

COACHELLA VALLEY MOSQUITO & VECTOR CONTROL DISTRICT

FOR THE FISCAL YEAR ENDED JUNE 30

2020 and 2021

Comprehensive Financial Report

43420 Trader Place, Indio, CA 92201 | (760) 342-8287
cvmosquito@cvmosquito.org



Mission Statement

We are dedicated to enhancing the quality of life for our community by providing effective and environmentally sound vector control and disease prevention programs through research, development, and public awareness.

<u>Representing</u>	<u>Name</u>	<u>Title</u>	<u>Appointment</u>	<u>Term Expiration</u>
City of Indio	Benjamin Guitron IV	President	2018	2021
City of Palm Desert	Doug Walker	Vice President	2007	2021
County of Riverside	Bito Larson	Secretary	2012	2024
City of Indian Wells	Clive Weightman	Treasurer	2017	2021
City of Coachella	Denise Delgado	Trustee	2021	2023
City of Cathedral City	Mark Carnevale	Trustee	2021	TBD
City of Desert Hot Springs	Gary Gardener	Trustee	2019	2021
City of Rancho Mirage	Isaiah Hagerman	Trustee	2019	2021
City of Palm Springs	Dr. Douglas Kunz	Trustee	2016	2021
County of Riverside	Janell Percy	Trustee	2021	2024
City of La Quinta	Vacant	Trustee	TBD	TBD

**Coachella Valley Mosquito and Vector Control District
 Jeremy Wittie, MS, General Manager
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www.cvmvcd.org**

Coachella Valley Mosquito and Vector Control District

Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2021 and 2020

**Coachella Valley Mosquito and Vector Control
District Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2021 and 2020**

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Introductory Section



Coachella Valley Mosquito & Vector Control District

43-420 Trader Place, Indio, CA 92201 (760) 342-8287 (760) 342-8110
www.cvmosquito.org CVmosquito@cvmosquito.org @cvmosquito

November 9, 2021

To the Members of the Board of Trustees and Residents of the Coachella Valley:

State law requires special districts to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the Coachella Valley Mosquito and Vector Control District (“the District”) for the fiscal year ended June 30, 2021.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with GAAP. As the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable, rather than, absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District’s financial statements have been audited by Fedak & Brown LLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District, for the fiscal year ended June 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District’s financial statements, for the fiscal year ended June 30, 2021, were fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

BOARD OF TRUSTEES

President BENJAMIN GUITRON IV Indio | **Vice President** DOUGLAS WALKER Palm Desert
Secretary BITO LARSON County at Large | **Treasurer** CLIVE WEIGHTMAN Indian Wells
MARK CARNEVALE Cathedral City | DENISE DELGADO Coachella | GARY GARDNER Desert Hot Springs | VACANT La Quinta
DR. DOUGLAS KUNZ Palm Springs | ISAIAH HAGERMAN Rancho Mirage | JANELL PERCY County at Large | JEREMY WITTIE
General Manager

Profile of the Government

The Coachella Valley Mosquito and Vector Control District was formed March 12, 1928 under Section 2000 et. seq. of the California Health and Safety Code. It is a special district established by the Riverside County Board of Supervisors primarily for controlling eye gnats. In 1951, the District added a program for mosquito control and in 1995 expanded to a full vector control agency.

The District is one of the largest mosquito and vector control districts in California. It serves the Coachella Valley, population approximately 430,000, and has a District boundary encompassing 2,400 sq. miles. The operating budget is \$13.2 million, funding comes from property taxes and a Benefit Assessment. The District employs 63 full-time staff, increased with seasonal staff beginning early summer. The District has been at its present purpose-built location in Indio, California since 2001.

The District is governed by a Board of Trustees comprised of 11 members. Each of the nine cities of the Coachella Valley appoints a member and the County of Riverside appoints two members. The General Manager, Legal Counsel and District Auditor report to the Board. The Board meets monthly, every second Tuesday, at 6:00pm.

Factors Affecting Financial Condition

The Coachella Valley is a national destination for tourists and conventions, the population is supplemented each year with seasonal residents returning to their second homes. The area is also an important national retirement center, and, accordingly, a large part of the local economy caters to an aging population such as the health care industry, retail, restaurants, and golf courses. The Coachella Valley's economy is based on providing services to tourists, conventions, seasonal second homeowners, and retirees. A significant proportion of the job base is in retail, consumer services, hotels, amusement, and construction. Agriculture is also a significant player in the labor market.

The Coachella Valley's employment is made up of 17% accommodation and food services, 14% in retail, and 12% in healthcare. COVID-19 has played a big impact on the local economy, Canadian tourist numbers have declined dramatically, hotel and restaurant businesses have had to furlough or lay off many employees. The unemployment rate in Riverside County rose to 14.7 % July 2020, in June 2021 it was 7.9%.

The District's revenue is closely associated with the local real estate market which continues to show positive growth from higher house prices and growing construction. Forecasts show the real estate revenues are continuing to grow in the short term. The District receives its revenue from property taxes, redevelopment agency tax increment, and a Benefit Assessment. In FY 2019-2020 property tax receipts increased 4.4 % over the previous year and 4.8 % in FY2020-2021. In FY2021-2022 property tax receipts are forecast to rise by 3.0 %.

For FY 2020-2021 the property tax increment was 27.2% higher than the prior year, because of changes to State residual amount calculations following the Chula Vista v Sandoval decision. Moving forward, the District will receive a higher Tax Increment because of this decision. The Benefit Assessment rate was \$13.48 per single family equivalent (SFE), giving a total receipt of \$2.3 million in FY 2020-2021, an increase of 5.5% over prior year.

Analysis and Impact of COVID-19 Pandemic on FY 20-21 Revenue

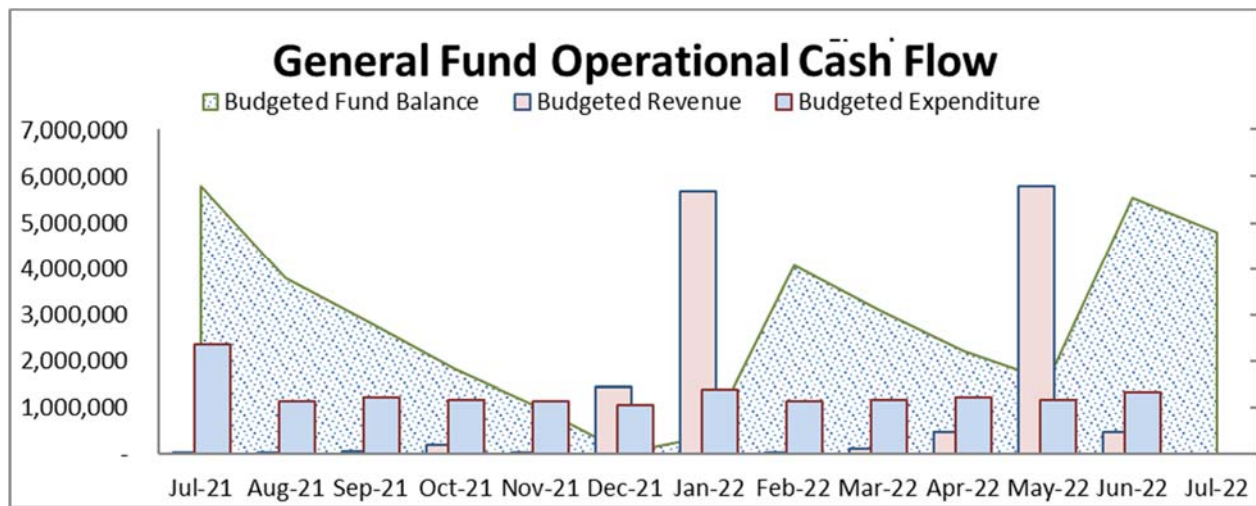
The District is part of the Teeter plan so defaults on property taxes or late payments did not affect the District's revenue in FY 2020-2021. The Teeter plan provides California counties with an optional alternative method for allocating delinquent property tax revenue. Using the accrual method of accounting under the Teeter plan, counties allocate property tax revenues based on the total amount of the property taxes billed, but not yet collected. The Teeter plan allows the counties to finance property tax receipts for local agencies by borrowing money to advance cash to each taxing jurisdiction in an amount equal to the current year's delinquent property taxes.

Analysis and Impact of COVID-19 Pandemic on FY 20-21 Revenue, continued

In 2008 the housing market in Coachella Valley collapsed because of many home foreclosures. There were defaults on property taxes however because the District is part of the Teeter plan, revenue still rose in FYs 07/08 & 08/09. In FY09/10 revenue started to fall. This is because the assessed valuation lowered 2010 as a result of the foreclosures /bank sales, and the Assessor’s Office resetting the house values for property tax purposes. If the same were to happen now, we would see potential falling of revenue in Fiscal Year 2021-22 because of lower assessed values not defaults on taxes, however the opposite effect is taking place with property prices increasing over the last year.

Short-term financial planning

The District receives the majority of its funding from the property taxes and benefit assessment, collected by the County of Riverside. These funds do not reach the District until January, with a 10% advance on property taxes in December. There is a six-month delay in receiving revenue from the beginning of the fiscal year. The District Fund Balance Policy recommends maintaining a minimum working capital Reserve for Operations equal to \$5,800,000. Historically November is when expenses exceed revenue by the most, based on budget estimates for FY2021-22 expenses will exceed revenue by almost \$5.7 million at the end of November 2021.



Long-term financial planning

In Fiscal Year 2018-19 the District implemented a capital plan reserve study to fund future repair and replacement of facility components. The capital plan includes an inventory of District facilities, identifying component wear, and age. The study looks forward 30 years, projecting expenses, and recommending a funding plan. In FY 2019-20 environmental remediation work was completed at the old District headquarters in Thermal, CA which involved paving the whole area with asphalt. The remediation work is scheduled every ten years, designated funds have been set aside on an annual basis, to pay for this remediation liability. In FY 2029-30 the repaving work will take place.

CalPERS Pension and Other Post-Employment Benefit (OPEB) Liabilities: In FY 2021-22 Budget, to control the continual escalating pension costs to the District’s CalPERS plan, a one-off lump sum payment of \$1,000,000 on top of the annual payment towards the District’s CalPERS unfunded liability is planned. In addition, the District amortization period for the 2020 losses will be shortened from 20 years to 5 years saving an estimated interest payment of \$569,896.

Long-term financial planning, continued

The District provides healthcare through CalPERS PEHMCA offering retiree medical coverage pursuant to government code 22893. According to the latest actuarial valuation, the value of the accumulated liability for the fiscal year ending June 30, 2021, is \$3,912,384 (total OPEB liability). The District sets aside funds to cover retiree health liabilities in the California Employers Retiree Benefit Trust (CERBT) Fund, a qualifying trust, the Fiduciary Net Position of the District funds held in CERBT are \$3,458,638 leaving a Net OPEB Liability of \$453,746 with a funding ratio of 88 %. The District annually prefunds \$312,420 which is the last GASB 45 annual required contribution before GASB 75 took its place.

Emergency Service Reserve

Emergency Reserve for Public Health Emergency: Viruses that our Valley mosquitoes do and can possibly transmit requires that the District have set aside a reserve of funds to quickly respond to an outbreak of mosquito-borne disease. Science-based strategies to stop an outbreak, typically require wide-area control measures. These types of wide-scale operations, primarily conducted by air, can quickly deplete millions of dollars in reserves in a matter of weeks to control adult mosquitoes and interrupt disease transmission to humans. Estimated cost of the response plan is \$5,162,230. Beginning balance July 1, 2021 is estimated to be \$4,757,318 or 94% funded.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Financial Report (CFR) for the fiscal year ended June 30, 2020. This was the thirteenth consecutive year that the District has achieved this prestigious national award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the District has to publish an easily readable and efficiently organized CFR, and satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the District staff. We would like to express our appreciation to all employees of the District who assisted and contributed in the preparation of this report. Credit must also be given to the Board of Trustees, particularly the Finance Committee, for their unfailing support in maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,

