Los Angeles County West
Vector Control District

Annual Financial Report

For the Fiscal Year Ended June 30, 2022

Board of Trustees as of June 30, 2022

Name	Representing	Title	Term Expiration
Mike Griffiths	Torrance	President	12/2022
Cheryl Matthews	Inglewood	Vice President	12/2022
Nancy Greenstein	Santa Monica	Secretary	12/2023
Bill Ailor	Palos Verdes Estates	Trustee	12/2023
Barbara Barsocchini	Malibu	Trustee	12/2022
James Bozajian	Calabasas	Trustee	12/2022
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Olivia Valentine	Hawthorne	Trustee	12/2022
Steve Zuckerman	Rolling Hills Estates	Trustee	12/2023
Chad Blouin	West Hollywood	Trustee	12/2022

Los Angeles County West Vector Control District
Aaron Arugay, Executive Director
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www.lawestvector.org

Los Angeles County West Vector Control District

Annual Financial Report

For the Fiscal Year Ended June 30, 2022

Los Angeles County West Vector Control District
Annual Financial Report
For the Fiscal Year Ended June 30, 2022

Table of Contents

Financial Section

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An Accountancy Corporation

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Independent Auditor's Report

Board of Trustees
Los Angeles County West Vector Control District
Culver City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Los Angeles County West Vector Control District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, and the required supplementary information on pages 40 through 45, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 11, 2023, 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 46 and 47.

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs
Cypress, California
May 11, 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Los Angeles County West Vector Control District (District), provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2022 (with comparative information for fiscal year ended June 30, 2021). 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

For the fiscal year ended June 30, 2022, the District's:

- Net position increased 8.55% or $1,359,957 to $17,260,746.
- Total revenues increased 9.85% or $777,437 to $8,671,403.
- Program revenues increased 15.10% or $881,908 to $6,724,215.
- General revenues decreased 5.09% or $104,471 to $1,947,188.
- Total expenses decreased 35.86% or $4,086,923 to $7,311,446.

Required Financial Statements

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

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, 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 year's revenues and expenses are accounted for in the Statement of Activities. These statements measure 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

Mosquito and vector control are necessary on a continuous routine and area-wide basis to protect public health, enhance economic development, and maintain the recreational use and enjoyment of outdoor living.

The Los Angeles County West Vector Control District (District) provides, abatement and control services, public education, monitoring, surveillance, and testing for vectors and vector-borne diseases associated with mosquitoes, Africanized honeybees, ticks, red imported fire ants, and other insects of public health significance. The direct assessment for 2021-2022 was $11.65 per parcel/year. The complete package of services that is provided by the District remains an exceptional value for the small fee assessed each year. The benefit assessment charge is adjusted up or down annually to cover the anticipated costs of doing business and maintaining the quality of service that the District has provided in the past.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

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

These two statements report the District's *net position* and changes in it. Think of the District's net position – the difference between assets plus deferred outflows of resources, less liabilities plus 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, you will need to consider other non-financial factors, such as changes in the District's property tax and assessment base, 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 sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 39.

Government-wide Financial Analysis

Condensed Statements of Net Position

		2022	2021	Change
Assets:				
Current assets	$	5,567,208	5,896,772	(329,564)
Non-current assets		14,474,820	14,644,681	(169,861)
Total assets		20,042,028	20,541,453	(499,425)
Deferred outflows of resources		1,908,251	429,838	1,478,413
Liabilities:				
Current liabilities		130,046	491,325	(361,279)
Non-current liabilities		2,059,472	4,101,172	(2,041,700)
Total liabilities		2,189,518	4,592,497	(2,402,979)
Deferred inflows of resources		2,500,015	478,005	2,022,010
Net position:				
Net investment in capital assets		14,168,058	14,138,065	29,993
Unrestricted		3,092,688	1,762,724	1,329,964
Total net position	$	17,260,746	15,900,789	1,359,957

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 exceeded liabilities and deferred inflows of resources by $17,260,746 as of June 30, 2022.

A large portion of the District's net position (82% as of June 30, 2022) 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 for operations; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2022, the District showed a positive balance in its unrestricted net position of $3,092,688, which may be utilized in future years. (See Note 7)

Condensed Statements of Activities

		2022	2021	Change
Expenses:				
Mosquito and vector control	$	7,311,446	11,398,369	(4,086,923)
Total expenses		7,311,446	11,398,369	(4,086,923)
Revenues:				
Program revenues		6,724,215	5,842,307	881,908
General revenues		1,947,188	2,051,659	(104,471)
Total revenues		8,671,403	7,893,966	777,437
Changes in net position		1,359,957	(3,504,403)	4,864,360
Net position, beginning of period		15,900,789	19,405,192	(3,504,403)
Net position, end of period	$	17,260,746	15,900,789	1,359,957

Government-wide Financial Analysis, continued

The statement of activities shows how the District's net position changed during the fiscal year. In fiscal year 2022, the District's net position increased 8.55% or $1,359,957 to $17,260,746 from ongoing operations.

