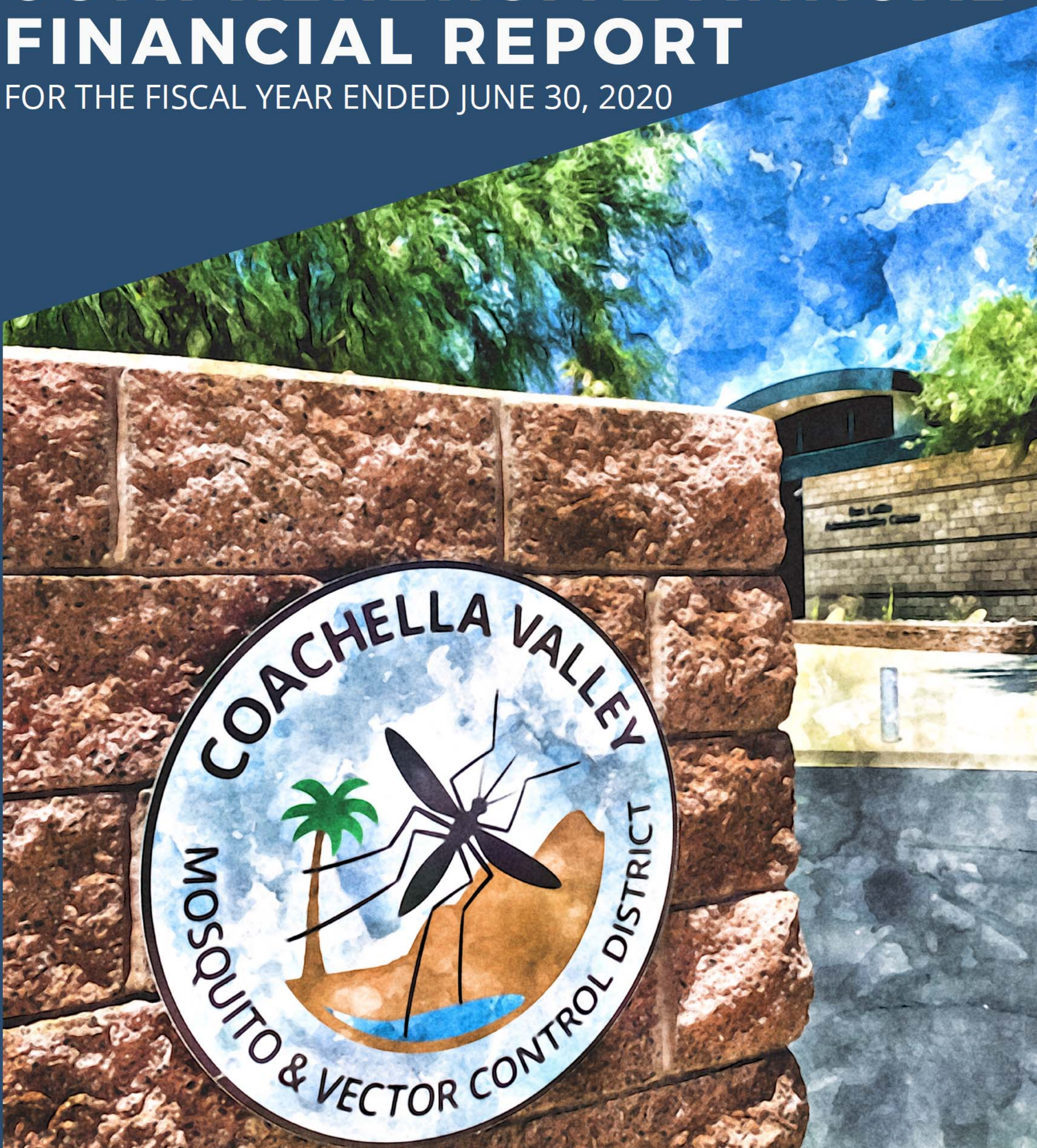
COACHELLA VALLEY MOSQUITO & VECTOR CONTROL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



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

Coachella Valley Mosquito and Vector Control District
Jeremy Wittie, MS, General Manager
43-420 Trader Place
Indio, CA 92201 • (760) 342-8287
www.cvmvcd.org

Coachella Valley Mosquito and Vector Control District

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2020 and 2019

Coachella Valley Mosquito and Vector Control District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2020 and 2019

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Introductory Section

COACHELLA VALLEY MOSQUITO & VECTOR CONTROL DISTRICT
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December 17, 2020

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, 2020.

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, 2020, 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, 2020, 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.

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.

Profile of the Government, continued

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 $11.5 million, funding comes from property taxes and a Benefit Assessment. The District employs 60 full-time staff, increased with seasonal staff beginning early summer. The District has been at is 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 % June 2020, the previous June was 4.5%.

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 2018-2019 property tax receipts increased 4.8 % over the previous year and 4.4 % in FY2019-2020. In FY2020-2021 property tax receipts are forecast to rise by 3.0 %.

For FY 2019-2020 the property tax increment was 3.0% higher than the prior year, property tax revenue for the same period rose because of higher property values. The Benefit Assessment rate was increased from $12.49 to $13.48 per single family equivalent (SFE), giving a total receipt of $2.2 million in FY 2019-2020, an increase of 9.3% over prior year.

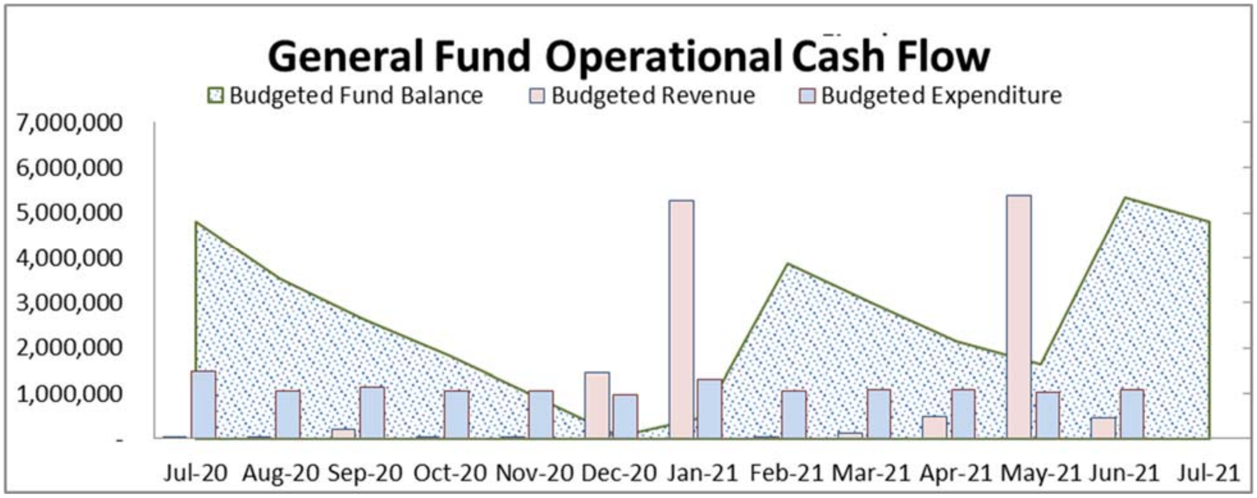
Analysis and Potential Impact of COVID-19 Pandemic on FY 20-21 Revenue

The District is part of the Teeter plan so defaults on property taxes or late payments should not affect the District's revenue in the coming fiscal year. 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.

In 2008 the housing market in Coachella Valley collapsed because of all of the 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.

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 $4,800,000. Historically November is when expenses exceed revenue by the most, based on budget estimates for FY2020-21 expenses will exceed revenue by almost $4 million at the end of November 2020.



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.

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. Beginning balance July 1, 2020 is estimated to be $4,309,674.

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 Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the tenth 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 CAFR 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 CAFR 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.

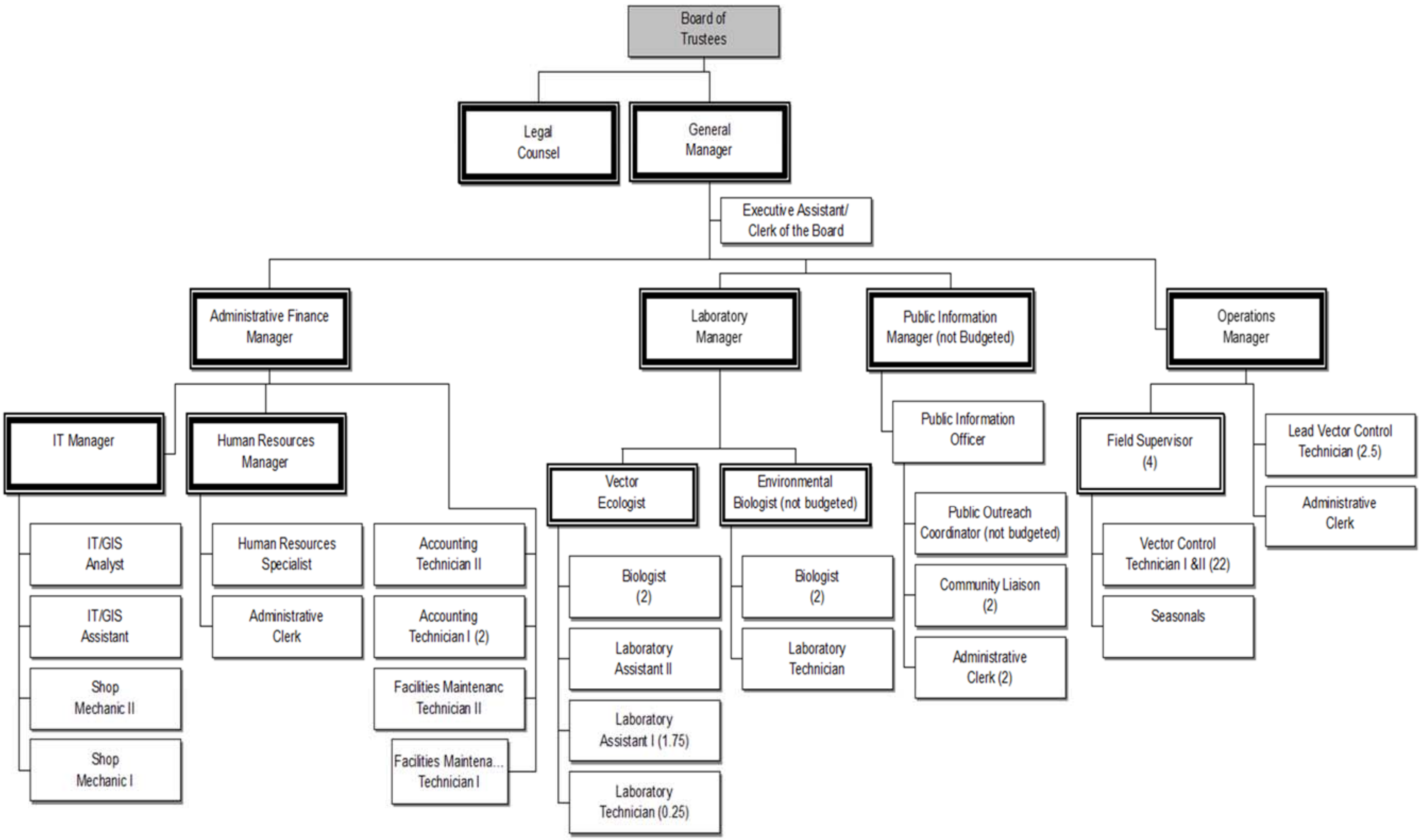
The preparation of this report would not have been possible without the efficient and dedicated service of the District staff. We would like to express our appreciation to all employees of the District who assisted and contributed in the preparation of this report. Credit must also be given to the Board 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,