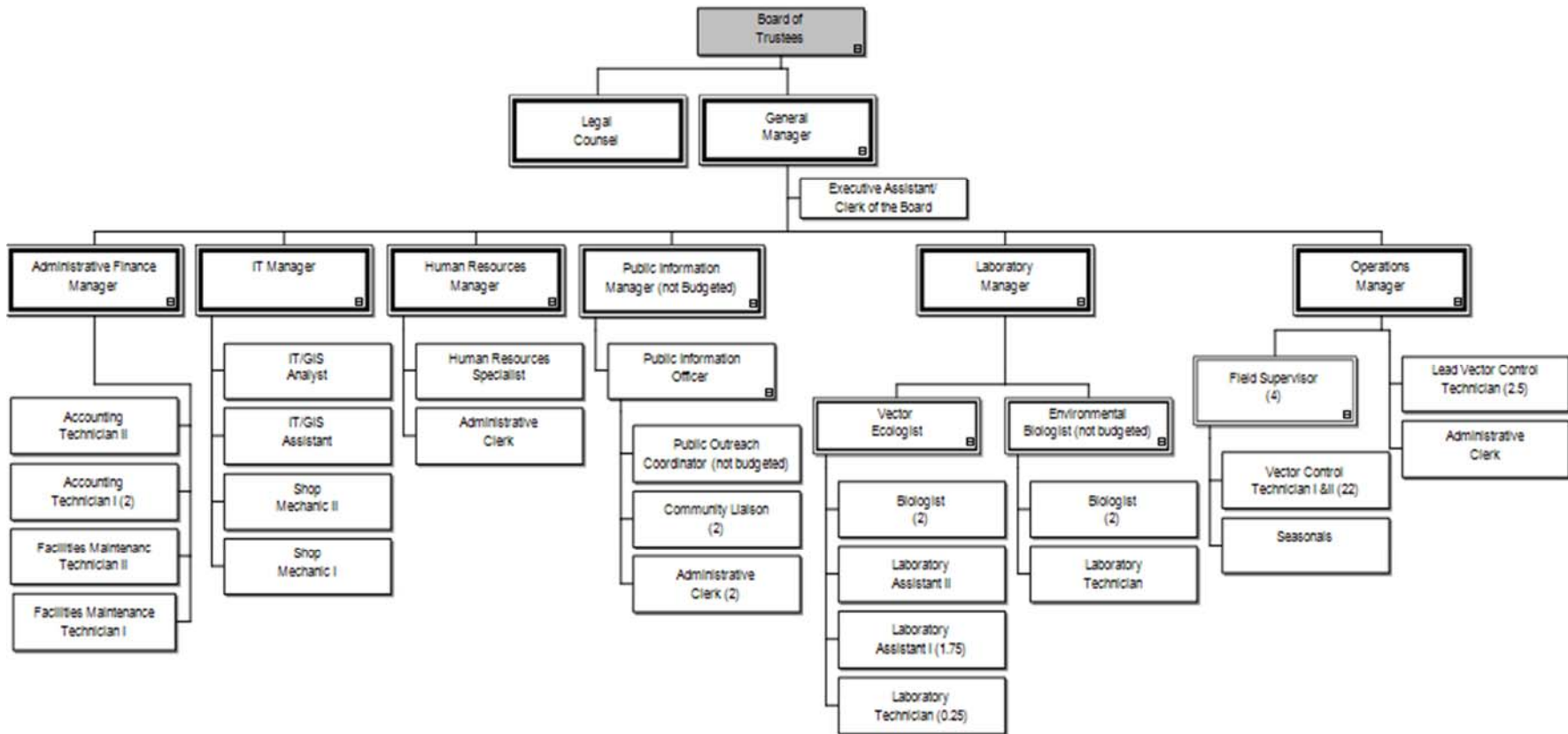


Jeremy Wittie, MS
General Manager



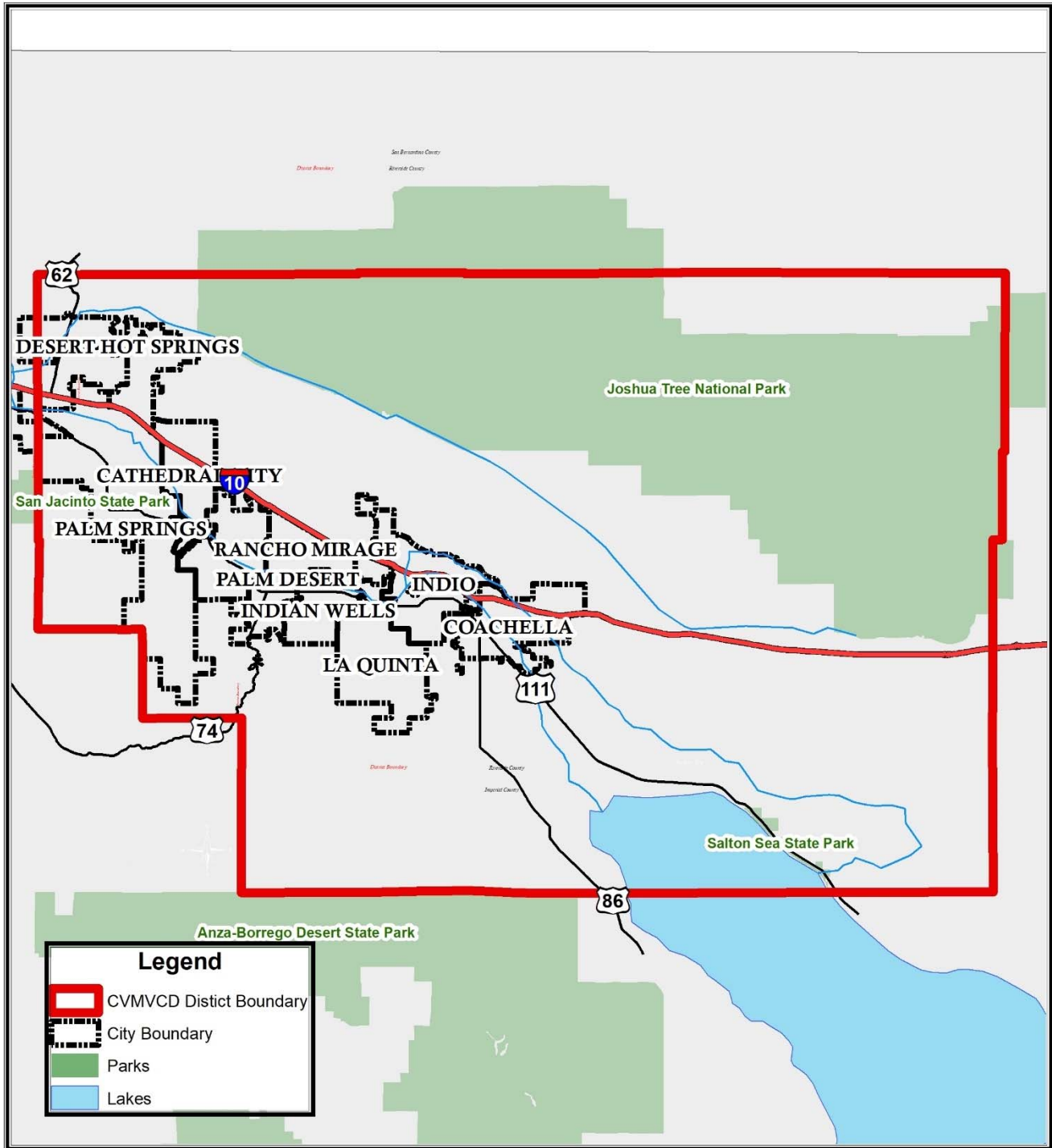
David I'Anson
Administrative Finance Manager

Coachella Valley Mosquito and Vector Control District
Organizational Chart
For the Fiscal Year Ended June 30, 2021





Coachella Valley Mosquito and Vector Control District Boundary





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Coachella Valley
Mosquito and Vector Control District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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Financial Section



Fedak & Brown LLP
Certified Public Accountants

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Independent Auditor's Report

Board of Trustees
Coachella Valley Mosquito and Vector Control District
Indio, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Coachella Valley Mosquito Vector Control District (District) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits 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 Coachella Valley Mosquito Vector Control District as of June 30, 2021 and 2020, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, *continued*

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 16 and the required supplementary information on pages 59 through 65 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 audits 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 Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 7 and the statistical section on pages 66 through 81 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2021, on our consideration of the District's internal control over financial reporting and 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* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 82 and 83.

Fedak & Brown LLP

Fedak & Brown LLP

Cypress, California

November 9, 2021

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2021 and 2020

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Coachella Valley Mosquito and Vector Control District (District), provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2021 and 2020. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2021, the District's net position increased by 7.08% or \$1,498,385 to \$22,670,611, as a result of operations. In the fiscal year 2020, the District's net position decreased by 2.05% or \$444,082 to \$21,172,226, as a result of operations.
- In fiscal year 2021, the District's total revenues from all sources increased 11.27% or \$1,272,825 to \$12,567,095. Program revenues increased 5.57% or \$120,415 to \$2,282,794. General revenues increased 12.62% or \$1,152,910 to \$10,284,301. In fiscal year 2020, the District's total revenues from all sources increased 4.10% or \$444,505 to \$11,294,270. Program revenues increased 8.98% or \$178,245 to \$2,162,379. General revenues increased 3.00% or \$266,260 to \$9,131,891.
- In fiscal year 2021, the District's total expenses decreased by 5.70% or \$669,642 to \$11,068,710. In fiscal year 2020, the District's total expenses increased by 10.37% or \$1,103,021 to \$11,738,352.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's net operating reserves and credit worthiness.

District Activities

The District is an independent special district, organized to specifically control mosquitoes, but has expanded service to involve other vector control activities. The District serves an area of approximately 2,400 square miles and 430,000 residents. The District utilizes an integrated vector management approach consisting of surveillance, sanitation, education, and the 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.

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Government-wide Financial Statements

Statement of Net Position and Statement 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 Statement 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 it. Think of the District's net position – assets and 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 assessment charge to assess the *overall health* of the District.

Governmental Fund Financial 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 sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25 through 58.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information the District's budgetary information.

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Government-wide Financial Analysis

Statements of Net Position

A summary of the statements of net position is as follows:

	Condensed Statements of Net Position				
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Assets:					
Current assets	\$ 17,219,038	14,890,334	2,328,704	15,309,779	(419,445)
Capital assets, net	9,632,595	10,177,670	(545,075)	10,624,757	(447,087)
Total assets	<u>26,851,633</u>	<u>25,068,004</u>	<u>1,783,629</u>	<u>25,934,536</u>	<u>(866,532)</u>
Deferred outflows of resources	<u>1,481,411</u>	<u>1,997,255</u>	<u>(515,844)</u>	<u>1,455,068</u>	<u>542,187</u>
Liabilities:					
Current liabilities	917,731	733,692	184,039	840,037	(106,345)
Non-current liabilities	4,643,426	4,964,677	(321,251)	4,814,653	150,024
Total liabilities	<u>5,561,157</u>	<u>5,698,369</u>	<u>(137,212)</u>	<u>5,654,690</u>	<u>43,679</u>
Deferred inflows of resources	<u>101,276</u>	<u>194,664</u>	<u>(93,388)</u>	<u>118,606</u>	<u>76,058</u>
Net position:					
Net investment in capital assets	9,632,595	10,177,670	(545,075)	10,624,757	(447,087)
Unrestricted	13,038,016	10,994,556	2,043,460	10,991,551	3,005
Total net position	<u>\$ 22,670,611</u>	<u>21,172,226</u>	<u>1,498,385</u>	<u>21,616,308</u>	<u>(444,082)</u>

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 of resources by \$22,670,611 and \$21,172,226 as of June 30, 2021 and 2020, respectively.

A large portion of the District's net position (42% and 48% as of June 30, 2021 and 2020, respectively) reflects its investment in capital assets (net of accumulated depreciation), less any outstanding debt used to acquire those assets. The District uses these capital assets to provide services; consequently, these assets are *not* available for future spending.

At the end of fiscal years 2021 and 2020, the District's unrestricted net position may be utilized in future years totaled \$13,038,016 and \$10,994,556, respectively. See note 8 for further information.

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Government-wide Financial Analysis, continued

Statements of Activities

A summary of the statements of net position is as follows:

Condensed Statements of Activities					
<i>Governmental Activities:</i>	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Expenses:					
Mosquito and vector control operations	\$ 11,068,710	11,738,352	(669,642)	10,635,331	1,103,021
Program revenues	2,282,794	2,162,379	120,415	1,984,134	178,245
General revenues	10,284,301	9,131,891	1,152,410	8,865,631	266,260
Total revenues	<u>12,567,095</u>	<u>11,294,270</u>	<u>1,272,825</u>	<u>10,849,765</u>	<u>444,505</u>
Change in net position	1,498,385	(444,082)	1,942,467	214,434	(658,516)
Net position, beginning of year	<u>21,172,226</u>	<u>21,616,308</u>	<u>(444,082)</u>	<u>21,401,874</u>	<u>214,434</u>
Net position, end of year	<u>\$ 22,670,611</u>	<u>21,172,226</u>	<u>1,498,385</u>	<u>21,616,308</u>	<u>(444,082)</u>

The statements of activities show how the District's net position changed during the fiscal years. In fiscal year 2021, the District's net position increased by 7.08% or \$1,498,385 to \$22,670,611, as a result of operations. In the fiscal year 2020, the District's net position decreased by 2.05% or \$444,082 to \$21,172,226, as a result of operations.

Total Revenues

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Program revenues:					
Charges for services – special benefit assessment	\$ 2,282,794	2,162,379	120,415	1,984,134	178,245
Total program revenues	<u>2,282,794</u>	<u>2,162,379</u>	<u>120,415</u>	<u>1,984,134</u>	<u>178,245</u>
General revenues:					
Property taxes	4,381,452	4,179,391	202,061	4,027,484	151,907
Redevelopment agency – property tax increment	5,796,224	4,558,416	1,237,808	4,425,927	132,489
Interest earnings	-	253,879	(253,879)	308,476	(54,597)
Rental revenue	17,294	17,808	(514)	17,370	438
Other revenue	89,331	122,397	(33,066)	86,374	36,023
Total general revenues	<u>10,284,301</u>	<u>9,131,891</u>	<u>1,152,410</u>	<u>8,865,631</u>	<u>266,260</u>
Total revenues	<u>\$ 12,567,095</u>	<u>11,294,270</u>	<u>1,272,825</u>	<u>10,849,765</u>	<u>444,505</u>

In fiscal year 2021, the District's total revenues from all sources increased 11.27% or \$1,272,825 to \$12,567,095. Program revenues increased 5.57% or \$120,415 to \$2,282,794, primarily due to an increase in special assessments. General revenues increased 12.62% or \$1,152,410 to \$10,284,301, primarily due to increases of \$1,237,808 in property tax allocations and \$202,061 in property taxes; which were offset by a decrease of \$253,879 in interest earnings.

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Government-wide Financial Analysis, continued

Total Revenues, continued

In fiscal year 2020, the District's total revenues from all sources increased 4.10% or \$444,505 to \$11,294,270. Program revenues increased 8.98% or \$178,245 to \$2,162,379, primarily due to an increase in special assessments. General revenues increased 3.00% or \$266,260 to \$9,131,891, primarily due to increases of \$151,907 in property taxes, \$132,489 in property tax allocations, and \$36,023 in other revenue; which were offset by a decrease of \$54,597 in interest earnings.

Total Expenses

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Expenses:					
Mosquito and vector control operations					
Salaries and wages	\$ 5,233,177	4,948,784	284,393	4,923,063	25,721
Employee benefits	2,879,847	2,801,217	78,630	2,572,204	229,013
Field operations	1,042,382	1,544,369	(501,987)	1,273,796	270,573
Materials, services and supplies	795,980	1,329,875	(533,895)	908,054	421,821
Insurance	310,914	255,321	55,593	236,018	19,303
Contract agreements	87,173	130,454	(43,281)	90,917	39,537
Contingency	-	45,448	(45,448)	-	45,448
Investment losses	4,854	-	4,854	-	-
Depreciation	714,383	682,884	31,499	631,279	51,605
Total expenses	\$ <u>11,068,710</u>	<u>11,738,352</u>	<u>(669,642)</u>	<u>10,635,331</u>	<u>1,103,021</u>

In fiscal year 2021, total expenses decreased by 5.70% or \$669,642 to \$11,068,710, primarily due to decreases of \$533,895 in materials, services, and supplies and \$501,987 in field operations expenses; which were offset by increases of \$284,393 in salaries and wages and \$78,630 in employee benefits.

In fiscal year 2020, total expenses increased by 10.37% or \$1,103,021 to \$11,738,352, primarily due to increases of \$421,821 in materials, services, and supplies, \$270,573 in field operations expenses, \$229,013 in employee benefits, \$51,605 in depreciation expense, \$45,448 in contingency, \$39,537 in contract agreements, \$25,721 in salaries and wages, and \$19,303 in insurance expenses.

Governmental Funds 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, 2021 and 2020, the District's General Fund reported a fund balance of \$16,619,147 and \$14,445,852, respectively. An amount of \$13,507,582 and \$13,302,134 as of June 30, 2021 and 2020, respectively, constitutes the District's *assigned fund balance*, which is available for specific future District operations. See note 8 for further information.

