: "To protect the public's health from vector-borne disease and nuisance, through a comprehensive mosquito and vector control program focused on innovation, experience and efficiency".

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2020

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section

This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *supplementary information*, which presents federal awards, state required schedules, and combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

Figure A-1
Required Components of ’s Annual Financial Report

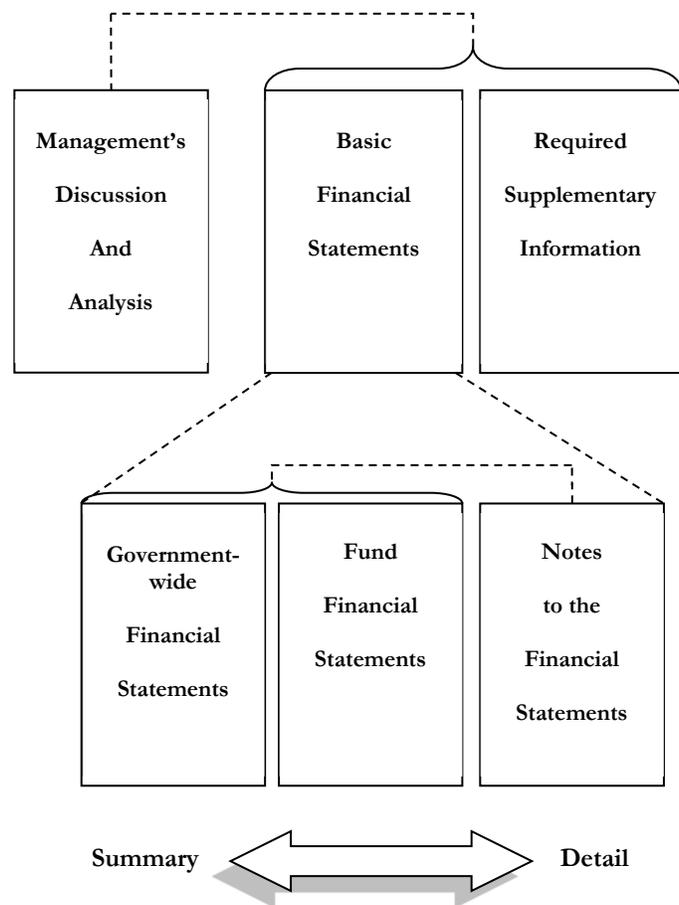
Special-purpose governments engaged in a single governmental program include cemetery districts. For such governments, it is still valuable to have both the comprehensive financial information of the governmental activities in the government-wide statements and the predominantly short-term data in the governmental funds’ statements. However, because there is only a single program, the format of some of the financial statements may seem awkward.

With this in mind, the accounting standards allow these kinds of governments to employ alternative forms of presentation that involve combining the government-wide and fund financial statements using a columnar format that reconciles the two kinds of financial data in a separate column on each statement.

The District has prepared a balance sheet/ statement of net position and a combined statement of revenues, expenditures, and changes in fund balances/ statement of activities like a fund statement format.

– The *governmental funds* statements tell how *general government* services like were financed in the *short term* as well as what remains for future spending.

– *Fiduciary fund* statements provide information about the financial relationships—like the (pre-need)—in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.



The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The figure above shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with additional federal and state required information, as well as a detail of the nonmajor funds.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2020

This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

Major Features of Shasta Mosquito and Vector Control District’s Government-wide and Fund Financial Statements

	Government-wide Statements	Governmental Funds
Scope	Entire District government	The activities of the District that are not proprietary or fiduciary.
Required financial statements	<ul style="list-style-type: none"> ➤ Statement of net position ➤ Statement of activities 	<ul style="list-style-type: none"> ➤ Balance sheet ➤ Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Statements

Statements of Net Position and Statements of Activities

One of the most important questions asked about the District’s finances is, “Is the District better off or worse off as a result of this year’s activities?” The Statement of Net Position and the Statements of Activities report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year’s revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District’s net position and changes in them. Think of the District’s net position- the difference between assets plus deferred outflows of resources, less liabilities, and deferred inflows of resources- as one way to measure the District’s financial health, or financial position. Over time, increases or decreases in the District’s net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in the District’s property tax base or property assessments to assess the overall health of the District.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2020

Governmental Funds Financials Statements

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

Governmental funds are 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 evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Government-Wide Financial Analysis

Condensed Statements of Net Position

Table 1 - Net Position

	2020	2019	\$ Change	% Change
		Restated		
Current and other assets	\$ 3,289,700	\$ 3,118,512	\$ 171,188	5%
Capital assets	1,129,470	1,186,902	(57,432)	-5%
Total Assets	4,419,170	4,305,414	113,756	3%
Deferred outflows of resources	375,891	583,714	(207,823)	-36%
Current liabilities	116,354	215,925	(99,571)	-46%
Non-current liabilities	2,964,805	2,909,911	54,894	2%
Total Liabilities	3,081,159	3,125,836	(44,677)	-1%
Deferred inflows of resources	335,597	195,586	140,011	72%
Net position				
Net investment in capital assets	964,532	842,231	122,301	15%
Unrestricted	413,773	725,475	(311,702)	-43%
Total Net Position	\$ 1,378,305	\$ 1,567,706	\$ (189,401)	-12%

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows by \$1,378,305 and \$1,567,706 as of June 30, 2020 and 2019, respectively.

A large portion of the District’ net position (69% as of June 30, 2020) reflects its investment in capital assets (net of accumulated depreciation); less any debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services of the District; consequently, these assets are not available for future spending.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