A closer examination reveals that:

The District's total revenues from all sources increased 9.85% or $777,437 to $8,671,403. Program revenues increased 15.10% or $881,908, due primarily to an increase of $881,908 in property benefit assessments. General revenues decreased 5.09% or $104,471, primarily due to a decrease of $110,321 in property tax revenue, which was offset by an increase of $9,100 in gain on disposal of assets as compared to the prior year.

The District's total expenses decreased 35.86% or $4,086,923 to $7,311,446, primarily due to a decrease of $4,540,860 in salaries and benefits as a result of the CalPERS actuarial valuation pension credit adjustment; which was offset by increases of $218,597 in professional services, $70,223 in insurance, $62,677 in retirement, $39,058 in depreciation, $23,909 in medical 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, 2022, the District's General Fund reported a fund balance of $5,494,306, where the amount constitutes *unassigned fund balance*, which is available for future District operations.

General Fund Budgetary Highlights

The final actual expenditures for the General Fund at year-end were $5,064,641 less than budgeted. The variance is principally due to the District under budgeting of salaries and benefits, capital outlay, office and educational, insecticides and safety, professional services, building maintenance, vector ecology and laboratory, medical, communications, and utilities. Actual revenues were greater than the anticipated budget by $109,262. The variance is primarily due to higher charges for service revenues and the District under-budgeting other general revenues. (See Budgetary Comparison Schedule for General Fund under Required Supplementary Information section on page 40)

Capital Asset Administration

Changes in capital assets for the year were as follows:

	Balance 2021	Additions	Deletions/ Transfers	Balance 2022
Non-depreciable assets	9,119,892	-	-	9,119,892
Depreciable assets	9,739,712	325,826	(46,048)	10,019,490
Accumulated depreciation	(4,721,539)	(295,833)	46,048	(4,971,324)
Total capital assets, net	14,138,065	29,993	-	14,168,058

At the end of fiscal year 2022, the District's investment in capital assets amounted to $14,168,058 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, vehicles, equipment, machinery, and furniture and fixtures. Capital asset additions during the year included District vehicles in the amount $325,826. District deletions during the year included the disposal of vehicles in the amount $46,048. (See Note 3 for further information)

Conditions Affecting Current Financial Position

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

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

Requests for Information

The financial report is designed to provide the District's present users with a general overview of the District's basic finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact the Executive Director, Aaron Arugay, at the Los Angeles County West Vector Control District, 6750 Centinela Avenue, Culver City, California 90230 or (310) 915-7370.

Basic Financial Statements

Los Angeles County West Vector Control District
Statement of Net Position
June 30, 2022

		2022
Current assets:		
Cash and cash equivalents (note 2)	$	5,115,074
Accrued interest receivable		11,407
Accounts receivable – property taxes		440,727
Total current assets		5,567,208
Non-current assets:		
Net OPEB asset (note 5)		306,762
Capital assets, not being depreciated (note 3)		9,119,892
Capital assets, being depreciated (note 3)		5,048,166
Total non-current assets		14,474,820
Total assets		20,042,028
Deferred outflows of resources:		
Deferred pension outflows (note 6)		1,096,198
Deferred OPEB outflows (note 5)		812,053
Total deferred outflows of resources		1,908,251
Current liabilities:		
Accounts payable and accrued expenses		72,902
Long-term liabilities – due within one year:		
Compensated absences (note 4)		57,144
Total current liabilities		130,046
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)		514,292
Net pension liability (note 6)		1,545,180
Total non-current liabilities		2,059,472
Total liabilities		2,189,518
Deferred inflows of resources:		
Deferred pension inflows (note 6)		1,551,372
Deferred OPEB inflows (note 5)		948,643
Total deferred inflows of resources		2,500,015
Net position: (note 7)		
Net investment in capital assets		14,168,058
Unrestricted		3,092,688
Total net position	$	17,260,746

See accompanying notes to the basic financial statements

Los Angeles County West Vector Control District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

		2022
Expenses:		
Mosquito and vector control:		
Salaries and benefits	$	3,146,025
Retirement		811,230
Medical		766,914
Clothing and household		63,132
Insurance		411,427
Vector ecology and laboratory		102,845
Maintenance and equipment		114,394
Building maintenance		63,913
Membership dues		18,871
Training, meetings and conferences		24,423
Office and educational		135,594
Professional services		525,800
Insecticides and safety		492,017
Transportation		131,829
Utilities		147,261
Communications		46,145
Security system		13,793
Depreciation		295,833
Total expenses		7,311,446
Program revenues:		
Charges for services – property benefit assessment		6,724,215
Total program revenues		6,724,215
Net program revenues		(587,231)
General revenues:		
Property taxes		1,809,828
Interest earnings		22,232
Gain on disposal of assets		9,100
Other		106,028
Total general revenues		1,947,188
Changes in net position		1,359,957
Net position, beginning of period		15,900,789
Net position, end of period	$	17,260,746