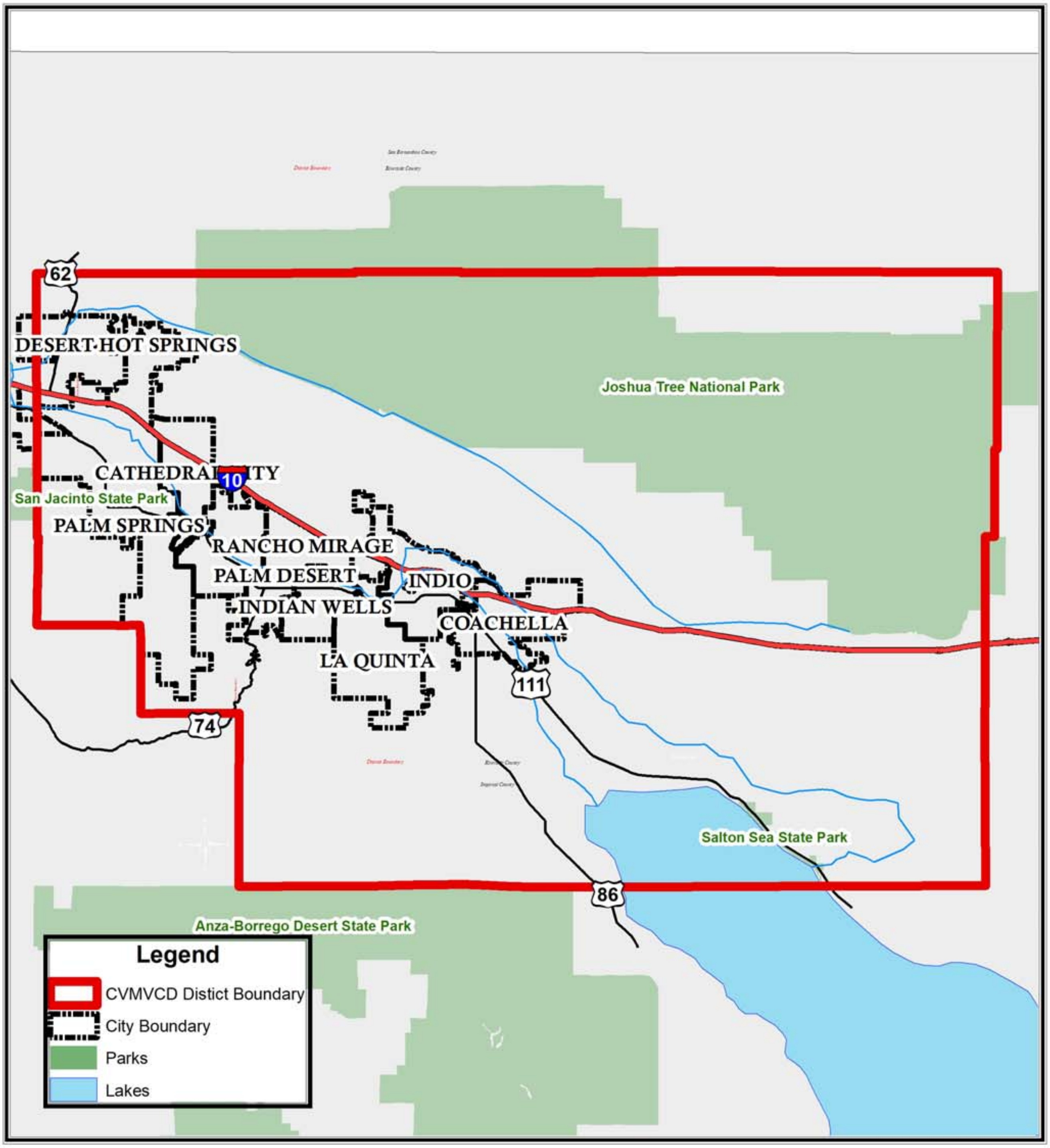
Jeremy Wittie, MS
General Manager

David I'Anson
Administrative Finance Manager

Coachella Valley Mosquito and Vector Control District
Organizational Chart
For the Fiscal Year Ended June 30, 2020



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, 2019

Christopher P. Morrill

Executive Director/CEO

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Charles Z. Fedak, CPA, MBA
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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 of Coachella Valley Mosquito Vector Control District (District) as of and for the years ended June 30, 2020 and 2019, 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 an opinion 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 and 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 of Coachella Valley Mosquito Vector Control District as of June 30, 2020 and 2019, 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.

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 60 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 December 17, 2020, 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
December 17, 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, 2020 and 2019. 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

- The District's net position decreased by 2.05% or $444,082 to $21,172,226 in fiscal year 2020, as a result of current year operations. In the fiscal year 2019, the District's net position increased by 1.00% or $214,434 to $21,616,308 in fiscal year 2020, as a result of operations and the effect of a prior period adjustment in the amount of $231,547. Please see Note 10 to the basic financial statements for further discussion.
- The District's total revenues from all sources increased 4.10% or $444,506 to $11,294,270 in fiscal year 2020. Program revenues increased 8.98% or $178,245 to $2,162,379. General revenues increased 3.00% or $266,261 to $9,131,891. In fiscal year 2019, the District's total revenues from all sources increased 8.10% or $813,149 to $10,849,764. Program revenues increased 21.81% or $355,311 to $1,984,134. General revenues increased 5.45% or $457,838 to $8,865,630.
- The District's total expenses increased by 10.37% or $1,103,022 to $11,738,352 in fiscal year 2020. In fiscal year 2019, the District's total expenses increased by 9.95% or $962,439 to $10,635,330.

Using This Financial Report

This annual report consists of a series of financial statements. The Statements of Net Position and Statements 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 revenue and expenses are accounted for in the Statements 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.

Government-wide Financial Statements

Statements of Net Position and Statements of Activities

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

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

Governmental Funds 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 sheets and the governmental fund statements of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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 59.

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

Government-wide Financial Analysis

Condensed Statements of Net Position

		2020	2019	Change	As Restated 2018	Change
Assets:						
Current assets	$	14,890,334	15,309,779	(419,445)	14,939,343	370,436
Capital assets, net		10,177,670	10,624,757	(447,087)	10,725,824	(101,067)
Total assets		25,068,004	25,934,536	(866,532)	25,665,167	269,369
Deferred outflows of resources		1,997,255	1,455,068	542,187	1,855,470	(400,402)
Liabilities:						
Current liabilities		733,692	840,037	(106,345)	822,808	17,229
Non-current liabilities		4,964,677	4,814,653	150,024	5,138,078	(323,425)
Total liabilities		5,698,369	5,654,690	43,679	5,960,886	(306,196)
Deferred inflows of resources		194,664	118,606	76,058	157,877	(39,271)
Net position:						
Net investment in capital assets		10,177,670	10,624,757	(447,087)	10,725,824	(101,067)
Unrestricted		10,994,556	10,991,551	3,005	10,676,050	315,501
Total net position	$	21,172,226	21,616,308	(444,082)	21,401,874	214,434

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 $21,172,226 and $21,616,308 as of June 30, 2020 and 2019, respectively.

A large portion of the District's net position (48% and 49% as of June 30, 2020 and 2019, respectively) reflects its investment in capital assets (net of accumulated depreciation); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services of the District; consequently, these assets are *not* available for future spending.

At the end of fiscal years 2020 and 2019, the District's unrestricted net position was $10,994,556 and $10,991,551, respectively that may be utilized in future years. (See Note 8)

Condensed Statements of Activities

Governmental Activities:		2020	2019	Change	As Restated 2018	Change
Expenses:						
Mosquito and vector control operations	$	11,738,352	10,635,330	1,103,022	9,672,891	962,439
Program revenues		2,162,379	1,984,134	178,245	1,628,823	355,311
General revenues		9,131,891	8,865,630	266,261	8,407,792	457,838
Total revenues		11,294,270	10,849,764	444,506	10,036,615	813,149
Change in net position		(444,082)	214,434	(658,516)	363,724	(149,290)
Net position, beginning of period, as restated		21,616,308	21,401,874	214,434	20,733,127	668,747
Prior period adjustment (note 10)		-	-	-	305,023	(305,023)
Net position, beginning of period, as restated		21,616,308	21,401,874	214,434	21,038,150	363,724
Net position, end of period	$	21,172,226	21,616,308	(444,082)	21,401,874	214,434

Government-wide Financial Analysis, continued

The statements of activities show how the District's net position changed during the fiscal years. In fiscal year 2020, the District's net position decreased by 2.05% or $444,082 to $21,172,226, due as a result of current year operations. Please see Note 10 to the basic financial statements for further discussion. In the fiscal year 2019, the District's net position increased by 1.00% or $214,434 to $21,616,308, due as a result of operations and the effect of a prior period adjustment in the amount of $231,547. Please see Note 10 to the basic financial statements for further discussion.

	2020	2019	Change	As Restated 2018	Change
Program revenues:					
Charges for services – special benefit assessment	$ 2,162,379	1,984,134	178,245	1,628,823	355,311
Total program revenues	2,162,379	1,984,134	178,245	1,628,823	355,311
General revenues:					
Property taxes	4,179,391	4,027,484	151,907	3,883,367	144,117
Redevelopment agency – property tax increment	4,558,416	4,425,927	132,489	4,164,357	261,570
Interest earnings	253,879	308,476	(54,597)	153,373	155,103
Rental revenue	17,808	17,370	438	16,783	587
Other revenue	122,397	86,373	36,024	189,912	(103,539)
Total general revenues	9,131,891	8,865,630	266,261	8,407,792	457,838
Total revenues	$ 11,294,270	10,849,764	444,506	10,036,615	813,149

In fiscal year 2020, the District's total revenues from all sources increased 4.10% or $444,506 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 $266,261 to $9,131,891, primarily due to increases of $151,907 in property taxes, $132,489 in property tax allocations, $36,023 in other revenue which were offset by a decrease of $54,597 in interest earnings.

In fiscal year 2019, the District's total revenues from all sources increased 8.10% or $813,149 to $10,849,764. Program revenues increased 21.81% or $355,311 to $1,984,134, primarily due to an increase in special assessments. General revenues increased 5.45% or $457,838 to $8,865,630, primarily due to increases of $261,570 in property tax allocations, $155,103 in interest earnings and $144,117 in property taxes which were offset by a decrease of $103,539 in other revenues.