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

General Fund Budgetary Highlights

The final actual expenditures for the General Fund as of June 30, 2021, were less than budgeted by \$1,115,486. In fiscal year 2021, actual payroll expenditures (including salaries and employee benefits) were under budget as the actual cost of employee benefits expenditures exceeded budgeted benefits costs during the fiscal year; actual field operations expenditures were under budget due to decreased spray operations compared to the prior fiscal year; actual insurance expenditures were under budget as the actual cost of insurance were less than budgeted costs during the fiscal year; and capital outlay was lower than budgeted.

The final actual expenditures for the General Fund as of June 30, 2020, were less than budgeted by \$14,624. In fiscal year 2020, actual payroll expenditures (including salaries and employee benefits) were under budget as the actual cost of employee benefits expenditures exceeded budgeted benefits costs during the fiscal year; actual field operations expenditures were over budget due to increased spray operations; insurance expenditures were under budget as the actual cost of insurance were less than budgeted costs during the fiscal year; and capital outlay was lower than budgeted because District management decided not to proceed with relocating the District's server room.

Final actual revenues as of June 30, 2021, exceeded budgeted amounts by \$1,057,809. In fiscal year 2021, property tax and redevelopment agency tax increment are above budget. However, interest earnings are lower than budget due to lower interest rates.

Final actual revenues as of June 30, 2020, exceeded budgeted amounts by \$285,872. In fiscal year 2020, actual property tax and redevelopment agency tax increment are above budget; actual other revenue is higher than budget because of reimbursements from California Department of Public Health for chemical control products and aerial application for the District to use in controlling the spread of invasive species *Aedes Aegypti* in the Coachella Valley; and actual interest earnings are higher than budgeted amounts due to higher interest rates. (See the Budgetary Comparison Schedules for the General Fund under Required Supplementary Information section on pages 59 and 60).

Capital Asset Administration

The change in capital assets for 2021 was as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Depreciable assets:				
Non-depreciable assets	\$ 417,873	4,925	-	422,798
Depreciable assets	<u>19,739,770</u>	<u>164,383</u>	<u>(74,279)</u>	<u>19,829,874</u>
Total capital assets	20,157,643	169,308	(74,279)	20,252,672
Accumulated depreciation	<u>(9,979,973)</u>	<u>(714,383)</u>	<u>74,279</u>	<u>(10,620,077)</u>
Total capital assets, net	<u>\$ 10,177,670</u>	<u>(545,075)</u>	<u>-</u>	<u>9,632,595</u>

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2021 and 2020

Capital Asset Administration, continued

The change in capital assets for 2020 was as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2020</u>
Depreciable assets:				
Non-depreciable assets	\$ 424,923	7,050	(14,100)	417,873
Depreciable assets	<u>19,852,356</u>	<u>243,126</u>	<u>(355,712)</u>	<u>19,739,770</u>
Total capital assets	20,277,279	250,176	(369,812)	20,157,643
Accumulated depreciation	<u>(9,652,522)</u>	<u>(682,885)</u>	<u>355,434</u>	<u>(9,979,973)</u>
Total capital assets, net	<u>\$ 10,624,757</u>	<u>(432,709)</u>	<u>(14,378)</u>	<u>10,177,670</u>

At the end of fiscal year 2021 and 2020, the District's investment in capital assets (net of accumulated depreciation) amounted to \$9,632,595 and \$10,177,670, respectively. This investment in capital assets includes buildings and improvements, vehicles, equipment, machinery, and furniture and fixtures. See note 3 for further information

Conditions Affecting Current Financial Position

The COVID-19 pandemic in the United States has caused business disruption through labor shortages and closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the District and the duration cannot be estimated at this time.

Management is unaware of any other conditions, which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

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's Administrative Finance Manager, David I'Anson, at the Coachella Valley Mosquito and Vector Control District, 43-420 Trader Place, Indio, California 92201 or (760) 342-8287.

Basic Financial Statements

Coachella Valley Mosquito and Vector Control District
Statements of Net Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents (note 2)	\$ 15,436,852	13,452,421
Accrued interest receivable	7,866	27,401
Property taxes and assessments receivable	283,156	302,129
Accounts receivable – other	35,843	5,740
Materials and supplies inventory	633,982	459,271
Prepayments and deposits	821,339	643,372
Total current assets	17,219,038	14,890,334
Non-current assets:		
Capital assets – not being depreciated (note 3)	422,798	417,873
Capital assets – being depreciated, net (note 3)	9,209,797	9,759,797
Total non-current assets	9,632,595	10,177,670
Total assets	26,851,633	25,068,004
DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB outflows (note 5)	412,483	324,662
Deferred pension outflows (note 6)	1,068,928	1,672,593
Total deferred outflows of resources	1,481,411	1,997,255
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	373,339	308,046
Accrued payroll and benefits	226,552	136,436
Long term liabilities – due within one year:		
Compensated absences (note 4)	317,840	289,210
Total current liabilities	917,731	733,692
Non-current liabilities:		
Long term liabilities - due in more than one year:		
Compensated absences (note 4)	476,761	433,816
Net OPEB liability (note 5)	453,746	547,704
Net pension liability (note 6)	1,612,919	1,883,157
Pollution remediation obligation (note 7)	2,100,000	2,100,000
Total non-current liabilities	4,643,426	4,964,677
Total liabilities	5,561,157	5,698,369
DEFERRED INFLOWS OF RESOURCES		
Deferred OPEB inflows (note 5)	16,118	17,340
Deferred pension inflows (note 6)	85,158	177,324
Total deferred inflows of resources	101,276	194,664
NET POSITION (note 8)		
Net investment in capital assets	9,632,595	10,177,670
Unrestricted	13,038,016	10,994,556
Total net position	\$ 22,670,611	21,172,226

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Statements of Activities
For the Fiscal Years Ended June 30, 2021 and 2020

	2021	2020
EXPENSES		
Mosquito and vector control operations:		
Salaries and wages	\$ 5,233,177	4,948,784
Employee benefits	2,879,847	2,801,217
Field operations	1,042,382	1,544,369
Materials, services, and supplies	795,980	1,329,875
Insurance	310,914	255,321
Contract agreements	87,173	130,454
Contingency	-	45,448
Investment losses	4,854	-
Depreciation	714,383	682,884
Total expenses	11,068,710	11,738,352
PROGRAM REVENUES		
Charges for services – special benefit assessment	2,282,794	2,162,379
Total program revenues	2,282,794	2,162,379
Net program expense	8,785,916	9,575,973
GENERAL REVENUES		
Property taxes	4,381,452	4,179,391
Redevelopment agency – property tax increment	5,796,224	4,558,416
Investment earnings	-	253,879
Rental revenue	17,294	17,808
Other revenue	89,331	122,397
Total general revenues	10,284,301	9,131,891
Change in net position	1,498,385	(444,082)
Net position, beginning of year	21,172,226	21,616,308
Net position, end of year	\$ 22,670,611	21,172,226

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Balance Sheet
June 30, 2021

	<u>General Fund</u>	<u>Reclassifications & Eliminations</u>	<u>Statement of Net Position</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,436,852	-	15,436,852
Accrued interest receivable	7,866	-	7,866
Property taxes and assessments receivable	283,156	-	283,156
Accounts receivable – other	35,843	-	35,843
Materials and supplies inventory	633,982	-	633,982
Prepayments and deposits	821,339	-	821,339
Total current assets	<u>17,219,038</u>	<u>-</u>	<u>17,219,038</u>
Non-current assets:			
Capital assets – not being depreciated	-	422,798	422,798
Capital assets – being depreciated, net	-	9,209,797	9,209,797
Total non-current assets	<u>-</u>	<u>9,632,595</u>	<u>9,632,595</u>
Total assets	<u>17,219,038</u>	<u>9,632,595</u>	<u>26,851,633</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB outflows	-	412,483	412,483
Deferred pension outflows	-	1,068,928	1,068,928
Total deferred outflows of resources	<u>-</u>	<u>1,481,411</u>	<u>1,481,411</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	373,339	-	373,339
Accrued payroll and benefits	226,552	-	226,552
Compensated absences	-	317,840	317,840
Total current liabilities	<u>599,891</u>	<u>317,840</u>	<u>917,731</u>
Non-current liabilities:			
Compensated absences	-	476,761	476,761
Net other post-employment benefit liability	-	453,746	453,746
Net pension liability	-	1,612,919	1,612,919
Pollution remediation obligation	-	2,100,000	2,100,000
Total non-current liabilities	<u>-</u>	<u>4,643,426</u>	<u>4,643,426</u>
Total liabilities	<u>599,891</u>	<u>4,961,266</u>	<u>5,561,157</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB inflows	-	16,118	16,118
Deferred pension inflows	-	85,158	85,158
Total deferred inflows of resources	<u>-</u>	<u>101,276</u>	<u>101,276</u>
Fund balance: (note 8)			
Nonspendable	1,455,321	(1,455,321)	-
Committed	93,594	(93,594)	-
Assigned	13,507,582	(13,507,582)	-
Unassigned	1,562,650	(1,562,650)	-
Total fund balance	<u>\$ 16,619,147</u>	<u>(16,619,147)</u>	<u>-</u>
Net position: (note 8)			
Net investment in capital assets		\$ 9,632,595	9,632,595
Unrestricted		<u>13,038,016</u>	<u>13,038,016</u>
Total net position		<u>\$ 22,670,611</u>	<u>22,670,611</u>

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental
Type Fund to the Statement of Net Position
June 30, 2021

Reconciliation:

Fund balance of governmental funds	\$ 16,619,147
Amounts reported for governmental activities in the statement of net position are different because:	
Non-current assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those non-current assets among the assets of the District as a whole.	
Capital assets, net of accumulated depreciation	9,632,595
Recognized OPEB related amounts are reported as deferred outflows of resources in the government-wide financial statements.	412,483
Recognized pension related amounts are reported as deferred outflows of resources in the government-wide financial statements.	1,068,928
Long-term liabilities applicable to the District are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities both current and long-term, are reported in the statement of net position.	
Compensated absences	(794,601)
Net other post-employment benefit liability	(453,746)
Net pension liability	(1,612,919)
Pollution remediation obligation	(2,100,000)
Recognized OPEB related amounts are reported as deferred inflows of resources in the government-wide financial statements.	(16,118)
Recognized pension related amounts are reported as deferred inflows of resources in the government-wide financial statements.	<u>(85,158)</u>
Net position of governmental activities	\$ <u>22,670,611</u>

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Type Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

	General Fund	Reclassifications & Eliminations	Statement of Activities
REVENUES			
Property taxes	\$ 4,381,452	-	4,381,452
Redevelopment agency property tax increment	5,796,224	-	5,796,224
Charges for services – special benefit assessment	2,282,794	-	2,282,794
Rental revenue	17,294	-	17,294
Other revenue	89,331	-	89,331
Total revenues	12,567,095	-	12,567,095
EXPENDITURES/EXPENSES			
Mosquito and vector control operations:			
Salaries and wages	5,161,602	(71,575)	5,233,177
Employee benefits	2,821,587	(58,260)	2,879,847
Field operations	1,042,382	-	1,042,382
Materials, services, and supplies	795,980	-	795,980
Insurance	310,914	-	310,914
Contract agreements	87,173	-	87,173
Investment losses	4,854	-	4,854
Capital outlay	169,308	169,308	-
Depreciation	-	(714,383)	714,383
Total expenditures/expenses	10,393,800	(674,910)	11,068,710
Change in net position	2,173,295	674,910	1,498,385
Fund balance/Net position – beginning of year	14,445,852		21,172,226
Fund balance/Net position – end of year	\$ 16,619,147		22,670,611

Reconciliation:

Net change in fund balance of governmental fund \$ 2,173,295

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds as follows:

Net change in compensated absences	(71,575)
Net change in OPEB obligations as a result of the District's actuarial valuation report	183,001
Net change in pension obligations as a result of the CalPERS actuarial valuation report	(241,261)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Change in net position of governmental activities \$ 1,498,385

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Balance Sheet
June 30, 2020

	<u>General Fund</u>	<u>Reclassifications & Eliminations</u>	<u>Statement of Net Position</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,452,421	-	13,452,421
Accrued interest receivable	27,401	-	27,401
Property taxes and assessments receivable	302,129	-	302,129
Accounts receivable – other	5,740	-	5,740
Materials and supplies inventory	459,271	-	459,271
Prepayments and deposits	643,372	-	643,372
Total current assets	<u>14,890,334</u>	<u>-</u>	<u>14,890,334</u>
Non-current assets:			
Capital assets – not being depreciated	-	417,873	417,873
Capital assets – being depreciated, net	-	9,759,797	9,759,797
Total non-current assets	<u>-</u>	<u>10,177,670</u>	<u>10,177,670</u>
Total assets	<u>14,890,334</u>	<u>10,177,670</u>	<u>25,068,004</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB outflows	-	324,662	324,662
Deferred pension outflows	-	1,672,593	1,672,593
Total deferred outflows of resources	<u>-</u>	<u>1,997,255</u>	<u>1,997,255</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	308,046	-	308,046
Accrued payroll and benefits	136,436	-	136,436
Compensated absences	-	289,210	289,210
Total current liabilities	<u>444,482</u>	<u>289,210</u>	<u>733,692</u>
Non-current liabilities:			
Compensated absences	-	433,816	433,816
Net other post-employment benefit liability	-	547,704	547,704
Net pension liability	-	1,883,157	1,883,157
Pollution remediation obligation	-	2,100,000	2,100,000
Total non-current liabilities	<u>-</u>	<u>4,964,677</u>	<u>4,964,677</u>
Total liabilities	<u>444,482</u>	<u>5,253,887</u>	<u>5,698,369</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB inflows	-	17,340	17,340
Deferred pension inflows	-	177,324	177,324
Total deferred inflows of resources	<u>-</u>	<u>194,664</u>	<u>194,664</u>
Fund balance: (note 8)			
Nonspendable	1,102,643	(1,102,643)	-
Committed	41,075	(41,075)	-
Assigned	13,302,134	(13,302,134)	-
Total fund balance	<u>\$ 14,445,852</u>	<u>(14,445,852)</u>	<u>-</u>
Net position: (note 8)			
Net investment in capital assets		\$ 10,177,670	10,177,670
Unrestricted		10,994,556	10,994,556
Total net position		<u>\$ 21,172,226</u>	<u>21,172,226</u>

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental
Type Fund to the Statement of Net Position
June 30, 2020

Reconciliation:

Fund balance of governmental funds	\$ 14,445,852
Amounts reported for governmental activities in the statement of net position are different because:	
Non-current assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those non-current assets among the assets of the District as a whole.	
Capital assets, net of accumulated depreciation	10,177,670
Recognized OPEB related amounts are reported as deferred outflows of resources in the government-wide financial statements.	324,662
Recognized pension related amounts are reported as deferred outflows of resources in the government-wide financial statements.	1,672,593
Long-term liabilities applicable to the District are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities both current and long-term, are reported in the statement of net position.	
Compensated absences	(723,026)
Net other post-employment benefit liability	(547,704)
Net pension liability	(1,883,157)
Pollution remediation obligation	(2,100,000)
Recognized OPEB related amounts are reported as deferred inflows of resources in the government-wide financial statements.	(17,340)
Recognized pension related amounts are reported as deferred inflows of resources in the government-wide financial statements.	<u>(177,324)</u>
Net position of governmental activities	\$ <u>21,172,226</u>

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Type Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

	General Fund	Reclassifications & Eliminations	Statement of Activities
REVENUES			
Property taxes	\$ 4,179,391	-	4,179,391
Redevelopment agency property tax increment	4,558,416	-	4,558,416
Charges for services – special benefit assessment	2,162,379	-	2,162,379
Interest earnings	253,879	-	253,879
Rental revenue	17,808	-	17,808
Other revenue	122,397	-	122,397
Total revenues	11,294,270	-	11,294,270
EXPENDITURES/EXPENSES			
Mosquito and vector control operations:			
Salaries and wages	4,914,793	33,991	4,948,784
Employee benefits	3,137,717	(336,500)	2,801,217
Field operations	1,544,369	-	1,544,369
Materials, services, and supplies	1,329,596	279	1,329,875
Insurance	255,321	-	255,321
Contract agreements	130,454	-	130,454
Contingency	45,448	-	45,448
Capital outlay	236,076	(236,076)	-
Depreciation	-	682,884	682,884
Total expenditures/expenses	11,593,774	144,578	11,738,352
Change in net position	(299,504)	(144,578)	(444,082)
Fund balance/Net position – beginning of year	14,745,356		21,616,308
Fund balance/Net position – end of year	\$ 14,445,852		21,172,226

Reconciliation:

Net change in fund balance of governmental fund \$ (299,504)

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds as follows:

Net change in compensated absences	(33,991)
Net change in OPEB obligations as a result of the District's actuarial valuation report	173,841
Net change in pension obligations as a result of the CalPERS actuarial valuation report	162,659

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Change in net position of governmental activities \$ (444,082)

See accompanying notes to the basic financial statements

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements
June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Coachella Valley Mosquito and Vector Control District (District) is located in Indio, California. The District was formed pursuant to Section 2200 et. Seq., of the California Health and Safety Code and formed in the State of California on March 12, 1928. The District covers a wide area of Eastern Riverside County in the Coachella Valley and includes the cities of Indian Wells, La Quinta, Palm Springs, Cathedral City, Coachella, Desert Hot Springs, Indio, Palm Desert, Rancho Mirage, and portions of the unincorporated territory in Riverside County. 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 other disease carriers and vectors. The District is governed by a Board of Trustees, which consists of 11 members, one member from each city and two from the county-at-large.

B. Basis of Accounting and Measurement Focus

The *basic financial statements* of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, are included in the accompanying Statements of Net Position. The Statements of Activities present changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statements of Activities demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-wide Financial Statements. The District has presented its General Fund, as its major fund, in these statements to meet the qualifications of GASB Statement No. 34.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except those revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, rental revenue, and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due. The District reports the following major governmental fund:

General Fund – the government’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary.

C. Financial Reporting

The District’s basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District has adopted the following GASB pronouncements in the current year:

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosures of contingent assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

2. Uncertainty

The COVID-19 pandemic in the United States has caused business disruption through labor shortages and closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact on the District and the duration cannot be estimated at this time.

3. Cash and Cash Equivalents

The District has adopted an investment policy directing the Administrative Finance Manager, subject to review and approval by the Finance Committee and the Board, to deposit and invest funds in financial institutions in accordance with the California Government Code section 53600 and 53601.

Substantially all of the District's cash is invested in interest bearing cash accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

4. Investments and Investment Policy

The District has adopted an investment policy directing the Administrative Finance Manager to deposit and invest funds in financial institutions in accordance with California Government Code section 53600. The investment policy applies to all financial assets and investment activities of the District.

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

5. Fair value measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity, and other assumptions that are internally generated and cannot be observed in the market.

6. Property Taxes and Special Assessments

The County of Riverside Assessor’s Office assesses all real and personal property within the County each year. The County of Riverside Tax Collector’s Office bills and collects the District’s share of property taxes and assessments. The County of Riverside Treasurer’s Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes and special assessments receivable at year-end are related to property taxes collected by the County of Riverside which have not been credited to the District’s cash balance as of June 30th. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

7. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of pesticides and chemicals used to eradicate certain vectors. Inventory is valued at cost using a weighted average cost method. Inventory items are charged to expense when the inventories are actually used or during the period of benefit.

8. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

9. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, structures and improvements, office equipment, and other operational equipment. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value rather than fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Structures and improvements – 10 to 40 years
- Office equipment – 3 to 10 years
- Equipment – 3 to 20 years

10. Deferred Outflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents the consumption of resources applicable to future periods and, therefore, will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to employer contributions made after the measurement date of the net other-postemployment benefits liability. This amount will be amortized in full against the net other-post employment benefit liability in the next fiscal year.
- Deferred outflow for the net difference between projected and actual earnings on investments of the other-post employment benefit plan's fiduciary net position. This amount is amortized over a five-year period.

Pensions

- Deferred outflow which is equal to employer contributions made after the measurement date of the net pension liability. This amount will be amortized in full against the net pension liability in the next fiscal year.
- Deferred outflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension through the Plan.
- Deferred outflow for the net difference between projected and actual earnings on investments of the pension plan's fiduciary net position. This amount is amortized over a five-year period.
- Deferred outflow for the net difference between the actual and proportionate share of employer contribution and net change in proportion which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pension through the Plan.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

11. Compensated Absences

It is the District's policy to allow vacation leave and sick leave to accrue based on employment class, union representation, and years of service. Vacation leave is fully vested and payable upon separation from employment. Sick leave is vested based on the years of service with the District. A non-current amount of vacation and sick liability will be recorded as fund expenditures in the year in which it is paid for time used or when separated from employment.

12. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's retiree health plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity of one year or less at the time of purchase, which are reported at cost.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames are used:

- Valuation date: June 30, 2019
- Measurement date: June 30, 2020
- Measurement period: July 1, 2019 to June 30, 2020

13. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

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

- Valuation date: June 30, 2019
- Measurement date: June 30, 2020
- Measurement period: July 1, 2019 to June 30, 2020

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

14. Deferred Inflows of Resources

The statement of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and, therefore, will *not* be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the recognition of effects of experience gains and losses. This amount is amortized over a 15.2 year period.

Pensions

- Deferred inflow for the net change in assumptions which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred inflow for the net change due to differences in proportions of the net pension liability which will be amortized over a closed period equal to the expected average remaining service lives of all employees that are provided with pensions through the Plan.

15. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

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

16. Self-Insurance

The District is a member of the Vector Control Joint Powers Authority which was formed to provide member districts with general liability, auto liability, errors and omission, and employment risk management agency (ERMA), as well as, worker's compensation coverage.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, *continued*

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, *continued*

17. Claims Payable

The District's policy is to record a liability for litigation, judgments, and claims when it is probable that an asset has been impaired, or a liability has been incurred prior to year-end and the amount of loss (net of any insurance coverage) can be reasonably estimated.

18. Fund Balance

The governmental fund financial statements report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

- **Nonspendable** – amounts that cannot be spent because they are either (a) not spendable in form, or (b) legally or contractually required to be maintained intact.
- **Restricted** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Trustees) and that remain binding unless removed in the same manner. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through resolution.
- **Assigned** – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in a special revenue fund, if any.
- **Unassigned** – the residual classification for the District's General Fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Trustees establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balance are considered unrestricted.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(1) Reporting Entity and Summary of Significant Accounting Policies, *continued*

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, *continued*

18. Fund Balance, *continued*

Fund Balance Policy, *continued*

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

19. Budget

The District follows specific procedures in establishing the budgetary data reflected in the Required Supplementary Information. Each year, the District's General Manager and Administrative/Finance Manager prepare and submit an operating budget to the Board of Trustees for the General Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Trustees must approve all supplemental appropriations to the budget and transfers between major accounts. The District's annual budget is presented as a balanced budget (inflows and reserves equal outflows and reserves) adopted for the General Fund at the detailed expenditure-type level.

The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget. No Board approved supplemental appropriations were made. The budgeted revenue amounts represent the adopted budget as originally approved.

20. Reclassification

The District has reclassified certain prior year information to conform to current year presentations.

(2) Cash and Investments

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	2021	2020
Cash and investments	\$ 15,436,852	13,452,421

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

	2021	2020
Petty cash	\$ 2,000	2,000
Deposits held with financial institutions	146,360	98,313
Investments	15,288,492	13,352,108
Total cash and investments	\$ 15,436,852	13,452,421

As of June 30 the District's authorized investments had the following maturities:

	2021	2020
Local Agency Investment Fund (LAIF)	291 days	191 days
Riverside County Pooled Investment Fund (RCPIF)	420 days	409 days
CalTrust Medium Term Fund	756 days	770 days

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(2) Cash and Cash Equivalents, continued

Authorized Deposits and Investments

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	50%	None
U.S. Agency Obligations	5 years	50%	None
State Obligations - CA and Others	5 years	30%	None
CA Local Agency Obligations	5 years	30%	None
Joint Powers Authority Pool	None	30%	None
Negotiable Certificates of Deposit	5 years	30%	None
CD Placement Service	5 years	30%	None
Money market/passbook savings/demand deposits	None	20%	None
Medium Term Notes	5 years	30%	None
Mortgage Pass-Through Securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	75%	None
Riverside County Pooled Investment Funds	None	75%	None

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits, or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. Of the bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2021 and 2020

(2) Cash and Cash Equivalents, continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

At June 30, 2021, the District's investments mature as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity</u>	
		<u>12 Months Or Less</u>	<u>25 to 60 Months</u>
Local Agency Investment Fund (LAIF)	\$ 3,071,329	3,071,329	-
Caltrust Medium Term Investment Fund	7,339,389	7,339,389	-
Money market funds	1,876,202	1,876,202	-
Riverside County Pooled Investment Fund (RCPIF)	534,970	534,970	-
Certificate of deposits	495,819	-	495,819
U.S. Government agency securities	1,491,098	-	1,491,098
Corporate obligations	479,685	-	479,685
Total investments	<u>\$ 15,288,492</u>	<u>12,821,890</u>	<u>2,466,602</u>

At June 30, 2020, the District's investments mature as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity</u>	
		<u>12 Months Or Less</u>	<u>25 to 60 Months</u>
Local Agency Investment Fund (LAIF)	\$ 5,556,027	5,556,027	-
Certificates-of-deposit	533,150	533,150	-
Money market funds	1,366,584	1,366,584	-
Riverside County Pooled Investment Fund (RCPIF)	5,896,347	5,896,347	-
Total investments	<u>\$ 13,352,108</u>	<u>13,352,108</u>	<u>-</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code (where applicable), the District's investment policy, or debt agreements and the actual rating as of year-end for each investment type.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2021 and 2020

(2) Cash and Cash Equivalents, continued

Credit Risk, continued

Credit ratings of investments as of June 30, 2021, were as follows:

<u>Investment Type</u>	<u>2021</u>	<u>Minimum Legal Rating</u>	<u>Recognized Statistical Rating</u>
Local Agency Investment Fund (LAIF)	\$ 3,071,329	N/A	N/A
Caltrust Medium Term Investment Fund	7,339,389	N/A	N/A
Money market funds	1,876,202	N/A	N/A
Riverside County Pooled Investment Fund (RCPIF)	534,970	N/A	N/A
Certificate of deposits	495,819 ⁽¹⁾	N/A	A-Baa3
U.S. Government agency securities	1,491,098	Aa2	Aaa
Corporate obligations	<u>479,685</u>	A2	Aa2
Total investments	<u>\$ 15,288,492</u>		

Credit ratings of investments as of June 30, 2020, were as follows:

<u>Investment Type</u>	<u>2020</u>	<u>Minimum Legal Rating</u>	<u>Recognized Statistical Rating</u>
Local Agency Investment Fund (LAIF)	\$ 5,556,027	N/A	N/A
Certificates-of-deposit	533,150	N/A	N/A
Money market funds	1,366,584	N/A	N/A
Riverside County Pooled Investment Fund (RCPIF)	<u>5,896,347</u>	N/A	N/A
Total investments	<u>\$ 13,352,108</u>		

⁽¹⁾No minimum legal rating exists for certificate of deposits if the investment is insured by the FDIC or fully collateralized.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. Investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of total District's investment are as follows:

<u>Investment</u>	<u>2021</u>	<u>2020</u>
Bank of America	\$ 479,685	-

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(2) Cash and Cash Equivalents, continued

Investment in State Investment Pool

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

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Riverside County Treasurer Fund

The Riverside County Pooled Investment Fund (RCPIF) is a pooled investment fund program governed by the County of Riverside Board of Supervisors and administered by the County of Riverside Treasurer and Tax Collector. Investments in RCPIF are highly liquid as deposits and withdrawals can be made at any time without penalty. RCPIF does not impose a maximum investment limit.

The County of Riverside’s bank deposits are either Federally insured or collateralized in accordance with the California Government Code. Pool detail may be obtained from the County of Riverside Administrative Office – 4080 Lemon Street, 4th Floor – Capital Markets – Riverside, CA 92506, or the Treasurer and Tax Collector’s office website at www.countytreasurer.org.