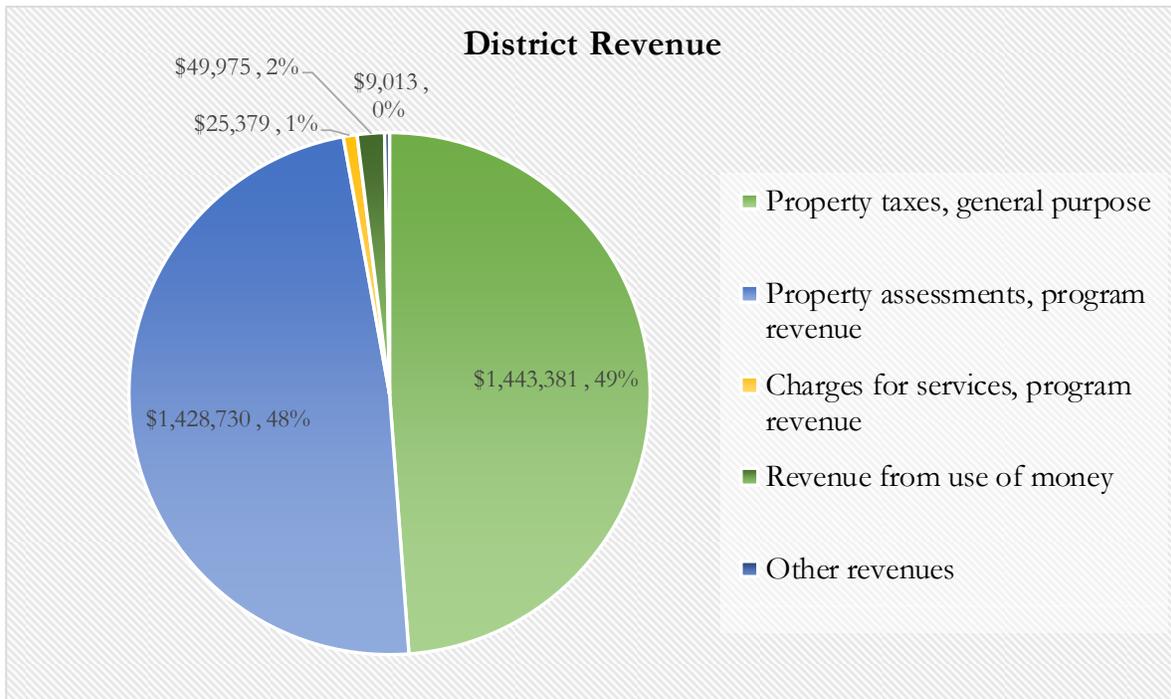
MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2020

Condensed Statements of Activities

Table 2 - Changes in Net Position

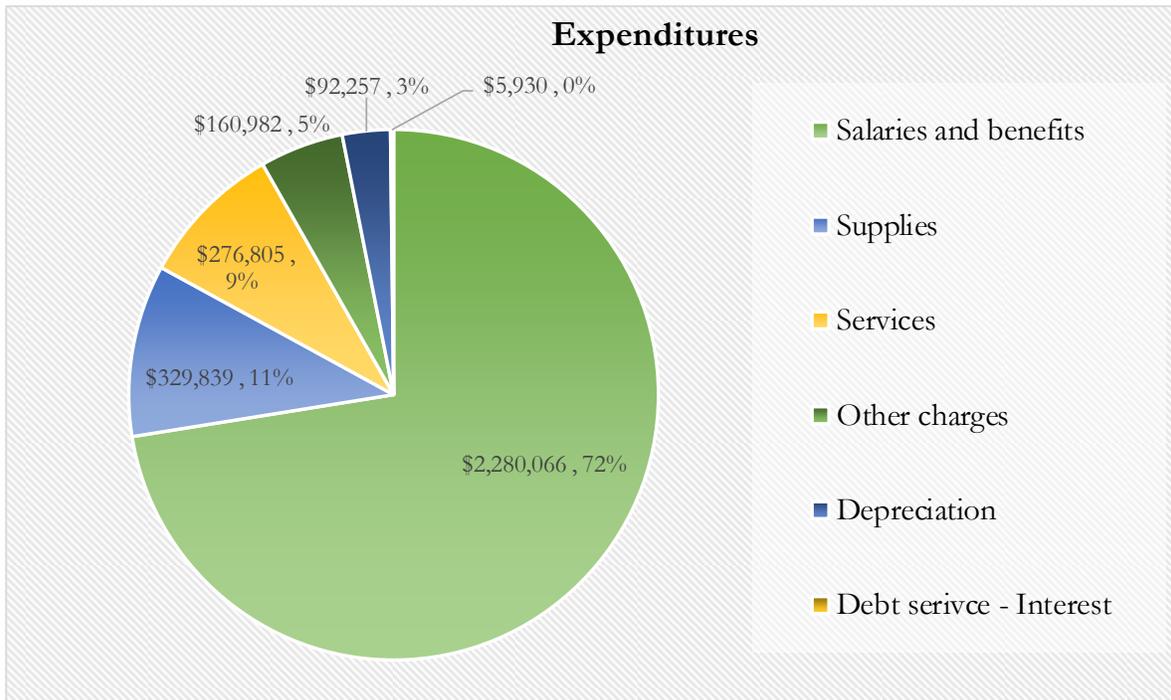
	2020	2019	\$ Change	% Change
Program revenue	\$ 1,454,109	\$ 1,366,568	\$ 87,541	6%
General purpose	1,527,748	1,397,029	130,719	9%
Total Revenue	2,981,857	2,763,597	218,260	8%
Salaries and benefits	2,280,066	1,934,594	345,472	18%
Supplies and services	606,644	727,746	(121,102)	-17%
Other charges	259,169	184,732	74,437	40%
Total Expenses	3,145,879	2,847,072	298,807	10%
Change in net position	\$ (164,022)	\$ (83,475)	\$ (80,547)	-96%

The District’s net position decreased by \$105,926 due to changes in pension liability.



SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2020



Governmental Fund Analysis

	2020	2019	\$ Change	% Change
Program Revenues:				
Property Assessments	\$1,428,730	\$1,366,568	\$62,162	4%
Charges for Services	\$25,379	\$30,297	(\$4,918)	-19%
Total Program Revenues	\$1,454,109	\$1,396,865	\$57,244	4%
General Revenues:				
Property Taxes	\$1,443,381	\$1,309,621	\$133,760	9%
Revenue from use of other money	\$49,975	\$42,161	\$7,814	16%
Other Revenues	\$9,013	\$14,950	(\$5,937)	-66%
Total General Revenues	\$1,502,369	\$1,366,732	\$135,637	9%
Total Revenues	\$2,956,478	\$2,763,597	\$192,881	7%

In the fiscal year 2020, the District’s total revenues from all sources increased 7% or \$192,881 to \$2,956,478. Program revenues increased 4% or \$57,244, primarily due to an increase in special assessments. General revenues increased 9% or \$135,637, primarily due to increases in property tax allocations and interest earnings.