Total Expenses

		2020	2019	Change	As Restated 2018	Change
Expenses:						
Mosquito and vector control operations:						
Salaries and wages	$	4,948,784	4,923,063	25,721	4,644,134	278,929
Employee benefits		2,801,217	2,572,204	229,013	2,044,486	527,718
Field operations		1,544,369	1,273,796	270,573	1,208,839	64,957
Materials, services and supplies		1,329,875	908,054	421,821	804,646	103,408
Insurance		255,321	236,018	19,303	151,806	84,212
Contract agreements		130,454	90,917	39,537	120,000	(29,083)
Contingency		45,448	-	45,448	-	-
Depreciation		682,884	631,278	51,606	698,980	(67,702)
Total expenses	$	11,738,352	10,635,330	1,103,022	9,672,891	962,439

In fiscal year 2020, total expenses increased by 10.37% or $1,103,022 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, $51,606 in depreciation expense, $45,448 in contingency, $39,537 in contract agreements, $25,721 in salaries and wages, and $19,303 in insurance expenses as compared to the prior year.

In fiscal year 2019, total expenses increased by 9.95% or $962,439 to $10,635,330, primarily due to increases of $527,718 in employee benefits, $278,929 in salaries and wages, $103,408 in materials, services and supplies, $84,212 in insurance expenses, and $64,957 in field operations expenses, which were offset by a decrease of $67,702 in depreciation expense as compared to the prior year.

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, 2020 and 2019, the District's General Fund reported a fund balance of $14,445,852 and $14,745,356, respectively. An amount of $8,516,543 and $8,339,100 as of June 30, 2020 and 2019, respectively constitutes the District's *assigned fund balance*, which is available for specific future District operations. (See Note 9 for further information on the District's fund balances)

General Fund Budgetary Highlights

The final actual expenditures for the General Fund as of June 30, 2020 and 2019, were less than budgeted by $14,624 and more than budgeted by $3,185, respectively. 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. In fiscal year 2019, actual payroll expenditures (including salaries and employee benefits) were over budget as the actual cost of employee benefits expenditures exceeded budgeted benefits costs during the fiscal year. In fiscal year 2020, actual field operations expenditures were over budget due to increased spray operations. In fiscal year 2019, actual field operations expenditures were under budget due to reduced spray operations. In fiscal year 2020, Insurance expenditures were under budget as the actual cost of insurance were less than budgeted costs during the fiscal year. In fiscal year 2019, Insurance expenditures were over budget due to actual cost of insurance exceeded budgeted costs during the fiscal year. In fiscal years 2020 and 2019, capital outlay was lower than budgeted because District management decided not to proceed with relocating the District's server room.

General Fund Budgetary Highlights, continued

Actual revenues as of June 30, 2020 and 2019, exceeded budgeted amounts by $285,872 and $366,979, respectively. In fiscal years 2020 and 2019, property tax and redevelopment agency tax increment are above budget, respectively. However, miscellaneous 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. In fiscal years 2020 and 2019, interest earnings were also higher than budgeted amounts due to higher interest earnings, respectively. (See the Budgetary Comparison Schedules for the General Fund under Required Supplementary Information section on pages 60 and 61).

Capital Asset Administration

Changes in capital assets for 2020 were as follows:

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

Changes in capital assets for 2019 were as follows:

	Balance 2018	Additions	Deletions/ Transfers	Balance 2019
Depreciable assets:				
Non-depreciable assets	$ 417,873	7,050	-	424,923
Depreciable assets	19,519,090	523,162	(189,896)	19,852,356
Total capital assets	19,936,963	530,212	(189,896)	20,277,279
Accumulated depreciation	(9,211,139)	(631,279)	189,896	(9,652,522)
Total capital assets, net	$ 10,725,824	(101,067)	-	10,624,757

At the end of fiscal year 2020 and 2019, the District's investment in capital assets amounted to $10,177,670 and $10,624,757, respectively (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, vehicles, equipment, machinery and furniture and fixtures. (See Note 3)

Conditions Affecting Current Financial Position

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. 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, 2020 and 2019

		2020	2019
ASSETS			
Current assets:			
Cash and cash equivalents (note 2)	$	13,452,421	13,343,597
Accrued interest receivable		27,401	40,808
Property taxes and assessments receivable		302,129	307,362
Accounts receivable – other		5,740	4,431
Materials and supplies inventory		459,271	510,872
Prepayments and deposits		643,372	1,102,709
Total current assets		14,890,334	15,309,779
Non-current assets:			
Capital assets – not being depreciated (note 3)		417,873	424,923
Capital assets – being depreciated, net (note 3)		9,759,797	10,199,834
Total non-current assets		10,177,670	10,624,757
Total assets		25,068,004	25,934,536
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB outflows (note 5)		324,662	312,420
Deferred pension outflows (note 6)		1,672,593	1,142,648
Total deferred outflows of resources		1,997,255	1,455,068
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses		308,046	469,621
Accrued payroll and benefits		136,436	94,802
Long term liabilities – due within one year:			
Compensated absences (note 4)		289,210	275,614
Total current liabilities		733,692	840,037
Non-current liabilities:			
Long term liabilities - due in more than one year:			
Compensated absences (note 4)		433,816	413,421
Net OPEB liability (note 5)		547,704	715,923
Net pension liability (note 6)		1,883,157	1,585,309
Pollution remediation obligation (note 7)		2,100,000	2,100,000
Total non-current liabilities		4,964,677	4,814,653
Total liabilities		5,698,369	5,654,690
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB inflows (note 5)		17,340	10,720
Deferred pension inflows (note 6)		177,324	107,886
Total deferred inflows of resources		194,664	118,606
NET POSITION			
Investment in capital assets		10,177,670	10,624,757
Unrestricted (note 8)		10,994,556	10,991,551
Total net position	$	21,172,226	21,616,308

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, 2020 and 2019

		2020	2019
EXPENSES			
Mosquito and vector control operations:			
Salaries and wages	$	4,948,784	4,923,063
Employee benefits		2,801,217	2,572,204
Field operations		1,544,369	1,273,796
Materials, services and supplies		1,329,875	908,054
Insurance		255,321	236,018
Contract agreements		130,454	90,917
Contingency		45,448	-
Depreciation		682,884	631,278
Total expenses		11,738,352	10,635,330
PROGRAM REVENUES			
Charges for services – special benefit assessment		2,162,379	1,984,134
Total program revenues		2,162,379	1,984,134
Net program expense		9,575,973	8,651,196
GENERAL REVENUES			
Property taxes		4,179,391	4,027,484
Redevelopment agency – property tax increment		4,558,416	4,425,927
Interest earnings		253,879	308,476
Rental revenue		17,808	17,370
Other revenue		122,397	86,373
Total general revenues		9,131,891	8,865,630
Change in net position		(444,082)	214,434
Net position, beginning of period, as restated		21,616,308	21,401,874
Net position, end of period	$	21,172,226	21,616,308

See accompanying notes to the basic financial statements

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

	General Fund	Reclassifications & Eliminations	Statement of Net Position
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	14,890,334	-	14,890,334
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	-	10,177,670	10,177,670
Total assets	14,890,334	10,177,670	25,068,004
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	-	1,997,255	1,997,255
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	444,482	289,210	733,692
Non-current liabilities:			
Compensated absences	-	433,816	433,816
Net other post-employment benefits 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	-	4,964,677	4,964,677
Total liabilities	444,482	5,253,887	5,698,369
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB inflows	-	17,340	17,340
Deferred pension inflows	-	177,324	177,324
Total deferred inflows of resources	-	194,664	194,664
Fund balance: (note 9)			
Nonspendable	1,102,643	(1,102,643)	-
Committed	4,826,666	(4,826,666)	-
Assigned	8,516,543	(8,516,543)	-
Total fund balance	$ 14,445,852	(14,445,852)	-
Net position:			
Net investment in capital assets		$ 10,177,670	10,177,670
Unrestricted (note 8)		10,994,556	10,994,556
Total net position		$ 21,172,226	21,172,226

Coachella Valley Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental Type Funds 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 is 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. are not reported in the governmental funds balance sheet.		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 are not reported 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 benefits 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 are not reported in the government-wide financial statements.		(177,324)
Net position of governmental activities	$	21,172,226

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 Funds 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		3,137,438	(336,221)	2,801,217
Field operations		1,544,369	-	1,544,369
Materials, services and supplies		1,329,875	-	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, as restated		14,745,356		21,616,308
Fund balance/Net position – end	$	14,445,852		21,172,226

Reconciliation:

Net changes in fund balance of governmental fund	$	(299,504)
Amounts reported for governmental activities in the statement of activities is 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		149,357
Net change in pension obligations as a result of the CalPERS Actuarial Valuation Report		186,864
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 capital outlay exceeded depreciation in the current period.		(446,808)
Change in net position of governmental activities	$	(444,082)

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Balance Sheet
June 30, 2019

	General Fund	Reclassifications & Eliminations	Statement of Net Position
ASSETS			
Current assets:			
Cash and cash equivalents	$ 13,343,597	-	13,343,597
Accrued interest receivable	40,808	-	40,808
Property taxes and assessments receivable	307,362	-	307,362
Accounts receivable – other	4,431	-	4,431
Materials and supplies inventory	510,872	-	510,872
Prepayments and deposits	1,102,709	-	1,102,709
Total current assets	15,309,779	-	15,309,779
Non-current assets:			
Capital assets – not being depreciated	-	424,923	424,923
Capital assets – being depreciated, net	-	10,199,834	10,199,834
Total non-current assets	-	10,624,757	10,624,757
Total assets	15,309,779	10,624,757	25,934,536
DEFERRED OUTFLOWS OF RESOURCES			
Deferred OPEB outflows	-	312,420	312,420
Deferred pension outflows	-	1,142,648	1,142,648
Total deferred outflows of resources	-	1,455,068	1,455,068
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	469,621	-	469,621
Accrued payroll and benefits	94,802	-	94,802
Compensated absences	-	275,614	275,614
Total current liabilities	564,423	275,614	840,037
Non-current liabilities:			
Compensated absences	-	413,421	413,421
Net other post-employment benefits liability	-	715,923	715,923
Net pension liability	-	1,585,309	1,585,309
Pollution remediation obligation	-	2,100,000	2,100,000
Total non-current liabilities	-	4,814,653	4,814,653
Total liabilities	564,423	5,090,267	5,654,690
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB inflows	-	10,720	10,720
Deferred pension inflows	-	107,886	107,886
Total deferred inflows of resources	-	118,606	118,606
Fund balance: (note 9)			
Nonspendable	1,613,581	(1,613,581)	-
Committed	4,792,675	(4,792,675)	-
Assigned	8,339,100	(8,339,100)	-
Total fund balance	$ 14,745,356	(14,745,356)	-
Net position:			
Net investment in capital assets		$ 10,624,757	10,624,757
Unrestricted (note 8)		10,991,551	10,991,551
Total net position		$ 21,616,308	21,616,308