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis, are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
CalTrust Medium Term Investment Fund	\$ 7,339,389	-	7,339,389
Certificate of deposits	495,819	-	495,819
U.S. Government Agency obligation	1,491,098	-	1,491,098
Corporate obligations	479,685	-	479,685
Total investments measured at fair value	9,805,991	-	9,805,991
Local Agency Investment Fund (LAIF)	3,071,329		
Riverside County Pooled Investment Fund (RCPIF)	534,970		
Money market funds	1,876,202		
Total investments	\$ 15,288,492		

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2021 and 2020

(2) Cash and Cash Equivalents, continued

Fair Value Measurements, continued

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
CalTrust Medium Term Investment Fund	\$ 533,150	-	533,150
Total investments measured at fair value	533,150	-	-
Investments measured at amortized cost:			
Local Agency Investment Fund (LAIF)	5,556,027		
Riverside County Pooled Investment Fund (RCPIF)	5,896,347		
Money market funds	1,366,584		
Total investments	\$ 13,352,108		

(3) Capital Assets

The change in capital assets for fiscal year 2021 was as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Land	\$ 417,873	-	-	417,873
Construction-in-process	-	4,925	-	4,925
Total non-depreciable assets	417,873	4,925	-	422,798
Depreciable assets:				
Structures and improvements	15,713,800	-	(74,279)	15,639,521
Office equipment	1,765,034	-	-	1,765,034
Equipment	2,260,936	164,383	-	2,425,319
Total depreciable assets	19,739,770	164,383	(74,279)	19,829,874
Accumulated depreciation:				
Structures and improvements	(7,169,919)	(423,966)	74,279	(7,519,606)
Office equipment	(1,653,805)	(40,386)	-	(1,694,191)
Equipment	(1,156,249)	(250,031)	-	(1,406,280)
Total accumulated depreciation	(9,979,973)	(714,383)	74,279	(10,620,077)
Total depreciable assets, net	9,759,797	(550,000)	-	9,209,797
Total capital assets, net	\$ 10,177,670			9,632,595

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2021 and 2020

(3) Capital Assets

The change in capital assets for fiscal year 2020 was as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2020</u>
Non-depreciable assets:				
Land	\$ 417,873	-	-	417,873
Construction-in-process	7,050	7,050	(14,100)	-
Total non-depreciable assets	<u>424,923</u>	<u>7,050</u>	<u>(14,100)</u>	<u>417,873</u>
Depreciable assets:				
Structures and improvements	15,713,800	-	-	15,713,800
Office equipment	1,703,445	61,589	-	1,765,034
Equipment	2,435,111	181,537	(355,712)	2,260,936
Total depreciable assets	<u>19,852,356</u>	<u>243,126</u>	<u>(355,712)</u>	<u>19,739,770</u>
Accumulated depreciation:				
Structures and improvements	(6,740,379)	(429,540)	-	(7,169,919)
Office equipment	(1,620,783)	(33,022)	-	(1,653,805)
Equipment	(1,291,360)	(220,323)	355,434	(1,156,249)
Total accumulated depreciation	<u>(9,652,522)</u>	<u>(682,885)</u>	<u>355,434</u>	<u>(9,979,973)</u>
Total depreciable assets, net	<u>10,199,834</u>	<u>(439,759)</u>	<u>(278)</u>	<u>9,759,797</u>
Total capital assets, net	<u>\$ 10,624,757</u>			<u>10,177,670</u>

(4) Compensated Absences

The change in compensated absence balances for fiscal year 2021 was as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2021</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
\$	<u>723,026</u>	<u>127,343</u>	<u>(55,768)</u>	<u>794,601</u>	<u>317,840</u>	<u>476,761</u>

The change in compensated absence balances for fiscal year 2020 was as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2020</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
\$	<u>689,035</u>	<u>105,360</u>	<u>(71,369)</u>	<u>723,026</u>	<u>289,210</u>	<u>433,816</u>

(5) Other Post-Employment Benefits

General Information about the OPEB Plan

Plan description – The District’s defined benefit OPEB plan provides OPEB for all permanent full-time employees and consists of the California Employers’ Retiree Benefit Trust (CERBT). The CERBT receives contributions from the District and other participating employers and establishes separate employer prefunding accounts to pay for health care or other post-employment benefits in accordance with the terms of the participating employers’ plans. Contributions are voluntarily determined by the District’s own funding schedule, and there are no long-term contracts for contributions to the CERBT. As such, contributions to the CERBT are elective and not required. The CERBT is an agent multiple-employer plan administered by the California Public Employees’ Retirement System (CalPERS). CalPERS issues a publicly available financial report that can be obtained at www.calpers.ca.gov.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(5) Other Post-Employment Benefits, *continued*

General Information about the OPEB Plan, *continued*

Benefits provided – The District provides retiree medical coverage provided by CalPERS (a third-party issuer) as permitted under the Public Employees’ Medical and Hospital Care Act (PEMCHA). The Plan offers post-employment medical benefits to retired employees who satisfy the eligibility rules (50 years old, 5 years of service to the District and 10-years of CalPERS eligible service). Dependents are also eligible to receive benefits. Retirees may enroll in any plan available through the District’s CalPERS medical program. The contribution requirements of Plan members and the District are established and maybe amended by the Board of Directors.

Vesting requires at least 5 years of CalPERS total service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for employer contributions upon death of the retiree. A retiree may not elect to be covered if retiree health coverage is available for less from another source or the retiree is covered under a spouse’s plan.

Employee covered by benefit terms – At June 30 the following employees were covered by the benefit terms:

	2021	2020
Participating active employees	58	58
Inactive employees or beneficiaries currently receiving benefit payments	7	7
Total plan membership	65	65

Contributions – The contribution requirements of Plan members and the District are established and may be amended by the District’s Board of Directors. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2021 and 2020, the District’s “pay as you go” cost of providing retiree health benefits amounted to \$66,263 and \$56,718, respectively. The “pay as you go” cost is the cost of benefits for current retirees.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75% per year
Salary increases	2.75% per year using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error
Investment rate of return	7.00% per year net of expenses based on assumed long-term return on employer assets
Healthcare cost trend rates	4.00% per year

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(5) Other Post-Employment Benefits, *continued*

Net OPEB Liability, continued

Mortality rates were based on the 2014 CalPERS Active and Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

Retirement rates were based on the 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover assumptions are based on the 2009 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

The long-term expected rate of return on OPEB plan investments was determined using a geometric method in which it reflects the return for each asset class for the portfolio average. Rolling periods of time in combination to appropriately reflect correlation between asset classes are performed. The assumed asset allocation and assumed gross return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
Equities	59.000 %	7.795 %
Fixed income	25.000	4.500
Real estate investment trusts	8.000	7.500
Commodities	3.000	7.795
Treasury inflation protest securities	5.000	3.250
Total	<u>100.000 %</u>	

Discount rate – The discount rate used to measure the total OPEB liability was 7%, which was based on the assumed long-term return on plan assets assuming 100% funding through CERBT. The projection of cash flows used to determine the discount rate assumed that liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees. The discount rate was set by using historic 30-year real rates of return for each asset class along with the assumed long-term inflation assumption. Expected investment return was offset with investment expenses of 25 basis points.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(5) Other Post-Employment Benefits, continued

Changes in the Net OPEB Liability

For the year ended June 30, 2021, the District's changes in the net OPEB liability are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Balance at beginning of year	\$ 3,584,704	3,037,000	547,704
Changes during the year:			
Service cost	140,418	-	140,418
Interest	253,525	110,709	142,816
Contributions - employer	-	378,683	(378,683)
Administrative expenses	-	(1,491)	1,491
Benefit payments	(66,263)	(66,263)	-
Net changes	<u>327,680</u>	<u>421,638</u>	<u>(93,958)</u>
Balance at end of year	\$ <u>3,912,384</u>	<u>3,458,638</u>	<u>453,746</u>

For the year ended June 30, 2020, the District's changes in the net OPEB liability are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Balance at beginning of year	\$ 3,276,272	2,560,349	715,923
Changes during the year:			
Service cost	150,812	-	150,812
Interest	232,900	-	232,900
Contributions - employee	-	(557)	557
Contributions - employer	-	369,138	(369,138)
Expected investment income	-	190,140	(190,140)
Investment gains/losses	-	(25,352)	25,352
Benefit payments	(56,718)	(56,718)	-
Expected less actual benefit payments	7,657	-	7,657
Experience (gains) / losses	<u>(26,219)</u>	<u>-</u>	<u>(26,219)</u>
Net changes	<u>308,432</u>	<u>476,651</u>	<u>(168,219)</u>
Balance at end of year	\$ <u>3,584,704</u>	<u>3,037,000</u>	<u>547,704</u>

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2021 and 2020

(5) Other Post-Employment Benefits, continued

Changes in the Net OPEB Liability, continued

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates – As of June 30, 2021, 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 or 1-percentage-point higher than the current discount rate:

		Discount Rate - 1% 6.00%	Current Discount Rate 7.00%	Discount Rate + 1% 8.00%
District's net OPEB liability	\$	<u>1,042,874</u>	<u>453,746</u>	<u>(32,653)</u>

As of June 30, 2020, 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 or 1-percentage-point higher than the current discount rate:

		Discount Rate - 1% 6.00%	Current Discount Rate 7.00%	Discount Rate + 1% 8.00%
District's net OPEB liability	\$	<u>1,095,272</u>	<u>547,704</u>	<u>95,300</u>

As of June 30, 2021, 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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease Healthcare Cost Trend Rates (3% HMO and PPO)	Current Healthcare Cost Trend Rates (4% HMO and PPO)	1% Increase Healthcare Cost Trend Rates (5% HMO and PPO)
District's net OPEB liability	\$	<u>(80,586)</u>	<u>453,746</u>	<u>1,090,903</u>

As of June 30, 2020, 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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		1% Decrease Healthcare Cost Trend Rates (3% HMO and PPO)	Current Healthcare Cost Trend Rates (4% HMO and PPO)	1% Increase Healthcare Cost Trend Rates (5% HMO and PPO)
District's net OPEB liability	\$	<u>88,891</u>	<u>547,704</u>	<u>1,084,270</u>

OPEB plan fiduciary net position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CalPERS financial report for CERBT.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2021 and 2020

(5) Other Post-Employment Benefits, continued

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

For the fiscal years ended June 30, 2021 and 2020, the District recognized OPEB expense of \$195,682 and \$138,579, respectively. At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>2021</u>		<u>2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 312,420	-	312,420	-
Net differences between actual and expected experience gains and losses	-	(16,118)	-	(17,340)
Net differences between projected and actual earnings on plan investments	100,063	-	12,242	-
Total	\$ 412,483	(16,118)	324,662	(17,340)

As of June 30, 2021 and 2020, the District reported \$312,420, as deferred outflows of resources related to contributions subsequent to the measurement date. As of June 30, 2021, contributions made subsequent to the measurement date will be recognized as a reduction to the net OPEB liability for the year ended June 30, 2022. As of June 30, 2020, contributions made subsequent to the measurement date was recognized as a reduction to the net OPEB liability for the year ended June 30, 2021.

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

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows/ (Inflows) of Resources</u>
2021	\$ 23,721
2022	23,725
2023	26,399
2024	21,330
2025	(1,222)
Remaining	(10,008)

Payable to the OPEB Plan

At June 30, 2021 and 2020, the District reported no amounts outstanding as required contributions to CERBT.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(6) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Benefits Provided

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

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants not previously employed by an agency under CalPERS effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The District participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect as of June 30, 2021 and 2020, are summarized as follows:

	<u>Classic</u>	<u>PEPRA</u>
	Prior to January 1, 2011	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 service years	5 service years
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 50	52 - 62
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
2021 Required employee contribution rates	6.918%	6.750%
2021 Required employer contribution rates	9.281%	7.732%
2020 Required employee contribution rates	6.915%	6.750%
2020 Required employer contribution rates	8.563%	6.985%

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(6) Defined Benefit Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1, following notice of a change in rate. Funding contribution for the Plan is determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, 2021 and 2020, contributions recognized as part of pension expense for the Plan were as follows:

	2021	2020
Contributions – employer	\$ 1,116,921	483,461

Net Pension Liability

As of the fiscal years ended June 30, 2021 and 2020, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2021	2020
Proportionate share of net pension liability	\$ 1,612,919	1,883,157

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2021 and 2020, the net pension liability of the Plan are measured as of June 30, 2020 and 2019 (the measurement dates), respectively. The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018 (the valuation dates), rolled forward to June 30, 2020 and 2019, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's changes in the proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement dates June 30, 2020 and 2019, were as follows:

	Miscellaneous
Proportion – June 30, 2019	0.01645 %
Change in proportionate share	0.00193
Proportion – June 30, 2020	0.01838
Change in proportionate share	(0.00356)
Proportion – June 30, 2021	0.01482 %

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2021 and 2020

(6) Defined Benefit Pension Plan, continued

Deferred Pension Outflows(Inflows) of Resources

For the year ended June 30, 2021, the District recognized pension credit of \$139,703; and for the year ended June 30 2020, the District recognized pension expense of \$954,262. As of the fiscal years ended June 30, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Description</u>	<u>2021</u>		<u>2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 735,963	-	1,116,921	-
Difference between actual and expected experience	83,118	-	120,670	-
Changes in assumptions	-	(11,504)	57,970	-
Net difference between projected and actual earnings on plan investments	47,914	-	-	(32,926)
Difference between actual contribution and proportionate share of contribution	201,933	-	-	(144,398)
Net adjustment due to difference in proportions of net pension liability	<u>-</u>	<u>(73,654)</u>	<u>377,032</u>	<u>-</u>
Total	<u>\$ 1,068,928</u>	<u>(85,158)</u>	<u>1,672,593</u>	<u>(177,324)</u>

For the years ended June 30, 2021 and 2020, the District's deferred outflows of resources related to contributions subsequent to the measurement dates totaled \$735,963 and \$1,116,921 respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Net Outflows/ (Inflows) of Resources</u>
2022	\$ 112,870
2023	66,543
2024	45,417
2025	22,977

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(6) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 and 2018, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2019 and 2018
Measurement dates	June 30, 2020 and 2019
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data
Period upon which actuarial Experience survey assumptions were based	1997 – 2015
Post-retirement benefit increase	Contract COLA up to 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter

* The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90 percent 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) available online on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2020 and 2019, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C 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 for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all 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.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2021 and 2020

(6) Defined Benefit Pension Plan, continued

Discount Rate, continued

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00	1.00	2.62
Inflation assets	0.00	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)
	<u>100.00 %</u>		

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

The following table presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate, 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 one percentage point lower or one percentage point higher than the current rate.

As of June 30, 2021, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher are as follows:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's net pension liability	\$ <u>4,023,759</u>	<u>1,612,919</u>	<u>(379,083)</u>

As of June 30, 2020, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher are as follows:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's net pension liability	\$ <u>4,108,329</u>	<u>1,883,157</u>	<u>46,434</u>

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(6) Defined Benefit Pension Plan, continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 61 through 63 for the Required Supplementary Information.

Payable to the Pension Plan

At June 30, 2021 and 2020, the District reported no payables for the outstanding amount of contribution to the pension plan.

(7) Pollution Remediation Obligation

In January 2007, the District hired EAR Engineering, Construction & Support Services (EAR) to test the soil at the District's Thermal property. It was determined that early District control practices led to an environmental contamination of the soil in the parking lot area of the facility. The pollution found was DDT (Dichlorodiphenyltrichloroethane) which is an insecticide that is found in a broad range of agricultural and nonagricultural applications. The chemical was banned in the United States and in many parts of the world in 1972. The District was ordered to remediate the DDT found in the soil at the Thermal property. EAR recommended that the District perform soil capping since the DDT has very low degradation capacity and low solubility; thus, it is more likely that the DDT will remain in the soil under natural conditions. In August 2008, the District hired D&L Wheeler Enterprise to perform the soil capping of the Thermal property. The cost of the soil capping was \$457,749 in fiscal year 2009. The District is required to add a one-inch layer of asphalt to the capping every 10 years until the DDT pollution is minimized. The cost of the recapping is estimated at \$150,000 every 10 years for approximately 142 years. As of June 30, 2021 and 2020, the estimated pollution remediation liability is \$2,100,000.