See accompanying notes to the basic financial statements

Los Angeles County West Vector Control District
Balance Sheet
June 30, 2022

		General Fund	Reclassifications & Eliminations	Statement of Net Position
Current assets:				
Cash and cash equivalents	$	5,115,074	-	5,115,074
Accrued interest receivable		11,407	-	11,407
Accounts receivable – property taxes		440,727	-	440,727
Total current assets		5,567,208	-	5,567,208
Non-current assets:				
Net OPEB Asset		-	306,762	306,762
Capital assets, not being depreciated		-	9,119,892	9,119,892
Capital assets, being depreciated		-	5,048,166	5,048,166
Total non-current assets		-	14,474,820	14,474,820
Total assets		5,567,208	14,474,820	20,042,028
Deferred outflows of resources:				
Deferred pension outflows		-	1,096,198	1,096,198
Deferred OPEB outflows		-	812,053	812,053
Total deferred outflows of resources		-	1,908,251	1,908,251
Current liabilities:				
Accounts payable and accrued expenses		72,902	-	72,902
Long-term liabilities – due within one year:				
Compensated absences		-	57,144	57,144
Total current liabilities		72,902	57,144	130,046
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences		-	514,292	514,292
Net pension liability		-	1,545,180	1,545,180
Total non-current liabilities		-	2,059,472	2,059,472
Total liabilities		72,902	2,116,616	2,189,518
Deferred inflows of resources:				
Deferred pension inflows		-	1,551,372	1,551,372
Deferred OPEB inflows		-	948,643	948,643
Total deferred inflows of resources		-	2,500,015	2,500,015
Fund balance:				
Unassigned		5,494,306	(5,494,306)	-
Total fund balance		5,494,306	(5,494,306)	-
Total liabilities and fund balance	$	5,567,208		
Net position:				
Net investment in capital assets			14,168,058	14,168,058
Unrestricted			3,092,688	3,092,688
Total net position			$ 17,260,746	17,260,746

See accompanying notes to the basic financial statements

Los Angeles County West Vector Control District
Reconciliation of the Balance Sheet of Governmental Type Fund to the Statement of Net Position
June 30, 2022

Reconciliation:

Fund balance of governmental fund	$	5,494,306
Amounts reported for governmental activities in the statement of net position are different because:		
Non-current assets are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds. However, the statement of net position includes those non-current assets among the assets of the District as a whole, as follows:		
Net OPEB Asset		306,762
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. However, the statement of net position includes those non-current assets among the assets of the District as a whole, as follows:		
Capital assets, net		14,168,058
Deferred outflows(inflows) of resouces are not financial resources (uses) and, therefore are not reported in the governmental fund balance sheet. However, they are reported in the statement of net position as follows:		
Deferred pension outflows		1,096,198
Deferred OPEB outflows		812,053
Deferred pension inflows		(1,551,372)
Deferred OPEB inflows		(948,643)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds. All liabilities, both current and long-term, are reported in the statement of net position as follows:		
Compensated absences		(571,436)
Net pension liability		(1,545,180)
Net position of governmental activities	$	17,260,746

See accompanying notes to the basic financial statements

Los Angeles County West Vector Control District
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2022

		General Fund	Reclassifications & Eliminations	Statement of Activities
Expenditures/Expenses:				
Mosquito and vector control operations:				
Salaries and benefits	$	1,853,759	1,292,266	3,146,025
Retirement		811,230	-	811,230
Medical		766,914	-	766,914
Clothing and household		63,132	-	63,132
Insurance		411,427	-	411,427
Vector ecology and laboratory		102,845	-	102,845
Maintenance and equipment		114,394	-	114,394
Building maintenance		63,913	-	63,913
Membership dues		18,871	-	18,871
Training, meetings and conferences		24,423	-	24,423
Office and educational		135,594	-	135,594
Professional services		525,800	-	525,800
Insecticides and safety		492,017	-	492,017
Transportation		131,829	-	131,829
Utilities		147,261	-	147,261
Communications		46,145	-	46,145
Security system		13,793	-	13,793
Depreciation		-	(295,833)	295,833
Capital outlay		325,826	325,826	-
Total expenditures/expenses		6,049,173	1,322,259	7,311,446
Program revenues:				
Charges for services – property benefit assessments		6,724,215	-	6,724,215
Total program revenues		6,724,215	-	6,724,215
Net program expense				(587,231)
General revenues:				
Property taxes		1,809,828	-	1,809,828
Interest earnings		22,232	-	22,232
Gain on disposal of assets		9,100	-	9,100
Other		106,028	-	106,028
Total general revenues		1,947,188	-	1,947,188
Total revenues		8,671,403	-	8,671,403
Excess of revenues over expenditures		2,622,230	(1,322,259)	1,359,957
Changes in net position		2,622,230	(1,322,259)	1,359,957
Fund balance/Net position – beginning of period		2,872,076	-	15,900,789
Fund balance/Net position – end of period	$	5,494,306	-	17,260,746