Coachella Valley Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental Type Funds to the Statement of Net Position
June 30, 2019

Reconciliation:

Fund balance of governmental funds	$	14,745,356
Amounts reported for governmental activities in the statement of net position is 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. are not reported in the governmental funds balance sheet.		10,624,757
Recognized OPEB related amounts are reported as deferred outflows of resources in the government-wide financial statements.		312,420
Recognized pension related amounts are reported as deferred outflows of resources are not reported in the government-wide financial statements.		1,142,648
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		(689,035)
Net other post-employment benefits liability		(715,923)
Net pension liability		(1,585,309)
Pollution remediation obligation		(2,100,000)
Recognized OPEB related amounts are reported as deferred inflows of resources in the government-wide financial statements.		(10,720)
Recognized pension related amounts are reported as deferred inflows of resources are not reported in the government-wide financial statements.		(107,886)
Net position of governmental activities	$	21,616,308

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 Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

		General Fund	Reclassifications & Eliminations	Statement of Activities
REVENUES				
Property taxes	$	4,027,484	-	4,027,484
Redevelopment agency property tax increment		4,425,927	-	4,425,927
Charges for services – special benefit assessment		1,984,134	-	1,984,134
Interest earnings		308,476	-	308,476
Rental revenue		17,370	-	17,370
Other revenue		86,373	-	86,373
Total revenues		10,849,764	-	10,849,764
EXPENDITURES/EXPENSES				
Mosquito and vector control operations:				
Salaries and wages		4,896,595	26,468	4,923,063
Employee benefits		2,550,378	21,826	2,572,204
Field operations		1,273,796	-	1,273,796
Materials, services and supplies		908,054	-	908,054
Insurance		236,018	-	236,018
Contract agreements		90,917	-	90,917
Capital outlay		530,212	(530,212)	-
Depreciation		-	631,278	631,278
Total expenditures/expenses		10,485,970	149,360	10,635,330
Change in net position		363,794	(149,360)	214,434
Fund balance/Net position – beginning, as restated		14,381,562		21,401,874
Fund balance/Net position – end	$	14,745,356		21,616,308

Reconciliation:

Net changes in fund balance of governmental fund	$	363,794
Amounts reported for governmental activities in the statement of activities is 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		(26,468)
Net change in OPEB obligations as a result of the District's Actuarial Valuation Report		53,270
Net change in pension obligations as a result of the CalPERS Actuarial Valuation Report		(75,096)
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 capital outlay exceeded depreciation in the current period.		(101,066)
Change in net position of governmental activities	$	214,434

See accompanying notes to the basic financial statements

(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 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 areas of 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 from 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 Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates 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. Grant 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 Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in net position 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 this statement to meet the qualifications of GASB Statement No. 34.

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 Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under 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 that 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.

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

B. Basis of Accounting and Measurement Focus, continued

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 – is a 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:

Governmental Accounting Standards Board Statement No. 95

In May 2020, the GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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 and liabilities and disclosures of contingent assets and liabilities 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 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on 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.

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

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

4. Investments and Investment Policy, continued

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.

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.

(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 a 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 catagory:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to the 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 benefits liability in the next fiscal year.
- Deferred outflow for the net difference in projected and actual earnings on investments of the net other-post employment benefits plans fiduciary net position. This amount is amortized over a 5 year period.

Pensions

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

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

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

11. Compensated Absences

Accrued Vacation – It is the District's policy to allow vacation leave to accrue based on employment class, union representation and years of service. Vacation time may accumulate from year to year to a maximum of 50 days (400 hours) for supervisors and 40 days (320 hours) for all other employees. A non-current amount of vacation liability will be recorded as fund expenditures in the year in which they are paid or become due on demand to separated employees.

Accrued Sick Leave – It is the District's policy to allow sick leave to accrue based on employment class and union representation. Employees may accumulate up to 60 days (480 hours) of sick leave, unless otherwise specified in their union representation memorandums or individual employment contracts. Employees who are entitled to accumulate 60 days (480 hours) and accrue an excess of 50 days (400 hours) during the year shall be compensated for each hour at fifty percent (50%) of the current pay rate during the eligible cash out periods of June and December. If the maximum is reached, an employee can no longer accrue any additional hours. The hours shall be removed from the books at the end of the pay period in which an excess was accrued or an employee has been compensated. Upon official retirement from District service, the employee shall be compensated for accumulated sick leave hours at fifty percent (50%) of the employee's current rate of pay, or be eligible to convert the accumulated sick leave hours into CalPERS service credits, if the employee has been employed for the total amount of years specified in their union representation memorandums or individual employment contracts.

12. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred 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 at the time of purchase of one year or less, 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, 2019
- Measurement Period: July 1, 2018 to June 30, 2019

13. Pensions

For purposes of measuring the net pension liability and 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.

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

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

13. Pensions, continued

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, 2018
- Measurement Date: June 30, 2019
- Measurement Period: July 1, 2018 to June 30, 2019

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 difference in projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5 year period.
- Deferred inflow for the net difference in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

15. Net Position

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

- **Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted for Debt Service –** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position –** This component of net position 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.

(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 probable amount of loss (net of any insurance coverage) can be reasonably estimated.

18. Fund Balance

The financial statements, governmental funds 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 fund balance –** 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 fund balance** – 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 enabling legislation.
- **Committed fund balance** – 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 fund balance** – amounts that are constrained by the District's intent to be used for specific purposes. The Board of Trustees is authorized to assign amounts to a specific purpose, which was established by the governing body in [state policy, resolution, ordinance, etc.]
- **Unassigned fund balance** – the residual classification for the District's general fund that includes amounts not contained in the 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 established, 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 balances are considered unrestricted.

(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 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 balances 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 Cash Equivalents

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

	2020	2019
Cash and cash equivalents	$ 13,452,421	13,343,597

Cash and cash equivalents as of June 30 consist of the following:

	2020	2019
Petty cash	$ 2,000	2,000
Deposits held with financial institutions	98,313	88,141
Investments	13,352,108	13,253,456
Total	$ 13,452,421	13,343,597

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

	2020	2019
Deposits held with Local Agency Investment Fund (LAIF)	191 days	173 days
Deposits held with Riverside County Pooled Investment Fund (RCPIF)	409 days	387 days
Deposits held with CalTrust Medium Term Fund	770 days	788 days

(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

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits, or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (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 the 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.

The custodial credit risk for *investments* is the risk that, in the event of the 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.

(2) Cash and Cash Equivalents, continued

Investments at June 30, 2020, consisted of the following:

Investment Type		Total	Remaining Maturity 12 Months Or Less
Local Agency Investment Fund (LAIF)	$	5,556,027	5,556,027
Caltrust Medium Term Investment Fund		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	$	13,352,108	13,352,108

Investments at June 30, 2019, consisted of the following:

Investment Type		Total	Remaining Maturity 12 Months Or Less
Local Agency Investment Fund (LAIF)	$	6,397,068	6,397,068
Certificates-of-deposit		511,806	511,806
Money market funds		956,867	956,867
Riverside County Pooled Investment Fund (RCPIF)		5,387,715	5,387,715
Total	$	13,253,456	13,253,456

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.

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 (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

(2) Cash and Cash Equivalents, continued

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

Investment Type		Total	Minimum legal rating	Exempt or Not Rated
Local Agency Investment Fund (LAIF)	$	5,556,027	N/A	5,556,027
Caltrust Medium Term Investment Fund		533,150	N/A	533,150
Money market funds		1,366,584	N/A	1,366,584
Riverside County Pooled Investment Fund (RCPIF)		5,896,347	N/A	-
Total	$	13,352,108		7,455,761

Credit ratings of investments as of June 30, 2019, were as follows:

Investment Type		Total	Minimum legal rating	Exempt or Not Rated
Local Agency Investment Fund (LAIF)	$	6,397,068	N/A	6,397,068
Certificates-of-deposit		511,806	N/A	511,806
Money market funds		956,867	N/A	956,867
Riverside County Pooled Investment Fund (RCPIF)		5,387,715	N/A	-
Total	$	13,253,456		7,865,741

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. There were no 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 at June 30, 2020.

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.

(2) Cash and Cash Equivalents, continued

Riverside County Treasurer Fund, continued

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:

Investments at June 30, 2020:

			Fair Value Measurements Using	
Investment Type		**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
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	$	13,352,108		

Fair Value Measurements, continued

Investments at June 30, 2019:

			Fair Value Measurements Using	
Investment Type		**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Certificates of deposit	$	511,806	511,806	-
Total investments measured at fair value		511,806	511,806	-
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)		6,397,068		
Riverside County Pooled Investment Fund (RCPIF)		5,387,715		
Money market funds		956,867		
Total	$	13,253,456		

(3) Capital Assets

Changes in capital assets for the 2020 fiscal year were as follows:

	Balance 2019	Additions	Deletions	Balance 2020
Non-depreciable assets:				
Land	$ 417,873	-	-	417,873
Construction-in-process	7,050	7,050	(14,100)	-
Total non-depreciable assets	424,923	7,050	(14,100)	417,873
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	19,852,356	243,126	(355,712)	19,739,770
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	(9,652,522)	(682,885)	355,434	(9,979,973)
Total depreciable assets, net	10,199,834	(439,759)	(278)	9,759,797
Total capital assets, net	$ 10,624,757			10,177,670

Changes in capital assets for the 2019 fiscal year were as follows:

	Balance 2018	Additions	Deletions	Balance 2019
Non-depreciable assets:				
Land	$ 417,873	-	-	417,873
Construction-in-process	-	7,050	-	7,050
Total non-depreciable assets	417,873	7,050	-	424,923
Depreciable assets:				
Structures and improvements	15,679,407	34,393	-	15,713,800
Office equipment	1,675,581	27,864	-	1,703,445
Equipment	2,164,102	460,905	(189,896)	2,435,111
Total depreciable assets	19,519,090	523,162	(189,896)	19,852,356
Accumulated depreciation:				
Structures and improvements	(6,308,944)	(431,435)	-	(6,740,379)
Office equipment	(1,597,757)	(23,026)	-	(1,620,783)
Equipment	(1,304,438)	(176,818)	189,896	(1,291,360)
Total accumulated depreciation	(9,211,139)	(631,279)	189,896	(9,652,522)
Total depreciable assets, net	10,307,951	(108,117)	-	10,199,834
Total capital assets, net	$ 10,725,824			10,624,757

(4) Compensated Absences

Compensated absences comprise of unpaid vacation, and sick leave which is accrued as earned. The District's liability for compensated absences is determined annually.

The changes to compensated absences balances for 2020, were as follows:

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

The changes to compensated absences balances for 2019, were as follows:

Balance 2018	Additions	Deletions	Balance 2019	Due within one year	Due in more than one year
$ 662,567	108,140	(81,672)	689,035	275,614	413,421

(5) Other Post-Employment Benefits

Plan Description

The District's defined benefit OPEB plan 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 plan. 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.