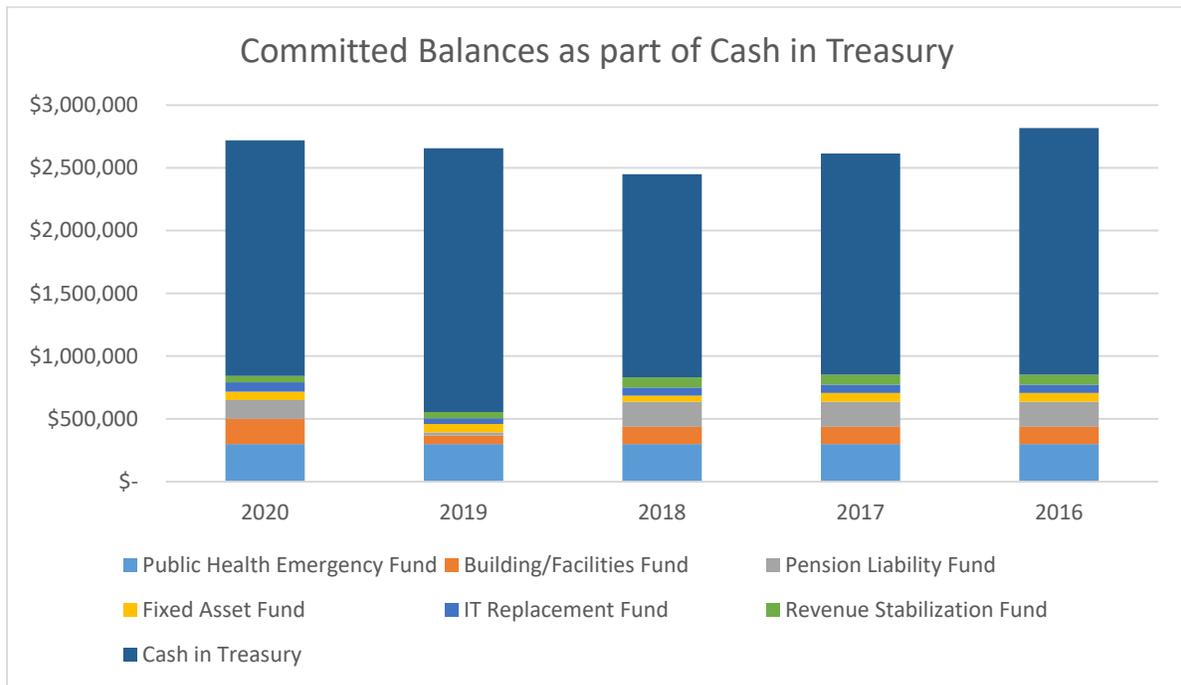
SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2020

	2020	2019	\$ Change	% Change
Expenses:				
Salaries and Benefits	\$2,013,865	\$1,923,809	\$90,056	4%
Supplies	\$329,839	\$331,064	(\$1,225)	0%
Services	\$276,805	\$277,828	(\$1,023)	0%
Other Charges	\$160,982	\$150,144	\$10,838	7%
Capital Outlay	\$31,825	\$7,488	\$24,337	76%
Debt Service (Principal)	\$17,816	\$17,247	\$569	3%
Debt Service (Interest)	\$5,930	\$6,500	(\$570)	-10%
Total Expenses	\$2,837,062	\$2,714,080	\$122,982	5%

In fiscal year 2020, total expenses increased by 5% or \$122,982 to \$2,837,062 primarily due to increases in negotiated contracts with staff. Overall, are expenses decreased in several categories due to a decrease in travel from COVID-19, and changes made in administration and operations to reduce line-item costs.

In addition to the capital assets, the District maintains several committed fund balances that are reserved for specific uses and require Board approval for access. These committed funds include: Public Health Emergency, Pension liability, Fixed Asset, IT Replacement, Building and Facilities and a Revenue Stabilization Fund. (see below chart)



SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2020

Capital Asset Administration

Changes in capital assets for 2020 were as follows.

	Balance 2019	Additions	Restatement	Balance 2020
Depreciable assets				
Non-depreciable assets	\$51,273			\$51,273
<u>Depreciable assets</u>	<u>\$3,184,757</u>	<u>\$31,826</u>	<u>(\$284,501)</u>	<u>\$2,932,082</u>
Total capital assets	\$3,236,030	\$31,826	(\$284,501)	\$2,983,355
Accumulated depreciation	(\$2,211,046)	(\$92,257)	\$449,418	(\$1,853,885)
<u>Total Capital assets, net</u>	<u>\$1,024,984</u>	<u>(\$60,431)</u>	<u>\$164,917</u>	<u>\$1,129,470</u>

At the end of the fiscal year 2020, the District’s investment in capital assets amounted to \$1,024,984. This investment in capital assets includes land, buildings and improvements, vehicles, equipment, machinery furniture and fixtures.

Long-Term Debt

At year-end the District had \$2.9 million in long-term liabilities, including pension liability, remodeling loan, compensated absences, and our OPEB liability. This is a decrease of 3% from 2019, as shown in Table 4. More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.

Limitations on Debt

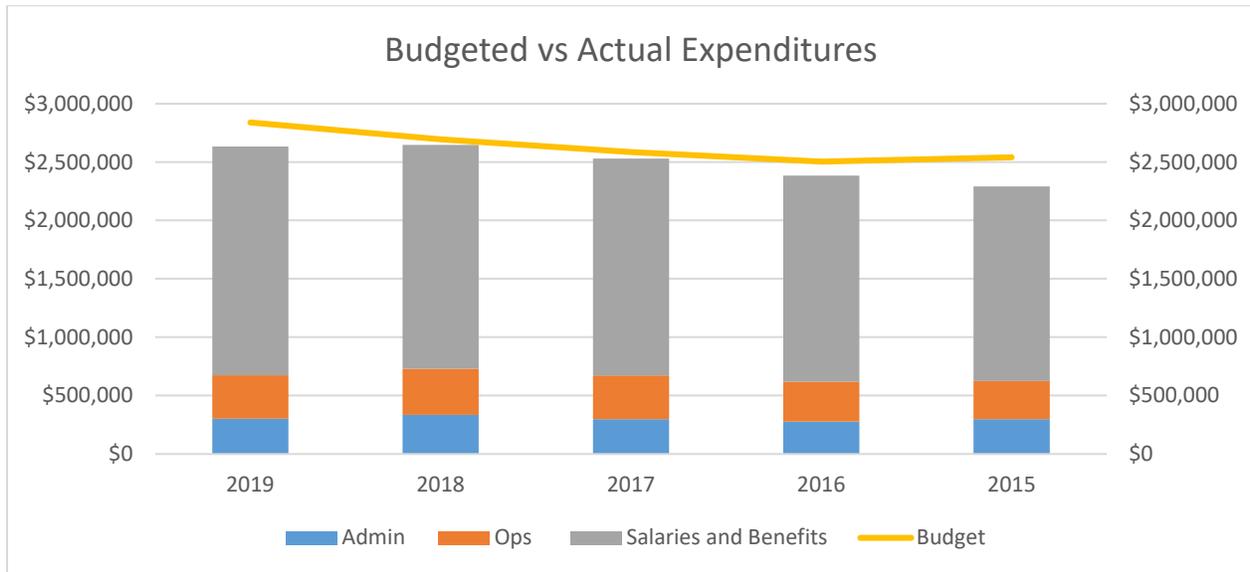
The State limits the amount of general obligation debt the District can issue to 3 percent of the assessed value of all taxable property within the District’s corporate limits. Our outstanding debt is significantly below this limit— which is currently \$2.9 million.