See accompanying notes to the basic financial statements

Los Angeles County West 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, 2022

Reconciliation:

Net change in fund balance of governmental fund	$	2,622,230
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		29,993
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 the governmental fund as follows:		
Net change in compensated absences		59,826
Net change in net OPEB asset and related accounts		(9,746)
Net change in net pension liability and related accounts		(1,342,346)
Changes in net position of governmental activities	$	1,359,957

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 Los Angeles County West Vector Control District (District) was formed in 1944 and covered an area of approximately 5 square miles. Over subsequent years there have been a number of annexations to the District. Currently, the district contains over 400 square miles and provides service to over 2.3 million residents of Los Angeles County.

The District serves 23 cities and unincorporated territory of the County of Los Angeles. The District includes the cities of Agoura Hills, Beverly Hills, Calabasas, Culver City, El Segundo, Hawthorne, Hermosa Beach, Hidden Hills, Inglewood, Lawndale, Lomita, a portion of City of Los Angeles, Malibu, Manhattan Beach, Palos Verdes Estates, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, Santa Monica, Torrance, West Hollywood, Westlake Village, and unincorporated territory of the County of Los Angeles.

The District collects revenue from two principal sources: 1) Shared distribution of LA County's 1% property tax levy, and from 2) benefit assessments levies.

The main focus of the District is the surveillance and control of mosquitoes and their associated diseases. The District also provides service for the control of Africanized honeybees, surveillance for ticks and Lyme disease, as well as surveillance for other vectors of concern. In accordance with the California Health and Safety Code, the District is governed by a Board of Trustees, appointed by each city and county within the District's boundaries.

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 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 revenues source 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 properly not included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the difference 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 these statements to meet the qualifications of GASB Statement No. 34.

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

B. Basis of Accounting and Measurement Focus, continued

Governmental Fund Financial Statements, continued

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenue subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property taxes and assessments, interest earnings, investment revenue, and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The District reports the following major governmental fund:

General Fund – 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:

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.

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.

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

C. Financial Reporting, continued

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.

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.

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.

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.

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

C. Financial Reporting, continued

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report.* This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur.

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

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 labor shortages and closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. However, the related financial impact to the District cannot be estimated at this time.

3. Cash and Cash Equivalents

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

4. Investments and Investment Policy

The District has adopted an investment policy directing the District Manager to deposit funds in financial institutions. The investment in public funds should provide maximum security while providing sufficient liquidity to meet the daily cash flow demands of the District and to achieve a reasonable rate of return while minimizing potential for capital losses arising from market change or issue default.

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance, 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. Property Taxes and Assessments

The County of Los Angeles Assessor's Office assesses all real and personal property within the County each year. The County of Los Angeles Tax Collector's Office bills and collects the District's share of property taxes and assessments. The County of Los Angeles 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 Los Angeles 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

6. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, building, building improvements, equipment, furniture, and fixtures. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at estimated 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 – 40 years
- Equipment and vehicles – 5 years

7. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

8. Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick pay benefits. The total amounts of liability for unused vacation and sick pay benefits are accrued when incurred in the government-wide financial statements. The District utilizes its General Fund in the governmental fund financial statements to account for this liability. The liability is determined to be the amount due to employees for future absences, which is attributable to services already rendered, and which is expected to be paid during the next fiscal year. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than one and one-half times his regular annual entitlement.

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

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

8. Compensated Absences, continued

Sick leave is payable when an employee is unable to work because of illness. Sick leave may be accumulated indefinitely.

Upon service retirement of an employee, the option exists to sell back up to one-half of total accumulated sick. All unused sick leave is forfeited upon termination, other than for normal retirement.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

- Valuation date: June 30, 2020
- Measurement date: June 30, 2021
- Measurement period: July 1, 2020 to June 30, 2021

10. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

GASB 75 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, 2021
- Measurement date: June 30, 2021
- Measurement period: For the period ended June 30, 2021

11. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

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

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

12. Net Position

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

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- **Restricted** – consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- **Unrestricted** – consists of the net amount of 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 components of net position.

13. Fund Balance

The governmental fund financial statements, report fund balance as non-spendable, 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.

- **Non-spendable 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 underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance –** amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District's special revenue funds.
- **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.

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

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

13. Fund Balance, continued

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.

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.

14. 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:

		2022
Cash and cash equivalents	$	5,115,074

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

		2022
Deposits held with financial institutions	$	705,428
Deposits held with Los Angeles County Treasurer		4,097,918
Deposits held with Local Agency Investment Fund (LAIF)		311,728
Total	$	5,115,074

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

	2022
Deposits held with Local Agency Investment Fund (LAIF)	311 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.

Under provisions of the District's investment policy and in accordance with Section 53601 of the California Government Code, the District may invest in certain types of investments in accordance with Note 1(D)(4) of the financial statements.