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 the employer contribution upon death of the retiree. A retiree may not elect to be covered if retiree health coverage is available less expensively 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:

	2020	2019
Participating active employees	58	56
Inactive employees or beneficiaries currently receiving benefit payments	7	5
Total plan membership	65	61

(5) Other Post-Employment Benefits, continued

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, 2020 and 2019, the District's "pay as you go" cost of providing retiree health benefits amounted to $40,542, respectively. The "pay as you go" cost is the cost of benefits for current retirees.

Discount Rate

The discount rate to measure the total OPEB liability was 7%, which is based on 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.

Deferred OPEB Outflows (Inflows) of Resources

As of June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		2020		2019	
Description		**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
OPEB contributions subsequent to measurement date	$	312,420	-	312,420	-
Net differences between actual and expected experience gains and losses		-	(17,340)	-	-
Net differences between projected and actual earnings on plan investments		12,242	-	-	(10,720)
Total	$	324,662	(17,340)	312,420	(10,720)

As of June 30, 2020 and 2019, the District reported deferred outflows of resources related to employer OPEB contributions subsequent to measurement date in the amount of $312,420, respectively. The employer OPEB contributions in the amount of $312,420 will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2020.

For the fiscal years ended June 30, 2020 and 2019, the District recognized OPEB expense of $138,579 and $161,810, respectively.

(5) Other Post-Employment Benefits, continued

Deferred OPEB Outflows (Inflows) of Resources

At June 30, 2020, District recognized other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,		Deferred Net Outflows/ (Inflows) of Resources
2021	$	1,168
2022		1,168
2023		1,172
2024		3,846
2025		(1,222)
Remaining		(11,230)

Actuarial Assumptions

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

The net 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:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Inflation	2.75% per annum
Salary increases	2.75% per annum, in aggregate
Mortality	2014 CalPERS Active Mortality for Miscellaneous Employees.
Retirement rates	2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Employees (adjusted to reflect minimum retiremnet age of 52 for those hired starting in 2013).
Service requirement	Per the service schedule contained in California Government Code Section 22893.
Discount rate	7% per year net of expenses; the discount rate is based on the assumed long-term return on plan assets assuming 100% funding through CERBT, which is 30 year real rates of return for each asset class along with assumed long-term inflation assumption to set the discount rate. The expected investment return is offset by investment expenses of 25 basis points.
Healthcare cost trend rates	4.0% for HMO and PPO, respectively as of June 30, 2018, and is based on a long-term trend assumption that the average increase over time cannot continue to outstrip general inflation by a wide margin.

(5) Other Post-Employment Benefits, continued

Actuarial Assumptions, continued

Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees.

The actuarial assumptions used in the June 30, 2018, valuation were based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011. The representative mortality rates were those published by CalPERS in their 2014 study, adjusted to back out 20 years of Scale BB to central year 2008.

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:

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	43.00%	7.80%
US Small Cap	23.00%	7.80%
Long-Term Corporate Bonds	12.00%	5.30%
Long-Term Government Bonds	6.00%	4.50%
Global Equities	5.00%	7.80%
REITs	8.00%	7.80%
Commodities	3.00%	7.80%
Total	100.00%	

Changes in the Net OPEB Liability

Changes in the net OPEB liability for 2020, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset (c) = (a) - (b)
Balance at June 30, 2019	$ 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	(26,219)	-	(26,219)
Net changes	308,432	476,651	(168,219)
Balance at June 30, 2020	$ 3,584,704	3,037,000	547,704

(5) Other Post-Employment Benefits, continued

Changes in the Net OPEB Liability, continued

Changes in the net OPEB liability for 2019, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018	$ 2,959,177	2,081,924	877,253
Changes during the year:			
Service cost	146,776	-	146,776
Interest	210,861	-	210,861
Contributions - employer	-	352,962	(352,962)
Expected investment income	-	156,532	(156,532)
Investment Gains/Losses	-	13,401	(13,401)
Administrative expenses	-	(3,928)	3,928
Benefit payments	(40,542)	(40,542)	-
Net changes	317,095	478,425	(161,330)
Balance at June 30, 2019	$ 3,276,272	2,560,349	715,923

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

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	$ 1,095,272	547,704	95,300

As of June 30, 2019, 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	$ 1,224,891	715,923	295,978

(5) Other Post-Employment Benefits, continued

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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	Current	1% Increase
		Healthcare Cost Trend Rates (3% HMO and PPO)	Healthcare Cost Trend Rates (4% HMO and PPO)	Healthcare Cost Trend Rates (5% HMO and PPO)
District's Net OPEB liability	$	88,891	547,704	1,084,270

As of June 30, 2019, 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	Current	1% Increase
		Healthcare Cost Trend Rates (3% HMO and PPO)	Healthcare Cost Trend Rates (4% HMO and PPO)	Healthcare Cost Trend Rates (5% HMO and PPO)
District's Net OPEB liability	$	255,877	715,923	1,265,544

Payable to the OPEB Plan

The District had no outstanding amount of contributions to the CERBT required for the years ended June 30, 2020 and 2019, respectively.

(6) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS).

Benefit provisions under the Plan are established by State statute and 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 the CalPERS website.

Benefits provided

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

(6) Defined Benefit Pension Plan, continued

Benefits provided, continued

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 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 Plans' provision and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous Risk Pool	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2011	On or after January 1, 2013
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 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.915%	6.750%
Required employer contribution rates	8.563%	6.985%

Contributions

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

For the fiscal year ended June 30 the contributions recognized as part of pension expense for the Plan was as follows:

	2020	2019
Contributions – employer	$ 1,116,921	483,461

Net Pension Liability

As of June 30 the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2020	2019
Proportionate share of net pension liability	$ 1,883,157	1,585,309

(6) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019 and 2018 (the measurement dates), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and 2017 (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 proportionate share of the pension liability for the Plan as of the measurement date June 30, 2020 was as follows:

	Miscellaneous
Proportion – June 30, 2019	0.01645%
Proportion – June 30, 2020	0.01838%
Increase in proportionate share	0.00193%

The District's proportionate share of the pension liability for the Plan as of the measurement date June 30, 2019 was as follows:

	Miscellaneous
Proportion – June 30, 2018	0.01778%
Proportion – June 30, 2019	0.01645%
Increase in proportionate share	-0.00133%

Deferred Pension Outflows (Inflows) of Resources

For the fiscal years ended June 30, 2020 and 2019, the District recognized pension expense (income) of $954,262 and $655,896, respectively.

(6) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources

As of June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension contributions subsequent to measurement date	$ 1,116,921	-	483,461	-
Differences between actual and expected experience	120,670	-	40,122	-
Changes in assumptions	57,970	-	136,420	-
Net differences between projected and actual earnings on plan investments	-	(32,926)	7,836	-
Differences between actual contribution and proportionate share of contribution	-	(144,398)	-	(107,886)
Net adjustment due to differences in proportions of net pension liability	377,032	-	474,809	-
Total	$ 1,672,593	(177,324)	1,142,648	(107,886)

As of June 30, 2020 and 2019, the District reported $1,116,921 and $483,461, respectively as deferred outflows of resources related to contributions subsequent to measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2021 and was recognized as a reduction of the net pension liability for the year ended June 30, 2020.

At June 30, 2020, District recognized other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	**Deferred Net Outflows/ (Inflows) of Resources**
2021	$ 344,217
2022	(29,833)
2023	40,866
2024	23,098
2025	-
Remaining	-

(6) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liability in the measurement date June 30, 2019, actuarial valuation report was determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 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 increases	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report (based on CalPERS demographic data from 1997 to 2011) available online at https://www.calpers.ca.gov/docs /forms-publications/calpers-experience-study-2014.pdf.

Discount Rate

The discount rates used in the actuarial valuations to measure the total pension liability as of June 30, 2019 and 2018, reflect the long-term expected rates of return. The discount rates used to measure the total pension liability as of June 30, 2019 and 2018, was 7.15%, respectively. The financial reporting discount rates are not adjusted for administrative expenses and are consistent with the funding discount rates at the end of the three-year funding discount rate phase-in period.

To determine whether the municipal bond rate should be used in the calculation of the discount rate, the amortization and smoothing periods adopted by CalPERS in 2013 were used. The crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the PERF C.

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.

(6) Defined Benefit Pension Plan, continued

Discount Rate, continued

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

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

As of June 30, 2020, the target allocation and the long-term expected real rate of return by asset class were as follows:

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Year 11+**
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0	1.00	2.62
Inflation Sensitive	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Asset	13.0	3.75	4.93
Infrastructure and Forestland	0.0	0.00	0.00
Liquidity	1.0	0.00	(0.92)
Total	100.0%		

As of June 30, 2019, the target allocation and the long-term expected real rate of return by asset class were as follows:

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Year 11+**
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0	1.00	2.62
Inflation Sensitive	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Estate	13.0	3.75	4.93
Infrastructure and Forestland	0.0	0.00	0.00
Liquidity	1.0	0.00	(0.92)
Total	100.0%		

(6) Defined Benefit Pension Plan, continued

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 position liability for the Plan, calculated using the discount rate, as well as what the District's proportional 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, 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	$	4,108,329	1,883,157	46,434

As of June 30, 2019, 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	$	3,603,777	1,585,309	(80,904)

Payable to the Pension Plan

At June 30, 2019, the District reported no payables for the outstanding amount of contribution to the pension plan.

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 62 through 63 for the Required Supplementary Schedules.

(7) Pollution Remediation Obligation

1n 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 due to early District control practices 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 also 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 soils 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.

(7) Pollution Remediation Obligation, continued

In April 2016, the District, through a third party environmental consultant, will evaluate the current status of the site. By the end of 2018, the District anticipates that it will issue a Request for Proposal for a contractor to repave the capped area and continue the asphalt cap into the northeast uncapped area of the site. The cost of the recapping is an estimated at $150,000 for every 10 years for an estimated 143 years. The estimated pollution remediation liability is $2,100,000 as of June 30, 2020 and 2019, respectively.

(8) Net Position

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

		2020	2019
Nonspendable net position:			
Materials and supplies inventory	$	459,271	510,872
Prepayments and deposits		643,372	1,102,709
Total nonspendable net position		1,102,643	1,613,581
Spendable net position is designated as follows:			
Six-month operating reserve		5,072,349	4,558,406
Emergency services		4,103,640	4,103,640
Future healthcare liabilities		715,924	715,924
Total spendable net position		9,891,913	9,377,970
Total unrestricted net position	$	10,994,556	10,991,551

Reserves

Six-month operating reserve – comprised of reserve funds to fund operations of the District for the period from July 1 to December 31 each year as the first scheduled property tax payment is due on December 10th of each year. The County of Riverside Treasurer-Tax Collector disburses the majority of the December 10th collection to the District at the end of December each year.

Emergency reserve – comprised of reserve funds in the case the District is faced with an immediate need to combat the spread of an aerial or vector caused disease.

Other post-employment benefits payable reserve – comprised of funds that are reserved for the ending balance of other post-employment benefits.