Table 4 - Long-Term Liabilities

	2020	2019	\$ Change	% Change
Note payable	\$ 164,938	\$ 182,754	\$ (17,816)	-10%
Compensated absences	121,185	169,728	(48,543)	-29%
OPEB	297,067	481,793	(184,726)	-38%
NPL	2,400,000	2,245,364	154,636	7%
Less current portion	(18,385)	(17,816)	(569)	3%
Total	\$ 2,964,805	\$ 3,061,823	\$ (97,018)	-3%

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2020



Governmental Fund Financial Analysis

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2020, the District's General Fund reported a fund balance of \$2,499,731. An amount of \$2,349,731 as of June 30, 2020 constitutes the District's assigned fund balance, which is available for specific future District operations.

General Fund Budgetary Highlights

The final actual expenditures for the General Fund as of June 30, 2020, were less than budgeted by \$91,783. In fiscal year 2020, actual payroll and benefits were under budget as we had turnover in staff resulting in savings from anticipated budgetary amounts. In fiscal year 2020, actual supplies and services costs were under budget due to reduced travel expenditures and a below average year for adult mosquito production. We also opted to forgo some budgeted maintenance due to COVID-19 and the potential of having outside vendors onsite for long periods of time.

Actual revenues as of June 30, 2020 exceeded budgeted amounts by \$93,757. In fiscal year 2020 property tax and redevelopment agency tax increment are above budget. Additionally, interest revenue was higher than budgeted.

Conditions Affecting Current Financial Position

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closings of business. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. This pandemic could have dramatic impacts on the District's tax base, pension costs, and operational costs moving forward. However, the related financial impact on the District and the duration cannot be estimated at this time.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2020

Requests for Information

The financial report is designed to provide the District's present users with a general overview of the District's basic finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report, or wish to request additional information, please contact the District Manager, Peter Bonkrude at the Shasta Mosquito and Vector Control District, 19200 Latona Rd Anderson, CA 96007 or (530) 365-3768.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
 JUNE 30, 2020

	General Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2-A.)	Statement of Net Position
Assets					
Cash and cash equivalents	\$ 2,513,643	\$ 692,000	\$ 3,205,643	\$ -	\$ 3,205,643
Accrued receivables	9,272	-	9,272	-	9,272
Inventory	74,785	-	74,785	-	74,785
Nondepreciable capital assets	-	-	-	51,273	51,273
Depreciable capital assets, net	-	-	-	1,078,197	1,078,197
Total Assets	2,597,700	692,000	3,289,700	1,129,470	4,419,170
Deferred Outflows of Resources	-	-	-	375,891	375,891
Total Assets and Deferred Outflows of Resources	\$ 2,597,700	\$ 692,000	\$ 3,289,700	\$ 1,505,361	\$ 4,795,061
Liabilities					
Accrued payables	\$ 97,969	\$ -	\$ 97,969	\$ -	\$ 97,969
Long-term liabilities, current	-	-	-	18,385	18,385
Long-term liabilities, non-current	-	-	-	2,964,805	2,964,805
Total Liabilities	97,969	-	97,969	2,983,190	3,081,159
Deferred Inflows of Resources	-	-	-	335,597	335,597
Fund Balance / Net Position					
Fund Balance					
Non-spendable	74,785	-	74,785	(74,785)	-
Committed	150,000	692,000	842,000	(842,000)	-
Unassigned	2,274,946	-	2,274,946	(2,274,946)	-
Net Position					
Net investment in capital assets	-	-	-	964,532	964,532
Unrestricted	-	-	-	413,773	413,773
Total Fund Balance / Net Position	2,499,731	692,000	3,191,731	(1,813,426)	1,378,305
Total Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position	\$ 2,597,700	\$ 692,000	\$ 3,289,700	\$ 1,505,361	\$ 4,795,061

The accompanying notes are an integral part of these financial statements

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

**GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2-B.)	Statement of Activities
Revenue					
Program Revenue:					
Property taxes, general purpose	\$ 1,443,381	\$ -	\$ 1,443,381	\$ -	\$ 1,443,381
Property assessments, program revenue	1,428,730	-	1,428,730	-	1,428,730
Charges for services, program revenue	25,379	-	25,379	-	25,379
Revenue from use of money	49,975	-	49,975	-	49,975
Other revenues	9,013	-	9,013	-	9,013
Total Revenue	2,956,478	-	2,956,478	-	2,956,478
Expenditures / Expenses					
Current:					
Salaries and benefits	2,013,865	-	2,013,865	266,201	2,280,066
Supplies	329,839	-	329,839	-	329,839
Services	276,805	-	276,805	-	276,805
Other charges	160,982	-	160,982	-	160,982
Depreciation	-	-	-	92,257	92,257
Capital outlay	31,825	-	31,825	(31,825)	-
Debt service - Principal	17,816	-	17,816	(17,816)	-
Debt service - Interest	5,930	-	5,930	-	5,930
Total Expenditures / Expenses	2,837,062	-	2,837,062	308,817	3,145,879
Excess (Deficiency) of Revenue over Expenditures/Expenses	119,416	-	119,416	(308,817)	(189,401)
Other Financing Sources / Uses					
Transfers in	33,000	195,000	228,000	(228,000)	-
Transfers out	(195,000)	(33,000)	(228,000)	228,000	-
Total Financing Sources/Uses	(162,000)	162,000	-	-	-
Net Change in Fund Balance /					
Net Position	(42,584)	162,000	119,416	(308,817)	(189,401)
Fund Balance / Net Position -					
Beginning (Restated)	2,542,315	530,000	3,072,315	(1,504,609)	1,567,706
Fund Balance / Net Position - Ending	\$ 2,499,731	\$ 692,000	\$ 3,191,731	\$ (1,813,426)	\$ 1,378,305

The accompanying notes are an integral part of these financial statements

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

The Shasta Mosquito and Vector Control District is located in Anderson, CA. The District was formed pursuant to Section 2200 et. Seq., of the California Health and Safety Code and formed in the State of California in 1919. The District covers approximately 1,100 square miles within Shasta County and includes the cities of Redding, Shasta Lake and Anderson. The purpose of the District is to provide operational mosquito and other vector control to protect the residents within the District's service area from mosquito-borne disease and from other disease carriers and vectors. The District is governed by a Board of Trustees, which consists of 5 members, one member from each city and two from the county-at-large.

The accompanying financial statements present the activities of Shasta Mosquito and Vector Control District ("the District") and does not have any component units, legally separate organizations for which the County is financially accountable.

1 - B. Other Related Entities

Joint Powers Authority ("JPA"). The District is associated with Vector Control Joint Powers Agency (JPA). These organizations do not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 12 to the financial statements.