Authorized investments below are permitted by the District, but only when yields of these instruments may become exceptionally or significantly higher than those noted above and are fiscally advantageous to the District.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Notes, Bills and Bonds	5 years	None	None
U.S. Agency Securities	5 years	None	None
Local Agency Obligations	5 years	None	None
Asset Backed Securities	5 years	20%	None
Bankers' Acceptance	180 days	40%	30%
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	40%	10%
Corporate/Depository Medium Term Notes	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Shares of Beneficial Interest	N/A	20%	10%
Repurchae Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Forwards, Futures and Options	N/A	None	None
Interest Rate Swaps	N/A	None	None
Securities Lending Agreements	92 days	20%	None
Supranationals	5 years	30%	None

Custodial Credit Risk

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

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

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 public agencies. Of the District's 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.

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; however, LAIF and Los Angeles County Treasurer are not rated.

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. In 2022, there were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments.

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 investments 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.

(3) Capital Assets

Changes in capital assets for the year were as follows:

	Balance 2021	Additions	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land and Land Development	$ 9,119,892	-	-	9,119,892
Total non-depreciable assets	9,119,892	-	-	9,119,892
Depreciable assets:				
Building and Improvements	7,126,618	67,814	-	7,194,432
Vehicles	1,278,476	137,280	(46,048)	1,369,708
Furnitures, fixtures and equipment	1,334,618	120,732	-	1,455,350
Total depreciable assets	9,739,712	325,826	(46,048)	10,019,490
Less accumulated depreciation:				
Building and Improvements	(2,487,774)	(153,867)	-	(2,641,641)
Vehicles	(1,046,456)	(58,775)	46,048	(1,059,183)
Furnitures, fixtures and equipment	(1,187,309)	(83,191)	-	(1,270,500)
Total accumulated depreciation	(4,721,539)	(295,833)	46,048	(4,971,324)
Total depreciable assets, net	5,018,173	29,993	-	5,048,166
Total capital assets, net	$ 14,138,065			14,168,058

Major capital asset additions during the year include vehicles of $137,280, furnitures, fixtures and equipment of $120,732, and building and improvements of $67,814. Major capital asset deletions include vehicles of $46,048.

(4) Compensated Absences

Changes to compensated absences for the year ended June 30 were as follows:

Balance 2021	Additions	Deletions	Balance 2022	Due Within One Year	Due in more than one year
$ 511,610	187,729	(127,903)	571,436	57,144	514,292

(5) Other Post-Employment Benefits

Plan Description

The District provides other postemployment benefits (OPEB) through the Public Employees' Medical and Hospital Care Act (PEMHCA), an agent multiple-employer defined benefit health-care plan administered by the California Public Employees Retirement System (PERS). The plan provides lifetime healthcare insurance for eligible retirees. The plan does not issue a publicly available financial report.

Benefits Provided

The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses, surviving spouses and qualifying dependents are also eligible to receive benefits. Retirees may enroll in any plan available through the District's medical programs. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

(5) Other Post-Employment Benefits, continued

Benefits Provided, continued

The District's current retiree benefit plan in effect at June 30, 2022, is summarized as follows:

	Method A	Method B
Benefit types provided	Medical only	Medical only
Duration of benefits	Lifetime	Lifetime
Required service	5 years	5 years
Minimum Age		
Dependent coverage	Spouse and qualifying dependents	
District Contribution %	Years of service at retirement	Age+ service at retirement
	5 to 9: 25%	65 to 69: 25%
	10 to 14: 50%	70 to 74: 50%
	15 to 19: 75%	75 to 79: 75%
	20 or more: 100%	80 or more: 100%
District Cap	District medical premium responsibility is limited to no higher than the basic monthly rate of either Blue Shield HMO or Kaiser HMO	

Employee Covered By Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

	2022
Participating active employees	38
Inactive employees or beneficiaries currently receiving benefit payments	12
Total plan membership	50

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, 2022, the District did not make contributions towards retiree health benefits.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. Standard actuarial update procedures were used to project/discount from valuation to the measurement date.