(8) Net Position / Fund Balance

The District has established policies to reserve portions of its unrestricted and spendable net position/fund balance as follows:

- **Thermal facility remediation reserve** – funds committed for the continual remediation obligations regarding the District's Thermal facility. The balance is to fund the remedial action plan every ten years. The fund balance is replenished through rental income, interest earnings, and annual budgeted fund transfers.
- **Public health emergency reserve** – funds assigned for Public Health Emergencies as defined by the District's risk assessment plan. The District maintains a minimum balance equal to 33% of the District's operating revenues.
- **Operating reserve** – funds assigned for operations maintained at a minimum balance equal to 40% of operating revenues.
- **Equipment reserve** – funds assigned for the replacement of equipment and furnishings. The funding is based on a 10 year replacement schedule and funded by transfers from the operating budget on an annual basis.
- **Facility and vehicle replacements reserve** – funds assigned for replacing facilities, vehicles, and new capital projects. The funding is based on an annual reserve study and funded by transfers from the operating budget on an annual basis.
- **Other post-employment benefits payable reserve** – funds assigned to cover the District's net other post-employment benefits.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(8) Net Position / Fund Balance, continued

Unrestricted net position as of June 30 is categorized as follows:

	2021	2020
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 422,798	417,873
Capital assets – being depreciated, net	9,209,797	9,759,797
Total net investment in capital assets	9,632,595	10,177,670
Unrestricted:		
Public health emergency reserve	4,309,674	4,309,674
Operating reserve	4,800,000	3,553,386
Equipment reserve	666,141	1,194,706
Facility and vehicle replacement reserve	2,389,462	1,936,790
Unreserved	872,739	-
Total unrestricted	13,038,016	10,994,556
Total net position	\$ 22,670,611	21,172,226

Fund balance is presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1.D.18 for a description of these categories). Fund balance categories and their funding composition at June 30 were as follows:

	2021	2020
Nonspendable:		
Materials and supplies inventory	\$ 633,982	459,271
Prepaid expenses and deposits	821,339	643,372
Total nonspendable	1,455,321	1,102,643
Committed:		
Thermal facility remediation	93,594	41,075
Total committed	93,594	41,075
Assigned:		
Compensated absences	794,601	723,026
Public health emergency reserve	4,309,674	4,309,674
Operating reserve	4,800,000	4,590,234
Equipment reserve	666,141	1,194,706
Facility and vehicle replacement reserve	2,389,462	1,936,790
Future healthcare liabilities reserve	547,704	547,704
Total assigned	13,507,582	13,302,134
Unassigned:		
Unassigned	1,562,650	-
Total fund balance	\$ 16,619,147	14,445,852

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(9) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust at June 30, 2021 and 2020, were \$4,461,530 and \$3,370,283, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

(10) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, as a member of the Vector Control Joint Powers Authority (VCJPA) has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources. The VCJPA is a consortium of 33 mosquito abatement and/or vector control districts in the State of California. VCJPA's purpose is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

The day-to-day business is handled by a risk management group employed by the VCJPA. At June 30, 2021, the District participated in the liability and property programs of the VCJPA as follows:

- General and auto liability
- Public officials and employees' errors and omissions
- Workers' compensation
- Property damage
- Auto physical damage
- Business travel
- Group fidelity
- Underground storage tank

The District is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the VCJPA. The District may receive dividends and has the obligation to pay assessments if declared by the Board. The assessments are based on a formula which, among other expenses, charges the District's account for liability and workers' compensation losses which fall within the District's self-insured retentions (SIR) for each program year. The liability SIR and workers' compensation SIR for the 2021 program year is \$25,000 each.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(10) Risk Management, continued

The VCJPA participates in an excess pool which provides general liability coverage from \$1,000,001 to \$14,000,000 and in an excess pool which provides employers liability and workers' compensation coverage from \$500,001 to \$5,000,000. In addition, the VCJPA provides workers' compensation coverage above \$5,000,000 up to the statutory limit, through a combination of reinsurance and insurance. Financial statement information for the VCJPA can be obtained at 1750 Creekside Oaks Drive, Suite 200 Street, Sacramento, CA 95833 or (800) 541-4591, www.vcjpa.org.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the year ended June 30, 2021. Liabilities are recorded when they are probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payables as of June 30, 2021.

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to year end that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 89, continued

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(11) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

(12) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by grantor agencies. Such an audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2021 and 2020

(13) Subsequent Events

Events occurring after June 30, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of November 9, 2021, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

Coachella Valley Mosquito and Vector Control District
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2021

	<u>Original Adopted Budget</u>	<u>Final Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES/EXPENSES				
Mosquito and vector control operations:				
Salaries and wages	\$ 5,284,562	5,284,562	5,161,602	122,960
Employee benefits	2,863,995	2,863,995	2,821,587	42,408
Field operations	1,467,192	1,467,192	1,042,382	424,810
Materials, services and supplies	855,214	855,214	795,980	59,234
Insurance	320,092	320,092	310,914	9,178
Contract agreements	135,000	135,000	87,173	47,827
Contingency	109,750	109,750	-	109,750
Investment losses	-	-	4,854	(4,854)
Capital outlay	473,481	473,481	169,308	304,173
Total expenditures/expenses	<u>11,509,286</u>	<u>11,509,286</u>	<u>10,393,800</u>	<u>1,115,486</u>
PROGRAM REVENUES				
Charges for services – special benefit assessment	2,299,810	2,299,810	2,282,794	(17,016)
Total program revenues	<u>2,299,810</u>	<u>2,299,810</u>	<u>2,282,794</u>	<u>(17,016)</u>
GENERAL REVENUES				
Property taxes and redevelopment tax increment	9,026,476	9,026,476	10,177,676	1,151,200
Interest earnings	120,000	120,000	-	(120,000)
Rental revenue	-	-	17,294	17,294
Other revenue	63,000	63,000	89,331	26,331
Total general revenues	<u>9,209,476</u>	<u>9,209,476</u>	<u>10,284,301</u>	<u>1,074,825</u>
Total revenues	<u>11,509,286</u>	<u>11,509,286</u>	<u>12,567,095</u>	<u>1,057,809</u>
Change in fund balance	<u>-</u>	<u>-</u>	<u>2,173,295</u>	<u>2,173,295</u>
Fund balance – beginning of period	<u>14,445,852</u>	<u>14,445,852</u>	<u>14,445,852</u>	
Fund balance – end of period	<u>\$ 14,445,852</u>	<u>14,445,852</u>	<u>16,619,147</u>	

Notes to Required Supplementary Information

(1) Budgets and Budgetary Data

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District’s General Manager and Administrative Finance Manager prepare and submit an operating budget to the Board of Trustees for the General Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Trustees must approve all supplemental appropriations to the budget and transfers between major accounts. The District’s annual budget is presented as a balanced budget (inflows and reserves equal outflows and reserves) adopted for the General Fund at the detailed expenditure-type level. The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes.

Coachella Valley Mosquito and Vector Control District
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2020

	<u>Original Adopted Budget</u>	<u>Final Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES/EXPENSES				
Mosquito and vector control operations:				
Salaries and wages	\$ 5,079,517	5,079,517	4,914,793	164,724
Employee benefits	3,212,430	3,212,430	3,137,717	74,713
Field operations	1,429,450	1,429,450	1,544,369	(114,919)
Materials, services and supplies	788,240	788,240	1,329,596	(541,356)
Insurance	295,214	295,214	255,321	39,893
Contract agreements	150,000	150,000	130,454	19,546
Contingency	150,000	150,000	45,448	104,552
Capital outlay	503,547	503,547	236,076	267,471
Total expenditures/expenses	<u>11,608,398</u>	<u>11,608,398</u>	<u>11,593,774</u>	<u>14,624</u>
PROGRAM REVENUES				
Charges for services – special benefit assessment	2,147,755	2,147,755	2,162,379	14,624
Total program revenues	<u>2,147,755</u>	<u>2,147,755</u>	<u>2,162,379</u>	<u>14,624</u>
GENERAL REVENUES				
Property taxes and redevelopment tax increment	8,597,643	8,597,643	8,737,807	140,164
Interest earnings	200,000	200,000	253,879	53,879
Rental revenue	-	-	17,808	17,808
Other revenue	63,000	63,000	122,397	59,397
Total general revenues	<u>8,860,643</u>	<u>8,860,643</u>	<u>9,131,891</u>	<u>271,248</u>
Total revenues	<u>11,008,398</u>	<u>11,008,398</u>	<u>11,294,270</u>	<u>285,872</u>
Change in fund balance	<u>(600,000)</u>	<u>(600,000)</u>	<u>(299,504)</u>	<u>300,496</u>
Fund balance – beginning of period	<u>14,745,356</u>	<u>14,745,356</u>	<u>14,745,356</u>	
Fund balance – end of period	<u>\$ 14,145,356</u>	<u>14,145,356</u>	<u>14,445,852</u>	

Notes to Required Supplementary Information

(1) Budgets and Budgetary Data

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District’s General Manager and Administrative Finance Manager prepare and submit an operating budget to the Board of Trustees for the General Fund no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Trustees must approve all supplemental appropriations to the budget and transfers between major accounts. The District’s annual budget is presented as a balanced budget (inflows and reserves equal outflows and reserves) adopted for the General Fund at the detailed expenditure-type level. The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes.

Coachella Valley Mosquito and Vector Control District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2021
Last Ten Years*

	Measurement Date						
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of the net pension liability	0.01482%	0.18380%	0.01645%	0.01778%	0.01609%	0.00907%	0.01491%
District's proportionate share of the net pension liability	\$ 1,612,919	1,883,157	1,585,309	1,763,285	1,392,005	622,269	927,555
District's covered payroll	\$ 4,705,433	4,414,299	4,195,998	3,938,542	3,937,014	3,532,672	3,532,672
District's proportionate share of the net pension liability as a percentage of its covered payroll	34.28%	42.66%	37.78%	44.77%	35.36%	17.61%	26.26%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	88.62%	88.62%	89.38%	87.13%	88.03%	93.96%	90.59%

Notes:

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

Coachella Valley Mosquito and Vector Control District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2021
Last Ten Years*

Change of Assumptions and Methods, continued

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The

funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

* The District has presented information for those years for which information is available until a full 10- year trend is compiled.

Coachella Valley Mosquito and Vector Control District
Schedules of Pension Plan Contributions
As of June 30, 2021
Last Ten Years*

<u>Description</u>	<u>Fiscal Year</u>						
	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarially determined contribution	\$ 735,963	\$ 530,904	\$ 468,095	424,972	382,974	307,156	293,218
Contributions in relation to the actuarially determined contribution	<u>(735,963)</u>	<u>(1,116,921)</u>	<u>(483,461)</u>	<u>(417,763)</u>	<u>(402,952)</u>	<u>(284,591)</u>	<u>(258,524)</u>
Contribution deficiency (excess)	\$ -	\$ (586,017)	\$ (15,366)	<u>7,209</u>	<u>(19,978)</u>	<u>22,565</u>	<u>34,694</u>
Covered payroll	\$ 4,414,299	4,195,998	3,938,542	3,937,014	3,532,672	3,532,672	3,477,312
Contribution's as a percentage of covered payroll	<u>16.67%</u>	<u>26.62%</u>	<u>12.28%</u>	<u>10.61%</u>	<u>11.41%</u>	<u>8.06%</u>	<u>7.43%</u>

Note:

* The District has presented information for those years for which information is available until a full 10- year trend is compiled.

Coachella Valley Mosquito and Vector Control District
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2021
Last Ten Years*

Defined Benefit OPEB Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service cost	\$ 140,418	150,812	146,776
Interest	253,525	232,900	210,861
Benefit payments	(66,263)	(56,718)	(40,542)
Expected minus actual benefit payments	-	7,657	-
Experience (gains)/losses	-	(26,219)	-
Net change in total OPEB liability	<u>327,680</u>	<u>308,432</u>	<u>317,095</u>
Total OPEB liability - beginning of year	<u>3,584,704</u>	<u>3,276,272</u>	<u>2,959,177</u>
Total OPEB liability - end of year (a)	<u>\$ 3,912,384</u>	<u>3,584,704</u>	<u>3,276,272</u>
Plan fiduciary net position			
Contributions - employer	\$ 378,683	369,138	352,962
Expected investment income	223,473	190,140	156,532
Investment gains/losses	(112,764)	(25,352)	13,401
Administrative expense	(1,491)	(557)	(3,928)
Benefit payments	(66,263)	(56,718)	(40,542)
Net change in plan fiduciary net position	<u>421,638</u>	<u>476,651</u>	<u>478,425</u>
Plan fiduciary net position - beginning of year	<u>3,037,000</u>	<u>2,560,349</u>	<u>2,081,924</u>
Plan fiduciary net position - end of year (b)	<u>3,458,638</u>	<u>3,037,000</u>	<u>2,560,349</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 453,746</u>	<u>547,704</u>	<u>715,923</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>88.40%</u>	<u>84.72%</u>	<u>78.15%</u>
Covered - payroll	<u>4,195,998</u>	<u>3,938,542</u>	<u>4,195,988</u>
Net OPEB liability as a percentage of covered-payroll	<u>10.81%</u>	<u>13.91%</u>	<u>17.06%</u>

Notes to Schedule

Benefit Changes – None noted.

Changes of Assumptions – None noted.

* The District has presented information for those years for which information is available until a full 10- year trend is compiled.