1 - C. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

Combined Fund and Government-Wide Statements. Governments engaged in a single governmental program may combine their fund financial statements with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column.

The District presents the combined governmental fund balance sheet/statement of net position, and combined statement of governmental fund revenues, expenditures, and changes in fund balances/statement of activities. The explanations for the reconciliation items in the "Adjustments" column are not provided on the face of the statement, but instead are disclosed in the notes. The District realigns the statement of activities to be compatible with the fund financial statement format.

Major Governmental Funds

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in other funds. The general fund is always a major fund and GASB has defined other major funds based on percentage thresholds. However, management has the discretion to include funds, which are of particular importance to financial statement users.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2020

Capital Fund. To account for financial resources to be used for the acquisition or construction of major capital facilities.

1 - D. Basis of Accounting – Measurement Focus

Government-wide Statements. The government-wide statements are reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, assessments and government grants. On an accrual basis, revenue from property taxes and assessments is recognized in the fiscal year for which they are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, assessments, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

1 - E. Assets, Liabilities, and Net Position

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2020:

Cash in County of \$2.7 million is valued using fair market value as of June 30, 2020 (Level 2 inputs)

Cash held with Vector Control JPA was \$263,578 as of June 30, 2020 (Level 3 inputs)

Acquisition Value

The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2020, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Accrued Receivables

The District considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Vehicles	5 years
Furniture and equipment	5-7 years
Building and improvements	10-39 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employee Retirement System (“Cal PERS”) and additions to/deductions from Cal PERS’ fiduciary net position have been determined on the same basis as they are reported by Cal PERS. 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.

The following timeframes are used for pension reporting:

CalPERS:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2020

Gains and losses related to the changes in total pension liability are recognized in pension expense systematically over time. The amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts that are categorized as deferred outflows and inflows of sources related to pension are to be recognized in further pension expense. The amortization period differs depending in the source of the gain or loss. The difference between projected and actual earnings is amortized over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Committed. The District's highest decision-making level of authority rests with the Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned. Resources that are constrained by the government's intent to use them for a specific purpose but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the County for any purpose. When expenditures are incurred and both restricted and unrestricted resources are available, it is the County's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

1 - F. Revenue and Expenditures/Expenses

Revenues – Exchange Transactions (Program Revenue).

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

Property Tax (General Purpose Revenue) and Special Assessments (Program Revenue).

The County of Shasta assesses, bills, and collects property taxes and special assessments for the District. Property taxes are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. Secured property taxes are levied on or before the first business day of September of each year and become a lien on real property on March 1 following the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due on November 1 and delinquent with penalties after December 10; the second is due on February 1 and delinquent with penalties after April 10. The County of Shasta bills and collects the taxes on behalf of the District. The District recognizes property tax revenues received as reported by the County Auditor Controller.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2020

Expenses/Expenditures.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations which have not matured are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Compensated Absences

Accumulated unpaid employee vacation benefits and CTO time are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data

Per Government Code §61110, on or before July 1 of each year or the board of directors may adopt a preliminary budget that conforms to generally accepted accounting and budgeting procedures for special districts.

The board of directors may divide the preliminary budget into categories, including, but not limited to Maintenance and operation, Services and supplies, Employee compensation, Capital outlay, Interest and redemption for indebtedness, Designated reserve for capital outlay, Designated reserve for contingencies.

On or before July 1 of each year the board of directors shall publish a notice stating either that it has adopted a preliminary budget or that the general manager has prepared a proposed final budget which is available for inspection at a time and place within the district specified in the notice; and the date, time, and place when the board of directors will meet to adopt the final budget and that any person may appear and be heard regarding any item in the budget or regarding the addition of other items.

The board of directors shall publish the notice at least two weeks before the hearing in at least one newspaper of general circulation in the district pursuant to Government Code § 6061.

At the time and place specified for the hearing, any person may appear and be heard regarding any item in the budget or regarding the addition of other items. The hearing on the budget may be continued from time to time.

On or before September 1 of each year the board of directors shall adopt a final budget that conforms to generally accepted accounting and budgeting procedures for special districts. The general manager shall forward a copy of the final budget to the auditor of each county in which the district is located.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2020

1 - G. New Accounting Pronouncements

The Governmental Accounting Standards Board (“GASB”) has issued the following standards:

- ❖ GASB Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged.
- ❖ GASB Statement No. 87, *Leases*. Effective Date: For reporting periods beginning after June 15, 2021.
- ❖ GASB Statement No. 92, *Omnibus 2020*. The provisions of this Statement are effective for periods beginning after June 15, 2021. Earlier application is encouraged.

For specific details about the standards, please see www.gasb.org.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2020

NOTE 2 – EXPLANATION OF DIFFERENCES BETWEEN THE FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

2 - A. Governmental Funds Balance Sheet and Statement of Net Position

Total Fund Balance - Governmental Funds \$ 3,191,731

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets relating to governmental activities, at historical cost:	\$ 2,983,355	
Accumulated depreciation:	<u>(1,853,885)</u>	1,129,470

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

	Note payable	164,938	
	Net Pension Liability (Asset)	2,400,000	
	Net OPEB Obligation	297,067	
	Compensated absences payable	<u>121,185</u>	(2,983,190)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	242,700
Deferred outflows of resources relating to OPEB	133,191
Deferred inflows of resources relating to pensions	(82,400)
Deferred inflows of resources relating to OPEB	<u>(253,197)</u>

Total Net Position - Governmental Activities: **\$ 1,378,305**

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

2 - B. Governmental Funds Operating Statements and the Statement of Activities

Net Changes in Fund Balances - Total Governmental Funds \$ 119,416

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$ 31,826	
Depreciation expense:	<u>(92,257)</u>	(60,431)

Debt service:

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

17,816

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

48,543

Pensions:

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

(414,768)

Postemployment benefits other than pensions ("OPEB"):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:

100,023

Change in Net Position of Governmental Activities: \$ (189,401)

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

NOTE 3 – DEPOSITS AND INVESTMENTS

3 - A. Summary of Deposit and Investment Balances

	Governmental Activities
Deposits in financial institutions	\$ 285,686
Cash in county treasury	2,656,379
Cash held with Vector Control JPA	263,578
Total Cash and Cash Equivalents	\$ 3,205,643

3 - B. Policies and Practices

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. Below is a listing of allowable investment instruments per Government Code §§16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638; applicable to all local agencies.