(5) Other Post-Employment Benefits, continued

Changes in the Net OPEB Liability

Changes in the net OPEB liability for the year ended June 30, 2022, were as follows:

		Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at beginning of year	$	2,767,731	3,274,347	(506,616)
Changes during the year:				
Service cost		100,901	-	100,901
Interest		197,273	-	197,273
Expected investment income		-	225,309	(225,309)
Administrative expenses		-	(1,240)	1,240
Employer contributions to trust		-	-	-
Employer contributions as benefit payments		-	-	-
Actual benefit payments from trust		(110,047)	(110,047)	-
Expected minus actual benefit payments		5,137	-	5,137
Experience (gains) / losses		276,067	-	276,067
Changes in benefit terms		522,270	-	522,270
Investment gains / (losses)		-	677,725	(677,725)
Net change		991,601	791,747	199,854
Balance at end of year	$	3,759,332	4,066,094	(306,762)

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

For the fiscal year ended June 30, 2022, the District recognized OPEB credit through adjustment of the liability and related deferred outflow/inflow amortization of $9,746.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		2022	
Description		**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$	259,586	(399,716)
Changes in assumptions		478,009	-
Differences between projected and actual return on assets		74,458	(548,927)
Total	$	812,053	(948,643)

(5) Other Post-Employment Benefits, continued

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

At June 30, 2022, there were amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB which are required to be recognized in OPEB expense over future periods. OPEB related amounts will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Net Outflows / (Inflows) of Resources
2023	$ (83,849)
2024	(77,106)
2025	(81,477)
2026	(103,381)
2027	32,164
Thereafter	177,059

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Discount rate	6.75 percent
Inflation	2.50 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent
Mortality	2017 CalPERS Active Mortality for Miscellaneous Employees.
Retirement rates	Hired 2012 and earlier: 2017 CalPERS 2.0%@60 Rates Mortality for Miscellaneous Employees Hired 2013 and later: 2017 CalPERS 2.0%@62 Rates Mortality for Miscellaneous Employees
Service requirement	Per the service schedule contained in California Government Code Section 22893.

(5) Other Post-Employment Benefits, continued

Actuarial Methods and Assumptions, continued

The actuarial assumptions used in the June 30, 2021 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The asset class percentages were taken from the current composition of the CERBT trust and the expected yields were taken from a CalPERS publication for the Pension Fund. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Major Asset Classification	New Strategic Allocation	Assumed Gross Return
Global Equity	59.00%	7.55%
Global Fixed Income	25.00%	4.25%
Global Real Estate (REITs)	8.00%	7.25%
Treasury Inflation Protected Securities	5.00%	3.00%
Commodities	3.00%	7.55%
Total	100.00%	

Discount Rate

As of June 30, 2021, the discount rate used to measure the net OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the retiree's benefits. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

At June 30, 2022, the discount rate comparison was as follows:

	Discount Rate - 1% 5.75%	Current Discount Rate 6.75%	Discount Rate + 1% 7.75%
Net OPEB liability (asset)	$ 224,560	(306,762)	(744,306)

(5) Other Post-Employment Benefits, continued

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

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.

At June 30, 2022, the healthcare cost trend rate comparison was as follows:

		Healthcare Cost Trend Rates - 1% 3%	Current Healthcare Cost Trend Rates 4%	Healthcare Cost Trend Rates + 1% 5%
Net OPEB liability	$	(813,754)	(306,762)	326,638

Schedules of Changes in the District's Net OPEB Liability, and Related Ratios

See page 42 for the Required Supplementary Information.

(6) Defined Benefit Pension Plan

Plan Description

All qualified permanent and qualified temporary employees, even if employed through a temporary agency, are eligible to participate in the District's Miscellaneous Risk Pool, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Benefits Provided

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

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants 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.

(6) Defined Benefit Pension Plan, continued

Benefits Provided, continued

The Plans' provision and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous Risk Pool	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	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 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	6.92%	6.75%
Required employer contribution rates	9.13%	7.59%

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 a change in the rate. Funding contributions for the Plan are 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 year ended June 30, 2022, the contributions to the Plan was as follows:

		2022
Contributions – employer	$	630,601

Net Pension Liability

As of June 30, 2022, the District reported net pension liability for its proportionate share of the net pension liability of each Plan as follows:

		2022
Proportionate share of net pension liability	$	1,545,180

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2022, the net pension liability of the Plan is measured as of June 30, 2021 (the measurement date). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 (the valuation date), rolled forward to June 30, 2021, 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.

(6) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's change in proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement date June 30, was as follows:

	Miscellaneous
Proportion – June 30, 2019	0.03164 %
Increase in proportionate share	0.00182
Proportion – June 30, 2020	0.03346
Decrease in proportionate share	(0.00489)
Proportion – June 30, 2021	0.02857 %

Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2022, the District recognized pension credit of $1,342,346.

As June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 630,601	-
Differences between actual and expected experience	173,275	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	(1,348,860)
Differences between actual contribution and proportionate share of contribution		(202,512)
Net adjustment due to differences in proportions of net pension liability	292,322	-
Total	$ 1,096,198	(1,551,372)

As of June 30, 2022, the District reported $630,601 as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2023.