Coachella Valley Mosquito and Vector Control District
Schedule of OPEB Contributions
For the Year Ended June 30, 2021
Last Ten Years*

Defined Benefit OPEB Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ -	-	-
Contributions in relation to the actuarially determined contribution	<u>312,420</u>	<u>312,420</u>	<u>312,420</u>
Contribution deficiency (excess)	<u>\$ (312,420)</u>	<u>(312,420)</u>	<u>(312,420)</u>

Notes to Schedule

The District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 34 years. As a result, methods and assumption used to determine contribution rates are not applicable.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

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Statistical Section

**Coachella Valley Mosquito and Vector Control District
Statistical Section**

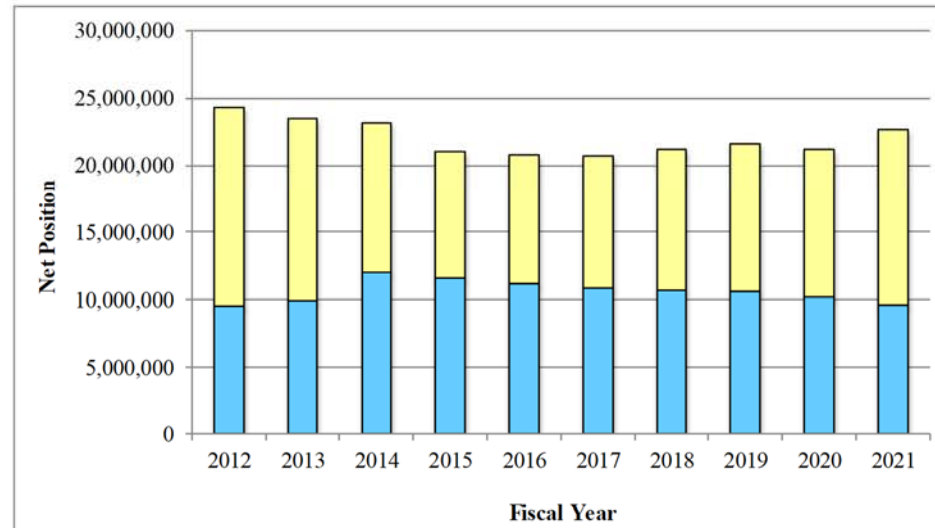
This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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Financial Trends	67-72
These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	
Revenue Capacity	73-76
These schedules contain information to help the reader assess the District’s most significant local revenue source, property taxes.	
Demographic Information	77-78
These schedules offer demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	
Operating Information	79-81
These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides and the activities it performs.	

**Coachella Valley Mosquito and Vector Control District
Net Position by Component
Last Ten Fiscal Years**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities:										
Net investment in capital assets	\$ 9,541,160	9,951,730	12,022,189	11,565,887	11,188,461	10,881,505	10,725,824	10,624,757	10,177,670	9,632,595
Unrestricted	<u>14,741,091</u>	<u>13,532,605</u>	<u>11,160,743</u>	<u>9,456,988</u>	<u>9,604,936</u>	<u>9,851,622</u>	<u>10,444,503</u>	<u>10,991,551</u>	<u>11,024,728</u>	<u>13,038,016</u>
Total governmental activities net position	<u>24,282,251</u>	<u>23,484,335</u>	<u>23,182,932</u>	<u>21,022,875</u>	<u>20,793,397</u>	<u>20,733,127</u>	<u>21,170,327</u>	<u>21,616,308</u>	<u>21,202,398</u>	<u>22,670,611</u>
Primary government:										
Net investment in capital assets	9,541,160	9,951,730	12,022,189	11,565,887	11,188,461	10,881,505	10,725,824	10,624,757	10,177,670	9,632,595
Unrestricted	<u>14,741,091</u>	<u>13,532,605</u>	<u>11,160,743</u>	<u>9,456,988</u>	<u>9,604,936</u>	<u>9,851,622</u>	<u>10,444,503</u>	<u>10,991,551</u>	<u>11,024,728</u>	<u>13,038,016</u>
Total primary government net position	\$ <u>24,282,251</u>	<u>23,484,335</u>	<u>23,182,932</u>	<u>21,022,875</u>	<u>20,793,397</u>	<u>20,733,127</u>	<u>21,170,327</u>	<u>21,616,308</u>	<u>21,202,398</u>	<u>22,670,611</u>



Source: Financial Statements

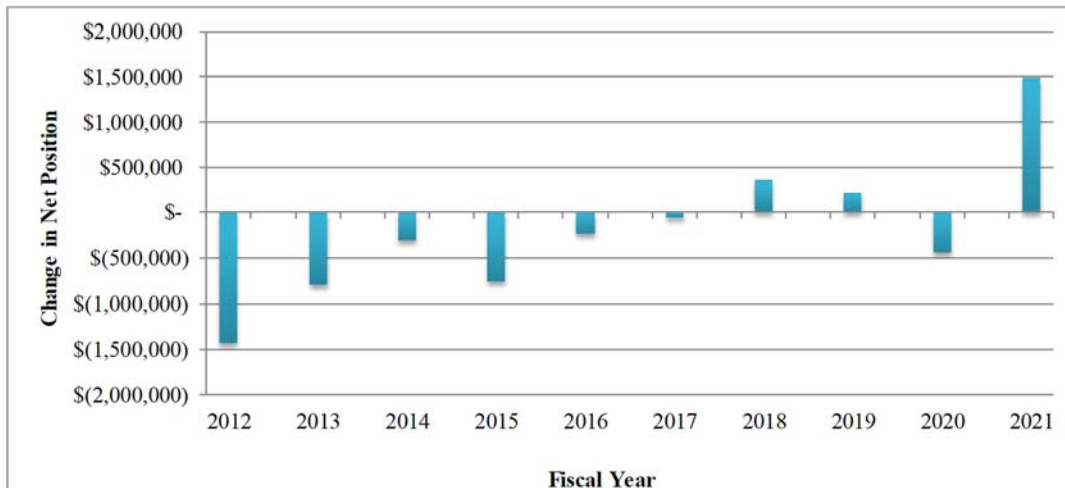
**Coachella Valley Mosquito and Vector Control District
Changes in Net Position
Last Ten Fiscal Years**

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses:					
Governmental activities:					
Mosquito and vector control operations	\$ 8,372,969 ⁽²⁾	8,333,981 ⁽²⁾	8,297,304 ⁽²⁾	8,806,640 ⁽²⁾	8,714,568 ⁽²⁾
activities expenses	<u>\$ 8,372,969</u>	<u>8,333,981</u>	<u>8,297,304</u>	<u>8,806,640</u>	<u>8,714,568</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Special benefit assessment	503,409	481,579	938,320	946,473	955,039
Total primary government program revenues	<u>481,579</u>	<u>481,579</u>	<u>938,320</u>	<u>946,473</u>	<u>955,039</u>
Net revenues (expenses):					
Governmental activities	<u>7,891,390</u>	<u>7,852,402</u>	<u>7,358,984</u>	<u>7,860,167</u>	<u>7,759,529</u>
Total net revenues (expenses)	<u>(7,891,390)</u>	<u>(7,852,402)</u>	<u>(7,358,984)</u>	<u>(7,860,167)</u>	<u>(7,759,529)</u>
General revenues:					
Governmental activities:					
Property taxes and assessments	3,114,832	2,969,087	3,134,162	3,390,924	3,550,298
Pass-through revenues	3,178,138	3,958,205	3,852,978	3,607,131	3,859,864
Investment income	90,600	50,235	45,150	46,493	77,230
Other revenue	<u>78,761</u>	<u>76,959</u>	<u>25,291</u>	<u>60,903</u>	<u>42,659</u>
Total primary government	<u>6,462,331</u>	<u>7,054,486</u>	<u>7,057,581</u>	<u>7,105,451</u>	<u>7,530,051</u>
Changes in net position					
Total primary government	<u>\$ (1,429,059)</u>	<u>(797,916)</u>	<u>(301,403)</u>	<u>(754,716)</u>	<u>(229,478)</u>

⁽¹⁾ Public Health was included as General Government

⁽²⁾ Public Health & General Government are included in Mosquito and Vector control operations

Source: Financial Statements



Coachella Valley Mosquito and Vector Control District
Changes in Net Position, continued
Last Ten Fiscal Years

Fiscal Year				
2017	2018	2019	2020	2021
<u>\$ 9,477,450</u> ⁽²⁾	<u>9,672,891</u> ⁽²⁾	<u>10,635,330</u> ⁽²⁾	<u>11,738,352</u> ⁽²⁾	<u>11,068,710</u> ⁽²⁾
<u>\$ 9,477,450</u>	<u>9,672,891</u>	<u>10,635,330</u>	<u>11,738,352</u>	<u>11,068,710</u>
<u>1,452,379</u>	<u>1,628,823</u>	<u>1,984,134</u>	<u>2,162,379</u>	<u>2,282,794</u>
<u>1,452,379</u>	<u>1,628,823</u>	<u>1,984,134</u>	<u>2,162,379</u>	<u>2,282,794</u>
<u>8,025,071</u>	<u>8,044,068</u>	<u>8,651,196</u>	<u>9,575,973</u>	<u>8,785,916</u>
<u>(8,025,071)</u>	<u>(8,044,068)</u>	<u>(8,651,196)</u>	<u>(9,575,973)</u>	<u>(8,785,916)</u>
3,733,700	3,883,367	4,027,484	4,179,391	4,381,452
3,990,874	4,164,357	4,425,927	4,558,416	5,796,224
83,241	153,373	308,476	253,879	-
<u>156,986</u>	<u>206,695</u>	<u>103,743</u>	<u>140,205</u>	<u>106,625</u>
<u>7,964,801</u>	<u>8,407,792</u>	<u>8,865,630</u>	<u>9,131,891</u>	<u>10,284,301</u>
<u>\$ (60,270)</u>	<u>363,724</u>	<u>214,434</u>	<u>(444,082)</u>	<u>1,498,385</u>

**Coachella Valley Mosquito and Vector Control District
Fund Balances of Government Funds
Last Ten Fiscal Years**

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General fund:										
Non-spendable	\$ 1,107,967	1,292,526	1,210,811	1,347,850	1,507,884	1,357,513	1,587,126	1,613,581	1,102,643	1,455,321
Committed	2,460,190	3,514,102	3,616,495	3,142,583	3,358,633	3,727,041	3,991,341	4,792,675	41,075	93,594
Assigned	12,082,791	12,146,883	9,855,531	10,122,393	9,454,534	9,038,391	8,803,094	8,339,100	13,302,134	13,507,582
Unassigned	614,075	-	-	-	-	-	-	-	-	1,562,650
Total general fund	<u>16,265,023</u>	<u>16,953,511</u>	<u>14,682,837</u>	<u>14,612,826</u>	<u>14,321,051</u>	<u>14,122,945</u>	<u>14,381,561</u>	<u>14,745,356</u>	<u>14,445,852</u>	<u>16,619,147</u>
All other governmental funds:										
Assigned	181,500	-	-	-	-	-	-	-	-	-
Unassigned	341	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 181,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: Financial Statements

Coachella Valley Mosquito and Vector Control District
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	<u>2012</u>
Revenues:	
Property taxes and assessments	\$ 3,973,561
Revenue from other governmental agencies	3,551,453
Investment income	82,222
Miscellaneous revenues	<u>46,548</u>
Total revenues	<u>7,653,784</u>
Expenditures:	
General government:	
Administration	2,327,152
Maintenance shop	240,486
Building and grounds	772,582
Trustee expense	34,982
Public health:	
Field operations	2,877,110
Laboratory	1,196,845
Research	257,940
Capital outlay:	
Building and grounds	<u>74,662</u>
Total expenditures	<u>7,781,759</u>
Excess (deficiency) of revenues over (under) expenditures	(127,975)
Prior period adjustment	<u>(267,922)</u>
Net change in fund balances	<u>\$ (395,897)</u>

Coachella Valley Mosquito and Vector Control District
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years, continued

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	
Revenues:										
Property taxes	\$ 2,990,314	3,144,520	3,390,924	3,550,298	3,733,700	3,883,367	4,027,484	4,204,218	4,381,452	
Redevelopment agency - property tax increment	3,958,205	3,852,978	3,607,131	3,859,864	3,990,874	4,164,357	4,425,927	4,558,416	5,796,224	
Interest earnings	50,235	45,150	46,493	77,230	83,241	153,373	308,476	253,879	-	
⁽¹⁾ Charges for services -special benefit assessment	484,502	926,757	946,473	955,039	1,452,379	1,628,823	1,984,134	2,167,725	2,282,794	
Miscellaneous revenues	76,959	25,291	60,903	42,659	156,986	206,695	103,743	140,204	106,625	
Total revenues	<u>7,560,215</u>	<u>7,994,696</u>	<u>8,051,924</u>	<u>8,485,090</u>	<u>9,417,180</u>	<u>10,036,615</u>	<u>10,849,764</u>	<u>11,324,442</u>	<u>12,567,095</u>	
Expenditures:										
Mosquito and vector control operations:										
Salaries and wages	3,518,861	3,511,940	4,049,899	4,275,911	4,497,941	4,644,134	4,923,063	4,948,784	5,161,602	
Employee benefits	1,901,658	1,961,003	1,964,764	1,717,802	2,243,795	2,044,486	2,572,204	2,801,217	2,821,587	
Field operations	1,092,556	974,815	903,066	1,060,140	1,442,426	1,208,839	1,273,796	1,544,369	1,042,382	
Materials, services and supplies	681,613	661,329	681,380	696,150	720,696	804,646	908,054	1,329,875	795,980	
Insurance	273,848	400,867	300,358	186,663	239,220	151,806	236,018	255,321	310,914	
Contract agreements	230,803	123,994	144,326	134,189	140,754	120,000	90,917	130,454	87,173	
Contingency	-	-	-	-	-	-	-	45,448	-	
Investment losses	-	-	-	-	-	-	-	-	4,854	
Capital Outlay	1,026,493	2,631,422	197,444	252,201	330,454	698,980	631,278	682,884	169,308	
Total expenditures/expenses	<u>8,725,832</u>	<u>10,265,370</u>	<u>8,241,237</u>	<u>8,323,056</u>	<u>9,615,286</u>	<u>9,672,891</u>	<u>10,635,330</u>	<u>11,738,352</u>	<u>10,393,800</u>	
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>(1,165,617)</u>	<u>(2,270,674)</u>	<u>(189,313)</u>	<u>162,034</u>	<u>(198,106)</u>	<u>363,724</u>	<u>214,434</u>	<u>(413,910)</u>	<u>2,173,295</u>	
Net change in fund balances	<u>\$ (1,165,617)</u>	<u>(2,270,674)</u>	<u>(189,313)</u>	<u>162,034</u>	<u>(198,106)</u>	<u>363,724</u>	<u>214,434</u>	<u>(413,910)</u>	<u>2,173,295</u>	

The District in prior years reported expenditures/expenses department wide.

⁽¹⁾ Previously included with property taxes

Source: Financial Statements

**Coachella Valley Mosquito and Vector Control District
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended June 30	County			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Less:		
			Tax Exempt Real Property		
2012	\$ 202,313,851	8,057,242	(6,818,361)	203,552,732	1.0000
2013	201,971,552	8,123,443	(7,116,248)	202,978,747	1.0000
2014	210,523,063	7,868,150	(7,300,462)	211,090,751	1.0000
2015	228,131,826	7,676,875	(7,502,942)	228,305,759	1.0000
2016	240,984,595	7,717,964	(7,760,338)	240,942,221	1.0000
2017	253,728,054	8,200,349	(8,136,300)	253,792,103	1.0000
2018	267,148,195	8,320,830	(8,546,894)	266,922,131	1.0000
2019	283,711,524	9,113,732	(9,093,789)	283,731,467	1.0000
2020	299,750,052	9,193,355	(11,551,305)	297,392,102	1.0000
⁽¹⁾ 2021	299,750,052	9,193,355	(11,551,305)	297,392,102	1.0000

Although the District's services encompass a portion of Riverside County, the amounts presented include the entire County's property taxes.