INVESTMENT TYPE	MAXIMUM MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations— CA and Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers’ Acceptances	180 days	40%	None
Commercial Paper— Pooled Funds	270 days	40% of the agency’s money	Highest letter and number rating by an NRSRO
Commercial Paper— Non-Pooled Funds	270 days	25% of the agency’s money	Highest letter and number rating by an NRSRO
Negotiable Certificates of Deposit	5 years	30%	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30%	None
Placement Service Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20% of the base value of the portfolio	None
Medium-Term Notes	5 years	30%	“A” rating category or its equivalent or better
Mutual Funds and Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	“AA” rating category or its equivalent or better
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	“AA” rating category or its equivalent or better

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2020

3 - C. Cash Deposits

Credit Risk. As of June 30, 2020, the District’s Cash in County pool consisted of debt securities and the ratings ranged from A2 through AA+ by Moody’s ratings and an average of 532 days to maturity on investments. Investment in County Pool is shown at fair market value.

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District’s deposits may not be returned. The District’s deposit policy requires that all deposits be covered by the Federal Depository Insurance Corporation (“FDIC”). As of June 30, 2020, the carrying amount of the District’s bank deposits was \$285,686, and the respective bank balances totaled \$299,498. Of the total bank balance, \$250,000 was insured through the FDIC.

NOTE 4 – ACCRUED RECEIVABLES

At June 30, 2020, \$9,272 was due to the District for charges for services.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, consists of the following:

	Balance		Balance	
	June 30, 2019	Restatement	Additions	June 30, 2020
Capital Assets Not Being Depreciated				
Land	\$ 51,273	\$ -	\$ -	\$ 51,273
Capital Assets Being Depreciated				
Building and improvements	\$ 2,027,153	\$ (8,966)	\$ -	\$ 2,018,187
Vehicles	565,515	(7,549)	31,826	589,792
Furniture and equipments	592,089	(267,986)	-	324,103
Total assets being depreciated	3,184,757	(284,501)	31,826	2,932,082
Acumulated depreciation	(2,211,046)	449,418	(92,257)	(1,853,885)
Total Capital Assets Depreciated, Net	\$ 973,711	\$ 164,917	\$ (60,431)	\$ 1,078,197

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2020

NOTE 6 – INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds at June 30, 2020, consist of the following:

	<u>Interfund Transfer In</u>			
	Interfund Transfer Out	General Fund	Capital Projects Fund	Total
General Fund	\$ -	\$ 195,000		\$ 195,000
Capital Projects Fund		(33,000)	-	(33,000)
Total Interfund Transfer In	\$ (33,000)	\$ 195,000		\$ 162,000

Board designation to replenish Capital Projects Fund balances as follows:

Building and facilities	\$ 133,000
IT replacement	30,000
Fixed assets	32,000
Capital Projects Fund transferred to the General Fund for purchase of vehicle	(33,000)
Total	\$ 162,000

NOTE 7 – ACCRUED PAYABLES

Payables at June 30, 2020, were as follows:

	<u>General Fund</u>
Vendors	\$ 30,997
Payroll	6,379
Compensated absences	60,593
Total Accrued Payables	\$ 97,969

NOTE 8 – LONG-TERM LIABILITIES

8 - A. Long-Term Liabilities Summary

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance			Balance June 30, 2020	Due In One Year
	June 30, 2019	Additions	Deletions		
Note payable	\$ 182,754	\$ -	\$ 17,816	\$ 164,938	\$ 18,385
Compensated absences	169,728	12,050	60,593	121,185	-
Net pension liability ("NPL")	2,245,364	154,636	-	2,400,000	-
Net other postemployment benefits ("OPEB") liability	481,793	-	184,726	297,067	-
Total Long-Term Liabilities	\$ 3,079,639	\$ 166,686	\$ 263,135	\$ 2,983,190	\$ 18,385

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

8 - B. Note Payable

The District entered into a 10-year loan to finance the remodel of the lab in the amount of \$200,000 on May 10, 2017. The repayments are made on an annual basis the amount of \$23,746 including interest 3.25% per annum. As of June 30, 2020, the balance was \$164,938. The principal amount due for the next 5 years is as follows:

As of June 30,		
2021	\$	18,385
2022		18,983
2023		19,600
2024		20,237
2025		20,985
2026-2028		66,748
Total	\$	164,938

8 - C. Compensated Absences

Compensated absence represents accumulated vacation leave and compensatory time (CTO) earned by district employees and the district management has presented this liability as one-third current liability in the government funds and two-thirds in long-term liabilities as a best estimate of the District's obligations.

All regular employees are eligible to accrue and take vacation benefits based on their continuous length of service, measured from the date of hire. "Continuous length of service" is defined as service that is uninterrupted by termination of employment. Vacation time off shall not accrue beyond 320 hours at March 1. Once this accrual limit is reached at March 1, vacation no longer accrues until vacation is taken. Per Catastrophic Leave policy any employee who wishes to contribute may authorize that a portion of his/her accrued vacation or compensatory time be deducted from those account(s) and credited to the Catastrophic Leave Bank. Employees may donate hours, hour for hour, either to a specific eligible employee or to the general bank. No employee will receive pay in lieu of vacation except on the termination of his or her employment. No vacation accrues during a layoff, disability leave or other unpaid leave of absence. Vacation accruals recommence when the employee returns to work and/or paid status. On termination of employment, the employee shall be paid all accrued but unused vacation at the employee's regular rate of pay at the time of his or her termination.

Compensatory Time Off: In lieu of paid overtime, non-exempt employees may elect to receive CTO. CTO is provided at the rate of one and one-half (1.5) hours of paid time off for each hour of overtime worked. A non-exempt employee that qualifies under the FLSA definition of "seasonal activities" is allowed by policy to accrue a calendar year maximum of 300 cumulative hours of CTO, or 200 overtime hours worked. The seasonal activities exception to FLSA laws includes; "any employee that exhibits a reoccurring/regular increase in hours worked and that those hours are expected to exceed 240 hours of CTO." All employees that do not fall under the "seasonal activities" exception is limited to accrue a calendar year maximum of 240 cumulative hours CTO, or 160 overtime hours worked. Any overtime hours worked over this maximum accrual limit must be compensated in cash. Employees shall strive to use all accrued CTO prior to March 1 of any given year. An employee who has remaining accrued CTO after March 1 shall not work any overtime hours until after he or she has used all accrued CTO unless otherwise approved by the Manager. Compensatory time off will be scheduled and used prior to the use of vacation time. An employee separating from District service shall be paid for accumulated compensatory time in a lump sum payment. In the case of an employee whose service is terminated by death, such payment shall be made to the employee's beneficiary.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

NOTE 9 – DEFINED BENEFIT PENSION

9 - A. General Information about the Pension Plan

Plan Description

The District contributes to the California Public Employees' Retirement System ("CalPERS" or the System) is a cost-sharing, multiple-employer defined benefit public pension fund. CalPERS provides retirement benefit services for state, school, and public employers. The plan is governed by a 13-member Board of Administration consisting of member-elected, appointed, and ex officio members. Established by legislation in 1931, the System became operational in 1932 to provide retirement to state employees. In 1939, new legislation allowed public agency and classified school employees to join CalPERS for retirement benefits. The benefits for the public agencies are established by contract with the System, in accordance with the provisions of the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2020.pdf>.