(6) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions

The District will recognize other amounts of deferred outflows of resources and deferred inflows as follows:

Fiscal Year Ended June 30,	Deferred Net Outflows / (Inflows) of Resources
2023	$ (204,184)
2024	(228,387)
2025	(280,449)
2026	(372,755)
2027	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation reports were determined using the following actuarial assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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	COLA up to 2.50% until Purchasing Power applies, 2.50% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent Scale MP 2016. For more details on this table, please refer to the 20174 Experience Study report (based on CalPERS demographic data from 1997-2015) available online on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2021 and 2020, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

As of June 30, 2022, the target allocation and the long-term expected real rate of return by asset class were as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10*	Real Return Year 11+**
Global Equity	50.00 %	4.80 %	5.98 %
Fixed Income	28.00	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Assets	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)
Total	100.00		

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

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

As of June 30, 2022, the discount rate comparison was the following:

	Discount Rate 1% Decrease 6.15%	Current Discount Rate 7.15%	Discount Rate 1% Increase 8.15%
District's net pension liability	$ 4,101,518	1,545,180	(568,108)

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 43 through 45 for the Required Supplementary Information.

(6) Defined Benefit Pension Plan, continued

Payable to the Pension Plan

At June 30, 2022, the District reported no payables for the outstanding amount of contribution to the pension plan.

(7) Net Position

Calculation of net position at June 30, were as follows:

		2022
Investment in capital assets:		
Capital assets, not being depreciated	$	9,119,892
Capital assets, being depreciated		5,048,166
Total investment in capital assets		14,168,058
Unrestricted net position:		
Spendable net position:		
Unrestricted:		
Designated for vector control		3,092,688
Total spendable net position		3,092,688
Total unrestricted net position		3,092,688
Total net position	$	17,260,746

(8) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, as a member of the Vector Control Joint Powers Authority (VCJPA), has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources. The VCJPA is a Joint Powers Agency of 35 mosquito abatement and/or vector control districts in the State of California. VCJPA's purpose is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. The day-to-day business is handled by a risk management group contracted by the VCJPA. At June 30, 2022, 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

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 has the right to receive dividends and the obligation to pay assessments based on a formula which, among other expenses, charges the District's account for liability losses under $75,000 and workers' compensation losses under $50,000. The VCJPA participates in an excess pool which provides general liability coverage from $1,000,000 to $29,000,000 and in an excess pool which provides worker's compensation coverage from $500,000 to $5,000,000 and purchases excess insurance above $5,000,000 up to the statutory limit. Financial statement information for the VCJPA can be obtained at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833 or 800-541-4591.

(8) Risk Management, continued

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 fiscal years ended June 30, 2022, 2021, and 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 was no IBNR claims payable as of June 30, 2022, 2021, and 2020.

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

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

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 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. 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.

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

Governmental Accounting Standards Board Statement No. 94, continued

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.

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.

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

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(10) Commitments and Contingencies

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.

(11) Subsequent Event

Events occurring after June 30, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of May 11, 2023, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

Los Angeles County West Vector Control District
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2022

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures/Expenses:					
Mosquito and vector control:					
Salaries and benefits	$ 5,163,982	-	5,163,982	1,853,759	3,310,223
Retirement	760,200	-	760,200	811,230	(51,030)
Medical	788,218	-	788,218	766,914	21,304
Clothing and household	74,500	-	74,500	63,132	11,368
Insurance	411,427	-	411,427	411,427	-
Vector ecology and laboratory	140,350	-	140,350	102,845	37,505
Maintenance and equipment	120,500	-	120,500	114,394	6,106
Building maintenance	111,066	-	111,066	63,913	47,153
Membership dues	20,750	-	20,750	18,871	1,879
Training, meetings and conferences	39,000	-	39,000	24,423	14,577
Office and educational	235,000	-	235,000	135,594	99,406
Professional services	614,547	-	614,547	525,800	88,747
Insecticides and safety	584,000	-	584,000	492,017	91,983
Transportation	115,000	-	115,000	131,829	(16,829)
Utilities	163,750	-	163,750	147,261	16,489
Communications	65,000	-	65,000	46,145	18,855
Security system	24,000	-	24,000	13,793	10,207
Capital outlay	1,682,524	-	1,682,524	325,826	1,356,698
Total expenditures	11,113,814	-	11,113,814	6,049,173	5,064,641
Program revenues:					
Charges for services – property assessments	6,571,073	-	6,571,073	6,724,215	153,142
Total program revenues	6,571,073	-	6,571,073	6,724,215	153,142
General revenues:					
Property taxes	1,964,062	-	1,964,062	1,809,828	(154,234)
Interest earnings	27,006	-	27,006	22,232	(4,774)
Gain on disposal of assets	-	-	-	9,100	9,100
Other	-	-	-	106,028	106,028
Total general revenues	1,991,068	-	1,991,068	1,947,188	(43,880)
Total revenues	8,562,141	-	8,562,141	8,671,403	109,262
Deficiency of revenues under expenditures	(2,551,673)	-	(2,551,673)	2,622,230	5,173,903
Net change in fund balance	(2,551,673)	-	(2,551,673)	2,622,230	5,173,903
Fund balance – beginning of period	2,872,076		2,872,076	2,872,076	
Fund balance – end of period	$ 320,403		320,403	5,494,306	

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 Executive Director and Assistant Director prepare and submit an operating budget to the Board of Trustees for the General Fund prior to the beginning of the new fiscal year (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, where required during the period, also approves supplemental appropriations. In most cases, expenditures may not exceed appropriations at the department level. All operating budget appropriations lapse at the end of the fiscal year. 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 and board approved changes, if any.