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

⁽¹⁾ 2021 Data not available as of October 2021

Source: Auditor-Controller, County of Riverside

**Coachella Valley Mosquito and Vector Control District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Fiscal Year	County of Riverside		Range of Overlapping Rates		Total Direct & Overlapping Rates
	Total County Rate	Total City Rate	Total School District Rate	Total Special District Rate	
2021 ⁽¹⁾	1.00000%	0% to 0.00543%	0 to .14876%	0% to 0.50000%	1.11550% to 1.50000%
2020	1.00000%	0% to 0.00543%	0 to .14876%	0% to 0.50000%	1.11550% to 1.50000%
2019	1.00000%	0% to 0.00592%	0 to .15291%	0% to 0.50000%	1.11550% to 1.50000%
2018	1.00000%	0% to 0.00608%	0 to .17609%	0% to 0.50000%	1.11550% to 1.50000%
2017	1.00000%	0% to 0.00617%	0 to .16601%	0% to 0.50000%	1.11440% to 1.50000%
2016	1.00000%	0% to 0.00576%	0 to .15335%	0% to 0.50000%	1.11440% to 1.50000%
2015	1.00000%	0% to 0.00626%	0 to .17234%	0% to 0.53052%	1.14640% to 1.53052%
2014	1.00000%	0% to 0.00673%	0.01768% to .17571%	0% to 0.55075%	1.13830% to 1.55075%
2013	1.00000%	0% to 0.00572%	0.01702% to .17570%	0% to 0.58076%	1.1434% to 1.58076%
2012	1.00000%	0% to 0.12540%	0.01700% to 0.14030%	0% to 0.53864%	1.12540% to 1.53864%

Although the District's services encompass a portion of Riverside County, the amounts presented include the entire County's property taxes.

⁽¹⁾ 2021 Data not available as of October 2021

Source: Auditor-Controller, County of Riverside

**Coachella Valley Mosquito and Vector Control District
Principal Property Taxpayers
Current and Nine Years Ago**

<u>Taxpayer</u>	<u>2021*</u>		<u>2012</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total County Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total County Taxable Assessed Value</u>
Southern California Edison Company	\$ 56,868	1.40%	\$ 18,359	0.65%
Centex Corp	-	0.00%	3,434	0.12%
Deutsche Bank National Trust Co	-	0.00%	2,851	0.10%
Southern California Gas Company	17,349	0.43%	6,372	0.22%
Verizon California LLC	8,373	0.21%	8,072	0.28%
CPV Sentinel LLC	6,287	0.15%	-	0.00%
Inland Empire Energy Center LLC	-	0.00%	7,342	0.26%
Federal National Mortgage Association	-	0.00%	3,461	0.12%
Abott Vascular Inc.	-	0.00%	3,171	0.11%
Costco Wholesale Group	4,273	0.10%	-	0.00%
Amazon Services Inc	4,125	0.10%	-	0.00%
Chelsea GCA Realty Partnership	3,909	0.10%	-	0.00%
Woodside 05S	3,658	0.09%	-	0.00%
Duke Realty LTD Partnership	3,654	0.09%	-	0.00%
Riverside Healthcare System	3,590	0.09%	-	0.00%
Tyler Mall Ltd Partnership	3,406	0.08%	2,880	0.10%
Blythe Energy LLC	-	0.00%	2,852	0.10%
Total	\$ 115,492	2.84%	\$ 58,794	2.06%

Although the District's services encompass a portion of Riverside County, the amounts presented include the entire County's property taxes.

Source: Treasurer-Tax Collector, County of Riverside

*Prior year numbers used

#Per thousand rounded

**Coachella Valley Mosquito and Vector Control District
Property Tax Levies and Collections (thousands)
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Total Collections to Date ⁽¹⁾				
		Amount	Percent of Levy	Delinquent Tax Collections	Amount	Percent of Levy
2012	\$ 2,676,613	\$2,605,691	97.35%	442	\$ 2,606,133	97.37%
2013	2,677,034	2,618,818	97.83%	7,756	2,626,574	98.12%
2014	2,813,382	2,763,665	98.23%	12,867	2,776,532	98.69%
2015	3,014,259	2,968,113	98.47%	13,140	2,981,253	98.91%
2016	3,205,453	3,159,497	98.57%	6,230	3,165,727	98.76%
2017	3,368,109	3,322,587	98.65%	163,568	3,486,155	103.50%
2018	3,565,210	3,522,630	98.81%	157,158	3,679,788	103.21%
2019	3,762,000	3,704,818	98.48%	64,089	3,768,907	100.18%
2020	3,964,853	3,881,514	97.90%	80,190	3,961,704	99.92%
2021	⁽²⁾ 3,964,853	3,881,514	97.90%	80,190	3,961,704	99.92%

Although the District's services encompass a portion of Riverside County, the amounts presented include the entire County's property taxes.

⁽¹⁾ The District participates in the County's "Teeter Plan" whereby the county pays current year delinquencies in November of the subsequent year but keeps subsequent collections

⁽²⁾ 2021 Data not available as of October 2021

Source: Riverside County Auditor Controller's Office

**Coachella Valley Mosquito and Vector Control District
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2012	2,227,577	71,755,000	31,742	12.60%
2013	2,255,059	76,289,477	33,278	10.20%
2014	2,279,967	76,064,000	33,836	8.40%
2015	2,308,441	81,296,000	34,169	6.60%
2016	2,347,828	86,888,000	34,506	5.90%
2017	2,384,783	90,160,000	35,286	5.60%
2018	2,415,955	92,810,000	36,149	4.80%
2019	2,440,124	95,775,000	37,074	4.40%
2020	2,442,304	98,654,000	37,951	14.70%
2021	2,442,304 ⁽¹⁾	98,654,000 ⁽¹⁾	37,951 ⁽¹⁾	7.60% ⁽²⁾

Although the District's services encompass a portion of Riverside County, the amounts presented include the entire County's population.

NOTE:

⁽¹⁾ 2021 Data not available as of October 2021

⁽²⁾ August 2021

Source: County of Riverside Economic Data Analysis

**Coachella Valley Mosquito and Vector Control District
Principal Employers
Current and Nine Years Ago**

Employer	2021*		2012	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Riverside	21,672	2.31%	18,000	2.34%
Amazon	10,500	1.12%	-	0.00%
University of California Riverside	9,770	1.04%	4,907	0.64%
March Air Reserve Base	9,600	1.02%	8,525	1.11%
Stater Brothers Market	8,304	0.88%	6,902	0.90%
Kaiser Permanente Riverside Medical Center	5,700	0.61%	3,500	0.45%
Pechanga Resort & Casino	5,078	0.54%	4,000	0.52%
Wal-Mart	4,931	0.52%	-	0.00%
Corona-Norco Unified School District	4,903	0.52%	4,400	0.57%
Ross Dress for Less	4,321	0.46%	-	0.00%
Riverside Unified School District	-	0.00%	3,900	0.51%
Riverside Community College	-	0.00%	3,141	0.41%
Abbott Vascular	-	0.00%	3,000	0.39%
Total	84,779	9.02%	60,275	7.84%

Although the District's services encompass a portion of Riverside County, the amounts presented include the entire County's population. Only the top ten employers that provided data to the County of Riverside are listed for each year.

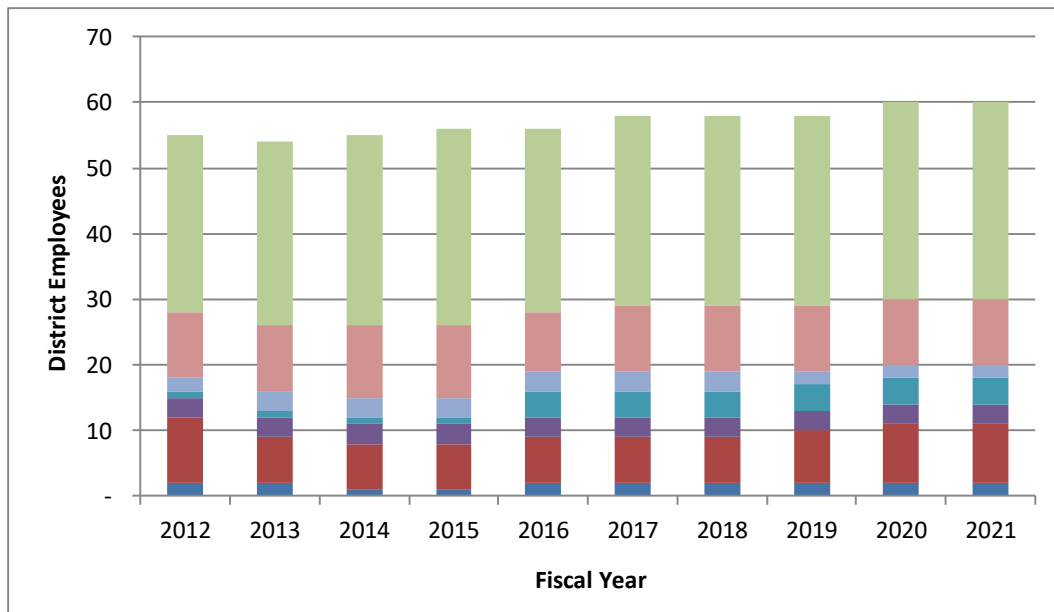
**Prior year numbers used*

Source: County of Riverside Comprehensive Annual Financial Report

**Coachella Valley Mosquito and Vector Control District
Full and Part-time District Employees
Last Ten Fiscal Years**

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Building and Grounds	2	2	1	1	2	2	2	2	2	2
Administration	10	7	7	7	7	7	7	8	9	9
Information Technology	3	3	3	3	3	3	3	3	3	3
Public Outreach	1	1	1	1	4	4	4	4	4	4
Shop	2	3	3	3	3	3	3	2	2	2
Lab	10	10	11	11	9	10	10	10	10	10
Field Operations	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>28</u>	<u>29</u>	<u>29</u>	<u>29</u>	<u>30</u>	<u>30</u>
Total	<u>55</u>	<u>54</u>	<u>55</u>	<u>56</u>	<u>56</u>	<u>58</u>	<u>58</u>	<u>58</u>	<u>60</u>	<u>60</u>

Source: District's Budget Office



Coachella Valley Mosquito and Vector Control District Operating Indicators by Function Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
West Nile Virus - Coachella Valley										
Human - <i>calendar year</i>	5	3	-	2	-	1	-	-	-	-
Dead Birds	-	-	-	-	-	-	-	-	-	-
Mosquito Pools	118	43	67	135	110	120	24	513	172	88 ⁽³⁾
Sentinel Chickens	55	25	33	9	-	-	-	-	-	- ⁽⁴⁾
Number of tested mosquito pools	3,471	1,998	1,770	3,272	4,028	5,150	5,620	6,531	3,479	3,322
Number of tested sentinel chickens	1,583	1,080	918	596	-	-	-	-	-	- ⁽⁴⁾
() * fatal human cases										
Biocontrol										
Acreage stocked with Mosq Fish	75	52	50	25	40	125	21	27	1	1
Fish per acre	2,529	2,608	2,840	2,242	3,000	779	974	195	2,135	1,760
Acreage stocked with Tadpole Shrimp	3	3	-	-	-	-	-	-	-	- ⁽¹⁾
Mosquito Operations										
Number of Service Requests	773	1,009	930	680	786	817	711	910	639	471
Acreage Treated - Rural	3,682	2,540	5,649	2,726	2,920	2,379	2,427	2,570	3,653	2,973
Acreage Treated - Urban	449	377	1,002	869	317	1,251	918	685	323	213
Number of Treatments - Rural	1,484	1,305	2,116	1,934	1,813	2,625	2,616	2,198	2,302	1,852
Number of Treatments - Urban	4,773	5,922	9,450	12,124	15,713	22,943	25,586	22,180	22,062	19,271
Red Imported Fire Ants (RIFA)										
Number of Service Requests	1,688	2,145	2,437	2,707	2,029	1,810	1,850	1,687	1,595	1,273
Acreage Treated	14,839	18,155	22,397	19,844	21,258	21,122	17,855	18,991	11,228	9,309
Number of treatments	2,109	2,706	3,057	3,338	2,754	2,664	2,631	2,653	2,375	2,141
Other Vectors - Trap nights										
Wild Rodents - 50 traps monthly	50	-	-	-	-	-	-	-	-	- ⁽²⁾

Source: Coachella Valley Mosquito and Vector Control District

- (1) Total tadpole acreage stocked: 0 *No tadpole shrimp were stocked that year while production was shifted from outdoor to indoor.
- (2) In 2013 trapping of wild rodents was discontinued
- (3) The District detected St Louis Encephalitis Virus for the 1st time since 2003, these totals include positive SLE and WNV figures.
 Mosquito Pools: 97 WNV/38 SLE (2015)
 Mosquito Pools: 19 WNV/91 SLE (2016)
- (4) In 2016, sentinel chicken testing ceased

**Coachella Valley Mosquito and Vector Control District
Capital Asset Statistics by Function
Last Ten Fiscal Years**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Mosquito & WNV Surveillance										
Laboratory	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	11	11	9	9	9	9	9
Biocontrol										
Laboratory	1	1	1	1	1	1	1	1	1	1
Fish Production Systems (Inside)	2	2	2	2	2	2	2	2	0	0
Fish Production Systems (Outside Ponds)	3	3	3	3	3	3	3	3	3	3
Vehicles	3	2	2	3	3	0	0	0	0	0
Mosquito Operations										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	19	20	27	35	35	35	35	35	35	37
Red Imported Fire Ants (RIFA)										
Vehicles	12	10	10	0	0	0	0	0	0	0
Other Vector										
Vehicles	5	7	7	0	0	6	6	6	6	7

In FY 2014-15 the District combined it's Red Imported Fire Ant (RIFA) and Mosquito Operations into a Full Vector program.

Source: Coachella Valley Mosquito and Vector Control District

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Report on Internal Controls and Compliance



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Coachella Valley Mosquito Vector Control District
Indio, California

We have audited, in accordance with the 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 Coachella Valley Mosquito Vector Control District (District) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on Audits of Financial Statements
Performed in Accordance with *Government Auditing Standards*, continued**

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
November 9, 2021