For accounting purposes only, Public Employees' Retirement Fund ("PERF") is comprised of and reported as three separate entities. PERF A is comprised of agent multiple-employer plans, which includes the State of California and most public agencies' rate plans with more than 100 active members. PERF B is a cost-sharing multiple employer plan of school employers consisting of non-teaching and non-certified employees. PERF C is a cost-sharing multiple-employer plan of public agencies with generally less than 100 active members. The District's net pension liability ("NPL") is a part of PERF C.

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 to 63 with statutorily reduced benefits. MOU 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 5 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. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

The plans' provisions and benefits in effect for the measurement period ended June 30, 2019 are summarized as follows:

	Miscellaneous Plan		PEPRA
	Tier 1*	Tier 2*	
Hire date	Prior to August 14, 2011	On or after August 14, 2011 but prior to January 1, 2013	On or after January 2, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum 50 yrs	Minimum 50 yrs	Minimum 50 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.092% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 50 yrs - 63+ yrs, respectively
Required employee contribution rates	6.906%	6.906%	6.750%
Required employer contribution rates	10.221%	10.221%	6.985%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements are identified by the pension plan terms.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 JUNE 30, 2020

9 - B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020, the District reported a liability of \$2,400,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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 participating agencies, actuarially determined. The District's proportion was calculated as follows:

	Amount	Proportion
Total Pension Liability Allocation Basis	\$ 9,307,000	0.05175%
Fiduciary Net Position Allocation Basis	6,907,000	0.04941%
Classic and PEPRA Miscellaneous Net Pension Liability	\$ 2,400,000	0.05993%
Proportionate share - June 30, 2020		0.05993%
Proportionate share - June 30, 2019		0.05973%
Increase in Proportionate Share		0.00020%

For the year ended June 30, 2020, the District recognized pension expense of \$488,300. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Safety	Deferred Inflows of Resources Safety
Changes of assumptions		\$ (35,000)
Differences between expected and actual experience	\$ 143,900	(11,200)
Net difference between projected and actual earnings on pension plan investments	98,800	
Changes in proportion and differences between District contributions and proportionate share of contributions		(36,200)
District contributions subsequent to the measurement date	297,895	
Total	\$ 540,595	\$ (82,400)

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

\$297,895 was the current year contribution and is reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30:	Amount
2021	\$ 152,500
2022	(16,600)
2023	17,200
2024	7,300
Total	\$ 160,400

9 - C. Actuarial Assumptions and Discount Rate Information

Actuarial Assumptions

Following are the actuarial assumptions used to determine the net pension liability:

	<u>Classic & PEPRA Plans</u>
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method:	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate:	7.15%
Inflation rate	2.75%
Salary increases	(1)
Mortality Rate Table ¹	(2)
Post-Retirement Benefit Increase	(3)

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the 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.

(3) Floor on Purchasing Power applies, 2.50% thereafter.

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.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2020

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 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 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 are as follows:

Asset Class (a)	Current Target Allocation	Real Return Years 1 – 10 (b)	Real Return Years 11+ (c)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	(0.00%)	(0.92%)

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(b) An expected inflation of 2.00% used for this period

(c) An expected inflation of 2.92% used for this period

Discount Rate

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 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 benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability of each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability:	\$ 3,324,100	\$ 2,400,000	\$ 1,039,100

Pension Plan Fiduciary Net Position

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

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2020

NOTE 10 – POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

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

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

Benefits Provided

The plan provides healthcare benefits for retirees and their dependents. The benefit terms provide for payment of 55 percent of health insurance premiums for non-Medicare-eligible retirees and 55 percent of supplemental health insurance premiums for Medicare-eligible retirees.

Funding Policy, Funded Status, and Funding Progress

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

As of June 30, 2020, the District has set aside approximately \$980,727 in an external trust fund and the fair value of the trust fund as of June 30, 2020, was approximately \$1,033,544.

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

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued JUNE 30, 2020

Total Net OPEB Liability and Changes in Total OPEB Liability

The District's total OPEB liability of \$1,277,794 was measured in conformity with the requirements in GASB No. 75, paragraphs 225 and 226 for the alternative measurement method, as of June 30, 2019. The District as of June 30, 2020, has \$980,727 in a plan fiduciary trust. The Net OPEB Liability for the district is valued at \$297,067 as of June 30, 2020. The district made benefit payments/contributions of \$100,238 during the fiscal year.

Balances at July 01, 2019	\$ 1,398,345
Changes for the year:	
Service cost	19,349
Interest	92,038
Expected investment income	(61,677)
Differences between expected and actual experience	(95,908)
Changes in assumptions or other inputs	26,082
Benefit payments	(100,238)
Net changes	(120,354)
Balances at June 30, 2020	\$ 1,277,991
Plan Fiduciary Net Position	
Contributions - employer	\$ 100,238
Contributions - employee	-
Net investment income	64,372
Benefit payments	(100,238)
Administrative payments	(197)
Other expenses	-
Net Change in Plan Fiduciary Net Position	64,175
Plan Fiduciary Net Position - Beginning	916,552
Plan Fiduciary Net Position - Ending	980,727
Net OPEB Liability - Ending	\$ 297,264

Measurement Assumptions and Other Inputs

The total Net OPEB liability in the June 30, 2020 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate:	2.50%
Discount Rate:	6.30%
Salary Increase	3%

GASB 75 requires the discount rate used for valuing liabilities based on the yield or tax index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality rates were based on the MacLeod Watts Mortality Projection Methodology.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.3 percent) or 1-percentage-point higher (7.3 percent) than the current discount rate:

	1% Decrease (5.30%)	Current Discount Rate (6.30%)	1% Increase (7.30%)
Net OPEB liability	\$ 449,356	\$ 297,067	\$ 170,685

	Current Health		
	1% Decrease	Trend Rate	1% Increase
Net OPEB liability	\$ 165,154	\$ 297,067	\$ 457,674

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 253,197
Changes of assumptions or other inputs	28,452	-
Deferred contributions	104,739	-
	\$ 133,191	\$ 253,197

For the year ended June 30, 2020, the District recognized an OPEB benefit of \$100,023.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

NOTE 11 – FUND BALANCE

Fund balance components at June 30, 2020, were as follows:

	General Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable			
Inventory	\$ 74,785	\$ -	\$ 74,785
Committed			
Pension liability	150,000	-	150,000
Public Health Emergency	-	300,000	300,000
Facility Improvement	-	200,000	200,000
Fixed Asset Replacement	-	67,000	67,000
IT Equipment	-	75,000	75,000
Revenue Stabilization	-	50,000	50,000
Total Committed	150,000	692,000	842,000
Unassigned	2,274,946	-	2,274,946
Total Fund Balances	\$ 2,499,731	\$ 692,000	\$ 3,191,731

NOTE 12 – PARTICIPATION IN A JOINT POWERS AUTHORITY

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

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

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2020, the District made payments of \$50,605 to the JPA.