Los Angeles County West Vector Control District
Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, 2022
Last Ten Years*

		Measurement Dates				
		6/30/21	6/30/20	6/30/19	6/30/18	6/30/17
Total OPEB liability						
Service cost	$	100,901	98,200	100,997	98,294	95,663
Interest		197,273	181,363	201,812	188,131	174,234
Benefit payments		(110,047)	(109,852)	(100,265)	(97,780)	(67,867)
Expected minus actual benefit payments		5,137	2,577	(4,237)	17,632	-
Experience (gains) / losses		276,067	-	(487,647)	-	-
Changes in assumptions		522,270	-	-	-	-
Net change in total OPEB liability		991,601	172,288	(289,340)	206,277	202,030
Total OPEB liability – beginning of year		2,767,731	2,595,443	2,884,783	2,678,506	2,476,476
Total OPEB liability – end of year	$	3,759,332	2,767,731	2,595,443	2,884,783	2,678,506
Plan fiduciary net position						
Expected investment income	$	225,309	225,021	218,677	208,069	290,975
Administrative expenses		(1,240)	(1,602)	(682)	(5,604)	(2,444)
Actual benefit payments from trust		(110,047)	(109,852)	(100,265)	(80,148)	(16,380)
Investment gains / (losses)		677,725	(109,536)	(21,851)	33,743	-
Other		-	-	-	3,087	-
Net change in plan fiduciary net position		791,747	4,031	95,879	159,147	272,151
Plan fiduciary net position – beginning		3,274,347	3,270,316	3,174,437	3,015,290	2,743,139
Plan fiduciary net position – ending		4,066,094	3,274,347	3,270,316	3,174,437	3,015,290
Net OPEB liability (asset) – ending	$	(306,762)	(506,616)	(674,873)	(289,654)	(336,784)
Covered payroll	$	3,848,762	3,494,401	3,049,288	2,993,020	2,799,982
Net OPEB liability as a percentage of covered payroll		-7.97%	-14.50%	-22.13%	-9.68%	-12.03%

Notes to Schedule of Changes in Net OPEB Liability and Related Ratios

Changes in Benefit Terms – There was a change in the discount rate for the measurement period ended June 30, 2021, which is 6.75% (2019 measurement date = 7%). Other than the change in discount rate, there were no other changes in the benefit terms.

Changes of Assumptions – There were no other changes in assumptions for the measurement period ended June 30, 2021.

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

Los Angeles County West Vector Control District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2022
Last Ten Years*

Description		Measurement Dates							
		6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
District's proportion of the net pension liability		0.02857%	0.03346%	0.03164%	0.02971%	0.02946%	0.02789%	0.02362%	0.03139%
District's proportionate share of the net pension liability	$	1,545,180	3,640,723	3,242,237	2,862,658	2,921,751	2,413,407	1,621,217	1,905,137
District's covered payroll	$	3,848,762	3,494,401	3,049,288	2,993,020	2,799,982	2,575,493	2,492,396	2,653,652
District's proportionate share of the net pension liability as a percentage of its covered payroll		40.15%	104.19%	106.33%	95.64%	104.35%	93.71%	65.05%	71.79%
Plan's proportionate share of the fiduciary net position as a percentage of total pension liability		88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	80.43%

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability

Changes in Benefit Terms

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

Change of Assumptions and Methods

In fiscal year 2021, there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting. In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

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

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability

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

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

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

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

Los Angeles County West Vector Control District
Schedules of Pension Plan Contributions
As of June 30, 2022
Last Ten Years*

		Fiscal Years Ended							
Fiscal year ended		6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
Actuarially determined contribution	$	630,601	568,294	487,576	402,675	323,422	287,906	236,206	201,059
Contributions in relation to the actuarially determined contribution		(630,601)	(568,294)	(487,576)	(402,675)	(323,422)	(287,906)	(236,206)	(201,059)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-
Covered payroll	$	3,848,762	3,494,401	3,049,288	2,993,020	2,799,982	2,575,493	2,492,396	2,653,652
Contribution's as a percentage of covered payroll		16.38%	16.26%	15.99%	13.45%	11.55%	11.18%	9.48%	7.58%

Notes to the Schedule of Pension Plan Contributions

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

Report on Internal Controls and Compliance

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

Board of Trustees
Los Angeles County West Vector Control District
Culver City, 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 Los Angeles County West Vector Control District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated May 11, 2023.

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.

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs
Cypress, California
May 11, 2023