Capital assets construction and replacements reserve – comprised of funds that are reserved for the replacement of District capital assets and/or the construction of future District capital assets as needed on a pay-go basis.

(9) Fund Balance

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1.D.17 for a description of these categories). A detailed schedule of fund balances and their funding composition at June 30 were as follows:

Description		2020	2019
Nonspendable:			
Materials and supplies inventory	$	459,271	510,872
Prepaid expenses and deposits		643,372	1,102,709
Subtotal nonspendable		1,102,643	1,613,581
Committed:			
Compensated absences		723,026	689,035
Reserve for Public Health Emergency		4,103,640	4,103,640
Sub-total committed		4,826,666	4,792,675
Assigned:			
Reserve for Operations		5,610,712	5,433,269
Reserve for Replacements		2,189,907	2,189,907
Future healthcare liabilities		715,924	715,924
Sub-total assigned		8,516,543	8,339,100
Total fund balance	$	14,445,852	14,745,356

(10) Prior Period Adjustments

Adjustment to Pension Liability Related Deferrals

In the fiscal year 2019, the District determined that two deferrals related to the net pension liability were understated for June 30, 2018. The first deferral for the net differences between employer's contributions and proportionate share of contributions to the Plan was reported as a deferred inflow in the amount $69,726, which should have been reported in the amount $96,458. The next deferral for the net changes in employers proportions to the Plan was reported as a deferred outflow in the amount $209,459, which should have been reported in the amount $467,737. As a result, an adjustment to prior year's operations was recorded for the fiscal year ended June 30, 2018.

Net OPEB Liability – GASB 75 Implementation

In fiscal year 2018, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75. As a result, the District recognized net OPEB liability and remove the net OPEB obligation associated with GASB 45 as of June 30, 2017, in the amount of $1,075,282 and $1,032,754, respectively. The District recorded a prior period adjustment to reclassify prior year's employer OPEB Contribution from expense to deferred outflows of resources of $347,551.

Previously recorded net position of $20,133,127 has been restated to $21,038,150 as of June 30, 2017. In addition, the effect of the implementation of GASB 75 is recorded as an adjustment to the beginning net position at July 1, 2017.

(10) Prior Period Adjustments

The effect of the prior period adjustments are summarized as follows:

Net position at June 30, 2017, as previously stated			$	20,733,127
Adjustment to Pension Liability Deferrals:				
Effect of adjustment to differences between employer's contributions and proportionate share of contributions	$	(26,731)		
Effect of adjustment to change in employer's proportion		258,278		
Total adjustment to net position				231,547
Change in net position, as previously reported				132,177
Total change in net position, as restated				363,724
Net OPEB Liability - GASB 75 Implementation:				
Effect of adjustment to record net OPEB liability	$	(1,075,282)		
Effect of adjustment to remove net OPEB liability associated with GASB 45		1,032,754		
Effect of adjustment to record deferred OPEB outflows		347,551		
Total adjustment to net position				305,023
Net position at July 1, 2017, as restated			$	21,401,874

(11) 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, 2020 and 2019, was $3,370,283 and $3,158,855, 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.

(12) Risk Management

The District is exposed 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.

(12) Risk Management, continued

The day-to-day business is handled by a risk management group employed by the VCJPA. At June 30, 2020, 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, based on a formula which, among other expenses, charges the District's account for liability losses and workers' compensation losses which fall within the District's self-insured retentions (SIR) for each of the program years the District has participated as a member, when those program years are adjusted. The liability SIR for the 2020 program year is $25,000, and the workers' compensation SIR for the 2020 program year is $25,000.

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 and also 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, 2020. Liabilities are recorded when it is 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, 2020.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020, that have effective dates that may impact future financial presentations.

The following pronouncement implementation dates have been delayed due to the COVID-19 pandemic.

Governmental Accounting Standards Board Statement No. 84

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.

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

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.

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.

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

Governmental Accounting Standards Board Statement No. 90

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.

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.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

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.

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

Governmental Accounting Standards Board Statement No. 91, continued

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.

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.

(13) 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.

(13) 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.

(14) Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the 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.

(14) Commitments and Contingencies, continued

COVID-19 Pandemic

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.

(15) Subsequent Events

Events occurring after June 30, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of December 17, 2020, 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.

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Required Supplementary Information

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

		Original Adopted Budget	Final Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
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	3,137,438	74,992
Field operations		1,429,450	1,429,450	1,544,369	(114,919)
Materials, services and supplies		788,240	788,240	1,329,875	(541,635)
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		11,608,398	11,608,398	11,593,774	14,624
PROGRAM REVENUES					
Charges for services – special benefit assessment		2,147,755	2,147,755	2,162,379	14,624
Total program revenues		2,147,755	2,147,755	2,162,379	14,624
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
Other revenue		63,000	63,000	140,205	77,205
Total general revenues		8,860,643	8,860,643	9,131,891	271,248
Total revenues		11,008,398	11,008,398	11,294,270	285,872
Change in fund balance		(600,000)	(600,000)	(299,504)	300,496
Fund balance – beginning of period		14,745,356	14,745,356	14,745,356	
Fund balance – end of period	$	14,145,356	14,145,356	14,445,852	

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. The budgeted expenditure amounts represent the adopted budget plus supplemental budget adoptions due to the capital and operating grants that were awarded after the initial budget was adopted.

Coachella Valley Mosquito and Vector Control District
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2019

		Original Adopted Budget	Final Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
EXPENDITURES/EXPENSES					
Mosquito and vector control operations:					
Salaries and wages	$	4,943,091	4,943,091	4,896,595	46,496
Employee benefits		2,479,813	2,479,813	2,550,378	(70,565)
Field operations		1,350,032	1,350,032	1,273,796	76,236
Materials, services and supplies		761,610	761,610	908,054	(146,444)
Insurance		165,625	165,625	236,018	(70,393)
Contract agreements		150,000	150,000	90,917	59,083
Capital outlay		632,614	632,614	530,212	102,402
Total expenditures/expenses		10,482,785	10,482,785	10,485,970	(3,185)
PROGRAM REVENUES					
Charges for services – special benefit assessment		1,996,366	1,996,366	1,984,134	(12,232)
Total program revenues		1,996,366	1,996,366	1,984,134	(12,232)
GENERAL REVENUES					
Property taxes and redevelopment tax increment		8,323,419	8,323,419	8,453,411	129,992
Interest earnings		100,000	100,000	308,476	208,476
Other revenue		63,000	63,000	103,743	40,743
Total general revenues		8,486,419	8,486,419	8,865,630	379,211
Total revenues		10,482,785	10,482,785	10,849,764	366,979
Change in fund balance		-	-	363,794	363,794
Fund balance – beginning of period		14,381,562	14,381,562	14,381,562	
Fund balance – end of period	$	14,381,562	14,381,562	14,745,356	

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. The budgeted expenditure amounts represent the adopted budget plus supplemental budget adoptions due to the capital and operating grants that were awarded after the initial budget was adopted.

Coachella Valley Mosquito and Vector Control District
Schedule of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2020
Last Ten Years*

	Measurement Dates					
	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	0.01838%	0.01645%	0.01778%	0.01609%	0.00907%	0.01491%
District's Proportionate Share of the Net Pension Liability	$ 1,883,157	1,585,309	1,763,285	1,392,005	622,269	927,555
District's Covered Payroll	$ 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 as a Percentage of its covered payroll	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%	89.38%	87.13%	88.03%	93.96%	90.59%

Notes:

Changes in Benefit Terms – The District 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 the District's plan can be found in the plan's annual valuation report.

Changes of Assumptions – In fiscal year 2020, there were no changes for the Plan.

* 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 Pension Plan Contributions
As of June 30, 2019
Last Ten Years*

Description		Fiscal Years Ended					
		6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially Determined Contribution	$	530,904	$ 468,095	424,972	382,974	307,156	293,218
Contributions in Relation to the Actuarially Determined Contribution		(1,116,921)	(483,461)	(417,763)	(402,952)	(284,591)	(258,524)
Contribution Deficiency (Excess)	$	(586,017)	$ (15,366)	7,209	(19,978)	22,565	34,694
Covered Payroll	$	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		26.62%	12.28%	10.61%	11.41%	8.06%	7.43%

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, 2020
Last Ten Years*

Defined Benefit OPEB Plan

		2020	2019
Total OPEB Liability			
Service cost	$	150,812	146,776
Interest		232,900	210,861
Benefit payments		(56,718)	(40,542)
Expected minus actual benefit payments		7,657	-
Experience (gains)/losses		(26,219)	-
Net change in total OPEB liability		308,432	317,095
Total OPEB liability - beginning of year		3,276,272	2,959,177
Total OPEB liability - end of year (a)	$	3,584,704	3,276,272
Plan Fiduciary Net Position			
Contributions - employer	$	369,138	352,962
Expected investment income		190,140	156,532
Investment Gains/Losses		(25,352)	13,401
Administrative expense		(557)	(3,928)
Benefit payments		(56,718)	(40,542)
Net change in plan fiduciary net position		476,651	478,425
Plan Fiduciary Net Position - beginning of year		2,560,349	2,081,924
Plan Fiduciary Net Position - end of year (b)		3,037,000	2,560,349
Net OPEB Liability - ending (a) - (b)	$	547,704	715,923
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability		84.72%	78.15%
Covered - payroll		3,938,542	4,195,988
Net OPEB Liability as a percentage of covered-payroll		13.91%	17.06%

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, 2020
Last Ten Years*

Defined Benefit OPEB Plan

Description		2020	2019
OPEB contributions subsequent to measurement date	$	312,420	312,420
Total	$	312,420	312,420

Notes to Schedule

Valuation date:

**The calculation of an actuarially determined contribution amount was not asked by the District. It was assumed that the District will contribute on an adhoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Inflation	2.75% per annum
Salary increases	2.75% per annum, in aggregate
Mortality	2014 CalPERS Active Mortality for Miscellaneous Employees.
Retirement rates	2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Employees (adjusted to reflect minimum retiremnet age of 52 for those hired starting in 2013).
Service requirement	Per the service schedule contained in California Government Code Section 22893.
Discount rate	7% per year net of expenses; the discount rate is based on the assumed long-term return on plan assets assuming 100% funding through CERBT, which is 30 year real rates of return for each asset class along with assumed long-term inflation assumption to set the discount rate. The expected investment return is offset by investment expenses of 25 basis points.
Healthcare cost trend rates	4.0% for HMO and PPO, respectively as of June 30, 2018, and is based on a long-term trend assumption that the average increase over time cannot continue to outstrip general inflation by a wide margin.

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

** Source: Actuarial Study of Retiree Health Liabilities under GASB 74/75 prepared by Total Compensation Systems, Inc. as of the June 30, 2018 measurement date.