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS, Continued
JUNE 30, 2020

NOTE 13 – CONTINGENCIES AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 16, 2020, the Governor of California declared a health emergency and issued an order to close all nonessential businesses until further notice. Management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the District's financial position, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 14– SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2020 through February 25, 2021 which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at June 30, 2020, including the estimates inherent in the processing of financial statements.

NOTE 15 – RESTATEMENT

The District recorded prior period adjustments in the amount of \$164,917 and \$25,000. These adjustments were results of an error in the depreciation schedule and error in fund balance, respectively. See below for the effect on fund balance. During the audit of the financial statements, it was noted that the June 30, 2019 ending balances of net position were misstated.

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Statement of Net Position</u>
Fund Balance/Net Position, June 30, 2019	\$ 2,517,315	\$ 555,000	\$ 1,402,789
Increase In:			
Cash	25,000	-	-
Accumulated depreciation	-	-	164,917
Decrease In:			
Cash	-	(25,000)	-
Restated Fund Balance/Net Position	\$ 2,542,315	\$ 530,000	\$ 1,567,706

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REQUIRED SUPPLEMENTARY INFORMATION

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SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted</u> <u>Amounts</u>		<u>Variance with</u> <u>Final Budget -</u> <u>Positive /</u> <u>(Negative)</u>
	<u>Original/Final</u>	<u>Actual</u>	
REVENUE			
Program Revenue:			
Property taxes, general purpose	\$ 1,383,000	\$ 1,443,381	\$ 60,381
Property assessments, general purpose	1,418,721	1,428,730	10,009
Revenue from use of money	28,000	49,975	21,975
Charges for services	16,000	25,379	9,379
Other revenues	17,000	9,013	(7,987)
Total Revenue	2,862,721	2,956,478	93,757
EXPENDITURES			
Current:			
Salaries and benefits	2,072,983	2,013,865	59,118
Supplies	369,885	329,839	40,046
Services	308,541	276,805	31,736
Other charges	120,690	160,982	(40,292)
Capital Outlay	33,000	31,825	1,175
Debt Service - Principal	17,786	17,816	(30)
Debt Service - Interest	5,960	5,930	30
Total Expenditures	2,928,845	2,837,062	91,783
Excess (Deficiency) of Revenue over Expenditures	(66,124)	119,416	185,540
OTHER FINANCING SOURCES/USES			
Transfers - internal activity	66,124	(162,000)	(228,124)
NET CHANGE IN FUND BALANCE	-	(42,584)	(42,584)
Fund Balance - Beginning (Restated)	2,542,315	2,542,315	-
Fund Balance - Ending	\$ 2,542,315	\$ 2,499,731	\$ 42,584

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2020	2019	2018	2017	2016	2015
Miscellaneous Plan:						
District's proportion of the net pension liability (asset)	0.0599%	0.0597%	0.0648%	0.0585%	0.0611%	0.0619%
District's proportionate share of the net pension liability (asset)	\$ 2,400,000	\$ 2,251,000	\$ 2,553,000	\$ 2,032,000	\$ 1,675,000	1,529,000
District's covered payroll	\$ 1,180,845	\$ 1,124,866	\$ 1,081,623	\$ 1,002,809	\$ 968,309	872,962
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	203.2%	200.1%	236.0%	202.6%	173.0%	175.2%
Plan fiduciary net position as a percentage of the total pension liability	77.7%	77.7%	75.4%	75.9%	79.9%	81.1%

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

SCHEDULE OF CONTRIBUTIONS

	2020	2019	2018	2017	2016	2015
Miscellaneous Plan:						
Contractually required contribution	\$ 297,395	\$ 264,939	\$ 228,245	\$ 213,509	\$ 191,569	\$ 152,559
Contributions in relation to the contractually required contribution	(297,395)	(262,956)	(228,245)	(213,509)	(191,569)	(152,559)
Contribution deficiency (excess)	\$ -	\$ 1,983	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,173,731	\$ 1,180,845	\$ 1,124,866	\$ 1,081,623	\$ 1,002,809	\$ 968,309
Contributions as a percentage of covered payroll	25.3%	22.4%	20.3%	19.7%	19.1%	15.8%

SHASTA MOSQUITO AND VECTOR CONTROL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	2020	2019	2018
Total OPEB Liability			
Changes for the year:			
Service cost	\$ 19,349	\$ 18,740	\$ 21,980
Interest	92,038	91,357	102,800
Changes of benefit terms			
Differences between expected and actual experience	(157,585)	-	(202,612)
Changes in assumptions or other inputs	25,885	-	10,452
Benefit payments	(100,238)	(100,953)	(97,864)
Net Changes in Total OPEB Liability	(120,551)	9,144	(165,244)
Total OPEB Liability - Beginning	1,398,345	1,389,201	1,554,445
Total OPEB Liability - Ending	\$ 1,277,794	\$ 1,398,345	\$ 1,389,201
Plan Fiduciary Net Position			
Contributions - employer	\$ 100,238	\$ 100,953	\$ 97,864
Contributions - employee	-	-	-
Net investment income	64,372	53,373	58,316
Benefit payments	(100,238)	(100,953)	(97,864)
Administrative payments	(197)	(454)	(425)
Other expenses	-	(1,144)	-
Net Change in Plan Fiduciary Net Position	64,175	51,775	57,891
Plan Fiduciary Net Position - Beginning	916,552	864,777	806,886
Plan Fiduciary Net Position - Ending	980,727	916,552	864,777
Net OPEB Liability - Ending	\$ 297,067	\$ 481,793	\$ 524,424
Covered Payroll	\$ 1,180,845	\$ 1,124,866	\$ 1,112,492
Total OPEB liability as a percentage of covered payroll	25.16%	42.83%	47.14%

OTHER INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S 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*

The Board of Trustees

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Shasta Mosquito and Vector Control District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Shasta Mosquito and Vector Control District's basic financial statements, and have issued our report thereon dated February 25, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Shasta Mosquito and Vector Control 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.

Jacobson Jarvis & Co, PLLC

La Verne, California

February 25, 2021