Statistical Section

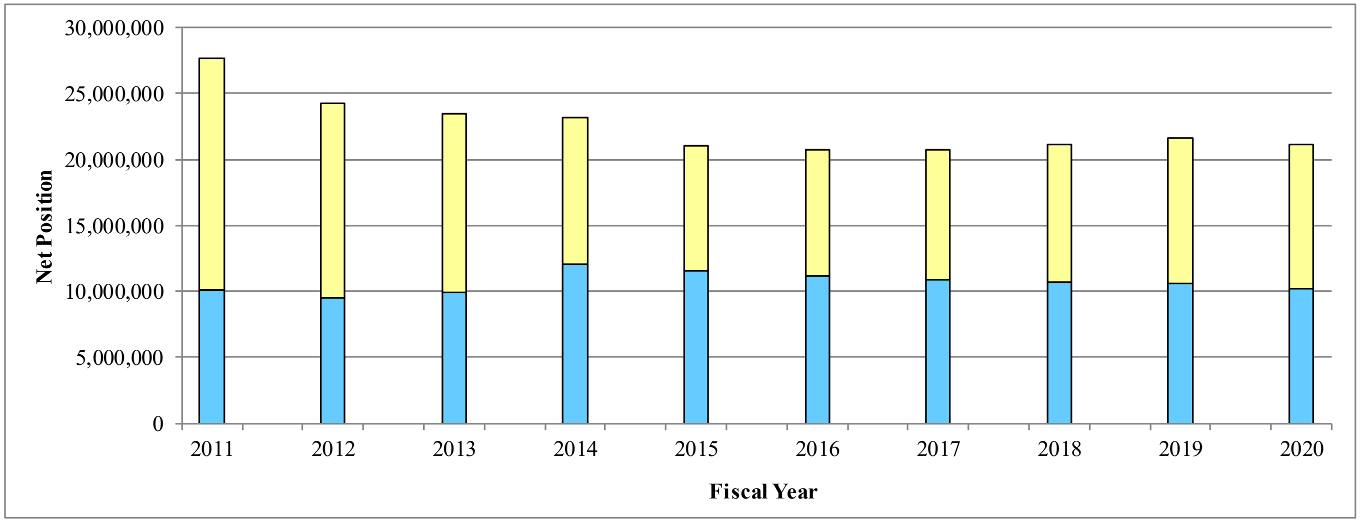
Coachella Valley Mosquito and Vector Control District
Statistical Section

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.

Table of Contents

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

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:											
Net investment in capital assets	$	10,098,779	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
Unrestricted		17,548,976	14,741,091	13,532,605	11,160,743	9,456,988	9,604,936	9,851,622	10,444,503	10,991,551	10,994,556
Total governmental activities net position		27,647,755	24,282,251	23,484,335	23,182,932	21,022,875	20,793,397	20,733,127	21,170,327	21,616,308	21,172,226
Primary government:											
Net investment in capital assets		10,098,779	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
Unrestricted		17,548,976	14,741,091	13,532,605	11,160,743	9,456,988	9,604,936	9,851,622	10,444,503	10,991,551	10,994,556
Total primary government net position	$	27,647,755	24,282,251	23,484,335	23,182,932	21,022,875	20,793,397	20,733,127	21,170,327	21,616,308	21,172,226



Source: Financial Statements

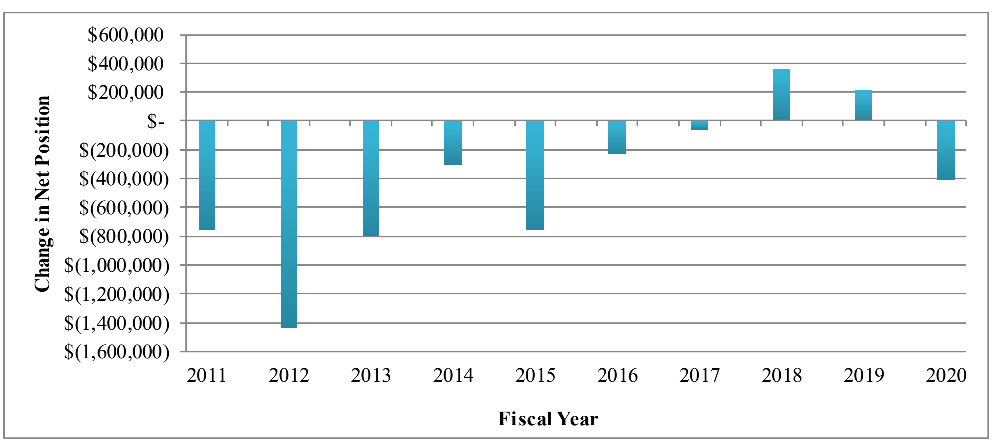
Coachella Valley Mosquito and Vector Control District
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses:					
Governmental activities:					
Mosquito and vector control operations	$ -	8,372,969 [(2)]	8,333,981 [(2)]	8,297,304 [(2)]	8,806,640 [(2)]
General government	3,912,039	-	-	-	-
Public health	4,520,860	-	-	-	-
Total government activities expenses	$ 8,432,899	$ 8,372,969	$ 8,333,981	$ 8,297,304	$ 8,806,640
Program revenues:					
Governmental activities:					
Charges for services:					
Special benefit assessment	-	503,409	481,579	938,320	946,473
General government	1,546	-	-	-	-
Total primary government program revenues	1,546	481,579	481,579	938,320	946,473
Net revenues (expenses):					
Governmental activities	8,431,353	7,891,390	7,852,402	7,358,984	7,860,167
Total net revenues (expenses)	(8,431,353)	(7,891,390)	(7,852,402)	(7,358,984)	(7,860,167)
General revenues:					
Governmental activities:					
Property taxes and assessments	5,151,528	3,114,832	2,969,087	3,134,162	3,390,924
Pass-through revenues	2,340,578	3,178,138	3,958,205	3,852,978	3,607,131
Investment income	129,444	90,600	50,235	45,150	46,493
Other revenue	48,800	78,761	76,959	25,291	60,903
Total primary government	7,670,350	6,462,331	7,054,486	7,057,581	7,105,451
Changes in net position					
Total primary government	$ (761,003)	$ (1,429,059)	$ (797,916)	$ (301,403)	$ (754,716)

[(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				
		As Restated		
2016	2017	2018	2019	2020
8,714,568 (2)	9,477,450 (2)	9,672,891 (2)	10,635,330 (2)	11,738,352 (2)
-	-	-	-	-
-	-	-	-	-
$ 8,714,568	$ 9,477,450	$ 9,672,891	$ 10,635,330	$ 11,738,352
955,039	1,452,379	1,628,823	1,984,134	2,162,379
-	-	-	-	-
955,039	1,452,379	1,628,823	1,984,134	2,162,379
7,759,529	8,025,071	8,044,068	8,651,196	9,575,973
(7,759,529)	(8,025,071)	(8,044,068)	(8,651,196)	(9,575,973)
3,550,298	3,733,700	3,883,367	4,027,484	4,179,391
3,859,864	3,990,874	4,164,357	4,425,927	4,558,416
77,230	83,241	153,373	308,476	253,879
42,659	156,986	206,695	103,743	140,205
7,530,051	7,964,801	8,407,792	8,865,630	9,131,891
$ (229,478)	$ (60,270)	$ 363,724	$ 214,434	$ (444,082)

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund:										
Non-spendable	$ 1,082,255	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
Committed	2,660,650	2,460,190	3,514,102	3,616,495	3,142,583	3,358,633	3,727,041	3,991,341	4,792,675	4,826,666
Assigned	12,220,445	12,082,791	12,146,883	9,855,531	10,122,393	9,454,534	9,038,391	8,803,094	8,339,100	8,516,543
Unassigned	811,793	614,075	-	-	-	-	-	-	-	-
Total general fund	16,775,143	16,265,023	16,953,511	14,682,837	14,612,826	14,321,051	14,122,945	14,381,561	14,745,356	14,445,852
All other governmental funds:										
Assigned	-	181,500	-	-	-	-	-	-	-	-
Unassigned	67,618	341	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 67,618	181,841	-	-	-	-	-	-	-	-

Source: Financial Statements

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

	Fiscal Year	
	2011	**2012**
Revenues:		
Property taxes and assessments	5,151,528	3,973,561
Revenue from other governmental agencies	2,393,674	3,551,453
Investment income	117,754	82,222
Charges for services	1,546	-
Miscellaneous revenues	39,394	46,548
Total revenues	7,703,896	7,653,784
Expenditures:		
General government:		
Administration	1,784,271	2,327,152
Maintenance shop	273,466	240,486
Building and grounds	711,454	772,582
Trustee expense	31,621	34,982
Public health:		
Field operations	3,159,817	2,877,110
Laboratory	1,135,431	1,196,845
Research	225,612	257,940
Capital outlay:		
Building and grounds	343,392	74,662
Total expenditures	7,665,064	7,781,759
Excess (deficiency) of revenues over (under) expenditures	38,832	(127,975)
Other financing sources (uses):		
Transfers in (out)	-	-
Prior period adustment	-	(267,922)
Net change in fund balances	38,832	(395,897)

Continued on next page

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

	Fiscal Year							
						As Restated		
	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:								
Property taxes	$ 2,990,314	3,144,520	3,390,924	3,550,298	3,733,700	3,883,367	4,027,484	4,179,391
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
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	2,162,379
Miscellaneous revenues	76,959	25,291	60,903	42,659	156,986	206,695	103,743	140,205
Total revenues	7,560,215	7,994,696	8,051,924	8,485,090	9,417,180	10,036,615	10,849,764	11,294,270
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
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
Field operations	1,092,556	974,815	903,066	1,060,140	1,442,426	1,208,839	1,273,796	1,544,369
Materials, services and supplies	681,613	661,329	681,380	696,150	720,696	804,646	908,054	1,329,875
Insurance	273,848	400,867	300,358	186,663	239,220	151,806	236,018	255,321
Contract agreements	230,803	123,994	144,326	134,189	140,754	120,000	90,917	130,454
Contingency	-	-	-	-	-	-	-	45,448
Capital Outlay	1,026,493	2,631,422	197,444	252,201	330,454	698,980	631,278	682,884
Total expenditures/expenses	8,725,832	10,265,370	8,241,237	8,323,056	9,615,286	9,672,891	10,635,330	11,738,352
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,165,617)	(2,270,674)	(189,313)	162,034	(198,106)	363,724	214,434	(444,082)
Other financing sources (uses):	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-
Prior period adustment	-	-	-	-	-	-	-	-
Net change in fund balances	$ (1,165,617)	(2,270,674)	(189,313)	162,034	(198,106)	363,724	214,434	(444,082)

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 Secured	County Unsecured	County Less: Tax Exempt Real Property	Taxable Assessed Value	Total Direct Tax Rate
	2011	$ 204,153,163	8,121,065	(6,673,229)	205,600,999	1.0000
	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	267,148,195	8,320,830	(8,546,894)	266,922,131	1.0000
(1)	2020	283,711,524	9,113,732	(9,093,789)	283,731,467	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) 2020 Data not available as of October 2020

Source: Auditor-Controller, County of Riverside

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

	County of Riverside	Range of Overlapping Rates			
Fiscal Year	Total County Rate	Total City Rate	Total School District Rate	Total Special District Rate	Total Direct & Overlapping Rates
2020 [1]	1.00000%	0% to 0.00592%	0 to .17609%	0% to 0.50000%	1.11550% to 1.50000%
2019	1.00000%	0% to 0.00608%	0 to .17609%	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%
2011	1.00000%	0% to 0.00575%	0.01499% to 0.13224%	0% to 0.50000%	1.12540% to 1.50000%

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

[1] 2020 Data not available as of October 2020

Source: Auditor-Controller, County of Riverside

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

Taxpayer	2020* Taxable Assessed Value	2020* Percent of Total County Taxable Assessed Value	2011 Taxable Assessed Value	2011 Percent of Total County Taxable Assessed Value
Southern California Edison Company	$ 54,572	1.38%	$ 16,374	0.56%
Centex Corp	-	0.00%	4,586	0.16%
Deutsche Bank National Trust Co	-	0.00%	7,610	0.26%
Southern California Gas Company	14,674	0.37%	5,694	0.19%
Verizon California LLC	8,268	0.21%	8,607	0.29%
CPV Sentinel LLC	6,755	0.17%	-	0.00%
Lennar Homes of California Inc	3,773	0.10%	-	0.00%
Inland Empire Energy Center LLC	-	0.00%	7,768	0.26%
US Bank National Association	-	0.00%	5,420	0.18%
Bank of New York	-	0.00%	3,744	0.13%
Abott Vascular Inc.	-	0.00%	3,238	0.11%
Costco Wholesale Group	3,655	0.09%	-	0.00%
Riverside Healthcare System	3,543	0.09%	-	0.00%
Tyler Mall Ltd Partnership	3,531	0.09%	3,270	0.11%
Chelsea GCA Realty Partnership	3,444	0.09%	-	0.00%
Walgreen Co.	3,255	0.08%	-	0.00%
Total	$ 105,470	2.67%	$ 66,311	2.25%

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	Amount	Percent of Levy	Delinquent Tax Collections [1]	Total Collections to Date Amount	Total Collections to Date Percent of Levy
2011	$ 2,698,916	$2,603,461	96.46%	-	$ 2,603,461	96.46%
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 [2]	3,762,000	3,704,818	98.48%	64,089	3,768,907	100.18%

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) 2020 Data not available as of October 2020

Source: Riverside County Auditor Controller's Office

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

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2011	2,217,778	69,438,900	29,927	14.40%
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	2,440,124 (1)	95,775,000 (1)	37,074 (1)	14.70% (2)

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

NOTE:

(1) 2020 Data not available as of October 2020

(2) June 2020 Preliminary - Riverside County Economic Development Agency

Source: County of Riverside Economica Data Analysis

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

Employer	2020* Number of Employees	2020* Percent of Total Employment	2011 Number of Employees	2011 Percent of Total Employment
County of Riverside	21,215	2.04%	18,456	2.36%
March Air Reserve Base	9,000	0.87%	8,600	1.10%
University of California Riverside	8,735	0.84%	7,321	0.94%
Wal-Mart	-	0.00%	6,550	0.84%
Kaiser Permanente Riverside Medical Center	5,592	0.54%	3,600	0.46%
Stater Brothers Market	-	0.00%	6,900	0.88%
Corona-Norco Unified School District	4,989	0.48%	-	0.00%
Pechanga Resort & Casino	4,683	0.45%	4,000	0.51%
Riverside Unified School District	4,335	0.42%	5,099	0.65%
Hemet Unified School District	4,302	0.41%	-	0.00%
Eisenhower Medical Center	3,743	0.36%	-	0.00%
Moreno Valley Unified School District	3,684	0.36%	-	0.00%
Abbott Vascular	-	0.00%	4,500	0.58%
Temecula Valley Unified School District	-	0.00%	2,752	0.35%
Total	70,278	6.77%	67,778	8.67%

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.

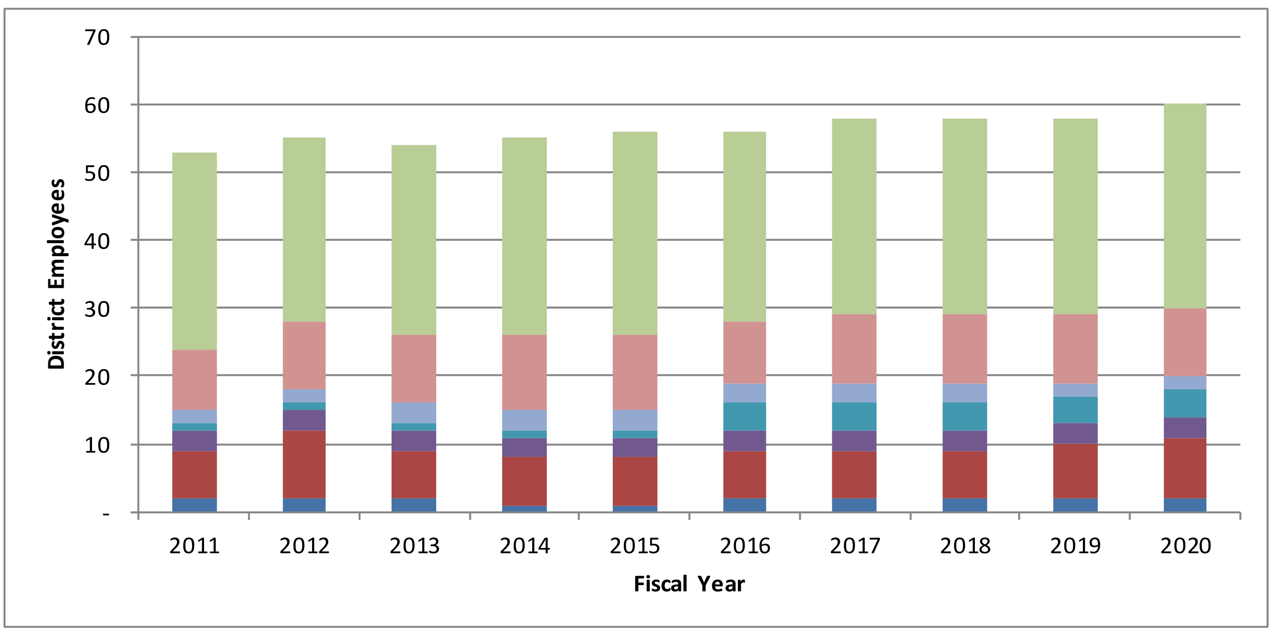
**Prior year numbers used*

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Building and Grounds	2	2	2	1	1	2	2	2	2	2
Administration	7	10	7	7	7	7	7	7	8	9
Risk Management	-	-	-	-	-	-	-	-		
Information Technology	3	3	3	3	3	3	3	3	3	3
Public Outreach	1	1	1	1	1	4	4	4	4	4
Bio-Control	-	-	-	-	-	-	-	-		
Shop	2	2	3	3	3	3	3	3	2	2
Lab	9	10	10	11	11	9	10	10	10	10
Field Operations	29	27	28	29	30	28	29	29	29	30
Total	53	55	54	55	56	56	58	58	58	60

Source: District's Budget Office



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

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	Fiscal Year										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Mosquito & WNV Surveillance											
Abundance per trap night - Rural	138	258	161	172	120	76	95	59	113	29	
Abundance per trap night - Urban	24	22	32	22	28	17	20	13	18	4	
Number of trap nights - Rural	1,516	1,244	1,367	1,317	1,158	3,126	3,520	4,219	3,804	105	
Number of trap nights - Urban	1,311	1,249	1,412	1,323	3,281	3,417	9,694	14,338	13,068	105	
Larval Surveys	3,967	4,093	1,943	9,282	10,883	10,814	12,750	16,602	12,372	13,253	
West Nile Virus - Coachella Valley (6)											
Human - *calendar year*	1	5	3	-	2	-	1	-	2	-	
Dead Birds	1	-	-	-	-	-	-	-	-	-	
Mosquito Pools	43	118	43	67	135	110	120	24	512	172	(5)
Sentinel Chickens	33	55	25	33	9	-	-	-	-	-	(6)
Number of tested mosquito pools	1,863	3,471	1,998	1,770	3,272	4,028	5,150	5,620	5,814	3,479	
Number of tested sentinel chickens	2,381	1,583	1,080	918	596	-	-	-	-	-	(6)
()* fatal human cases											
Biocontrol											
Acreage stocked with Mosq Fish	15	75	52	50	25	40	125	21	27	1	
Fish per acre	2,624	2,529	2,608	2,840	2,242	3,000	779	974	174	2,093	
Acreage stocked with Tadpole Shrimp	4	3	3	-	-	-	-	-	-	-	(1)
Mosquito Operations											
Number of Service Requests	880	773	1,009	930	680	786	817	711	799	598	
Acreage Treated - Rural	2,148	3,682	2,540	5,649	2,726	2,920	2,379	2,427	1,798	3,081	
Acreage Treated - Urban	431	449	377	1,002	869	317	1,251	918	566	288	
Number of Treatments - Rural	1,591	1,484	1,305	2,116	1,934	1,813	2,625	2,616	1,740	1,955	
Number of Treatments - Urban	7,161	4,773	5,922	9,450	12,124	15,713	22,943	25,586	19,239	18,702	
Red Imported Fire Ants (RIFA)											
Number of Service Requests	2,152	1,688	2,145	2,437	2,707	2,029	1,810	1,850	1,319	1,315	
Acreage Treated	21,932	14,839	18,155	22,397	19,844	21,258	21,122	17,855	16,637	9,337	
Number of treatments	2,428	2,109	2,706	3,057	3,338	2,754	2,664	2,631	2,101	1,930	
Other Vectors - Trap nights											
Eye Gnats - 22 traps bi-weekly Feb to Nov	-	-	-	-	-	-	-	-	-	-	(2)
Flies - 23 traps weekly - Feb to Nov	-	-	-	-	-	-	-	-	-	-	(3)
Wild Rodents - 50 traps monthly	400	50	-	-	-	-	-	-	-	-	(4)

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 2011, the routine eye gnat surveillance program was discontinued.

(3) In 2011, the routine fly surveillance program was discontinued. Surveillance is now performed on a service request basis.

(4) In 2013 trapping of wild rodents was discontinued

(5) 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)

(6) In 2016, sentinel chicken testing ceased

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mosquito & WNV Surveillance										
Laboratory	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	11	11	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	2	0
Fish Production Systems (Outside Ponds)	3	3	3	3	3	3	3	3	3	3
Vehicles	3	3	2	2	3	3	0	0	0	0
Mosquito Operations										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	18	19	20	27	35	35	35	35	35	35
Red Imported Fire Ants (RIFA)										
Vehicles	13	12	10	10	0	0	0	0	0	0
Other Vector										
Vehicles	7	5	7	7	0	0	6	6	6	6

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

Fedak & Brown LLP
Certified Public Accountants

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

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) as of and for the year ended June 30, 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 December 17, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards, 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
December 17, 2020