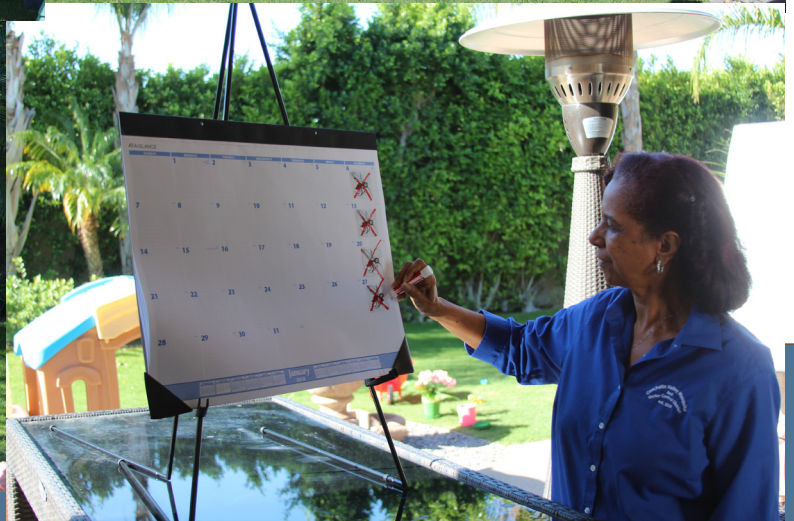


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



COACHELLA VALLEY MOSQUITO
AND VECTOR CONTROL DISTRICT

43-420 TRADER PLACE, INDIO, CALIFORNIA 92201



Mission Statement

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

<u>Representing</u>	<u>Name</u>	<u>Title</u>	<u>Appointment</u>	<u>Term Expiration</u>
City of Cathedral City	Shelly Kaplan	President	2014	2018
City of La Quinta	Doug Hassett	Vice President	2015	2021
County of Riverside	Franz DeKlotz	Secretary	2017	2021
City of Indian Wells	Clive Weightman	Treasurer	2017	2019
City of Palm Desert	Doug Walker	Trustee	2007	2021
County of Riverside	Bito Larson	Trustee	2012	2021
City of Desert Hot Springs	Adam Sanchez	Trustee	2015	2019
City of Coachella	Betty Sanchez	Trustee	2015	2019
City of Rancho Mirage	Michael Monroe	Trustee	2015	2019
City of Palm Springs	Dr. Douglas Kunz	Trustee	2016	2021
City of Indio	Benjamin Guitron IV	Trustee	2018	2019

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

Coachella Valley Mosquito and Vector Control District

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

**Coachella Valley Mosquito and Vector Control District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

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Introductory Section



Coachella Valley Mosquito and Vector Control District

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E-mail: CVmosquito@cvmvcd.org • Website: www.cvmvcd.org

Board of Trustees

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DOUG WALKER
Palm Desert

DR. DOUG KUNZ
Palm Springs

MICHAEL MONROE
Rancho Mirage

JEREMY WITTIE, MS
General Manager

November 13, 2018

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

State law requires special districts to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the Coachella Valley Mosquito and Vector Control District (“the District”) for the fiscal year ended June 30, 2018.

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

The District’s financial statements have been audited by Fedak & Brown LLP, Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District, for the fiscal year ended June 30, 2018, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District’s financial statements, for the fiscal year ended June 30, 2018, were fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

The District is one of the largest mosquito and vector control districts in California. It serves the Coachella Valley, population approximately 430,000, and has a District boundary encompassing 2,400 sq. miles. The operating budget is \$10.5 million, funding comes from property taxes and a Benefit Assessment. The District employs 58 full-time staff, increased with seasonal staff beginning early summer. The District has been at its present purpose-built location in Indio, California since 2001.

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

Factors Affecting Financial Condition

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

The Coachella Valley's employment is made up of 17% accommodation and food services, 14% in retail, and 12% in healthcare. In 2008 before the recession, construction accounted for 10.5% of the total workforce in 2015 it was 5.1%. During the recession and resulting slowdown in the economy, the region saw a decline in construction projects and falling demand in the hotel and amusement sector. This resulted in a decline in employment in these sectors, the unemployment rate in Riverside County rose to 14.7 % in 2010, but has since recovered to 4.7%, as of July 2018.

The District's revenue is closely associated with the local real estate market which continues to show positive growth from higher house prices and growing construction. Forecasts show the real estate revenues are continuing to grow in the short term. The District receives its revenue from property taxes, redevelopment agency tax increment, and a Benefit Assessment. In FY 2016-2017 property tax receipts increased 4.2 % over the previous year and 4.0 % in FY2017-2018. In FY2018-2019 property tax receipts are forecast to rise by 5.6 %.

For FY 2017-2018 the property tax increment was 3.2% higher than the prior year, property tax revenue for the same period rose because of higher property values. The Benefit Assessment rate was increased from \$9.15 to \$10.21 per single family equivalent (SFE), giving a total receipt of \$1,628,823 in FY 2017-2018, an increase of 12% over prior year.

Short-term financial planning

The District receives the majority of its funding from the property taxes and benefit assessment, collected by the County of Riverside. These funds do not reach the District until January, with a 10% advance on property taxes in December. There is a six-month delay in receiving revenue from the beginning of the fiscal year. The District Fund Balance Policy recommends maintaining a minimum working capital Reserve for Operations equal to \$4,500,000. Historically November is when expenses exceed revenue by the most, based on budget estimates for FY2018-19 expenses will exceed revenue by almost \$4 million at the end of November 2018.

Long-term financial planning

For Fiscal Year 2018-19 the District is implementing a capital plan reserve study to fund future repair and replacement of facility components. The District contracted with Association Reserves to help develop the capital plan which initially made an inventory of District facilities, identifying component wear, and age. The study looks forward 30 years, projecting expenses, and recommending a funding plan. In FY 2008-09 environmental remediation work was completed at the old District headquarters in Thermal, CA which involved paving the whole area with asphalt. In ten years this has to be repaved, designated funds have been set aside on an annual basis, to pay for this remediation liability. In FY 2018-2019 the repaving work will take place.

Emergency Service Reserve

The Coachella Valley Mosquito-borne Virus Surveillance and Response Plan is based on the California Mosquito-borne Virus Surveillance and Response Plan. The plan describes an enhanced surveillance and response program for the Coachella Valley dependent on the level of risk of mosquito-borne virus transmission to humans, and identifies response levels as normal season, emergency planning, and epidemic, depending on risk assessment factors. The amount of \$4,103,640 designated for the Public Health Emergency Reserve, is based on the response level for an epidemic. Funding required is for contract with the aviation companies, that use twin turbine aircraft, available for spray operations, public health emergencies and emergency responses over the populated areas - at the cost that includes control products (\$1.78/acre), and cost of spraying (\$.83/acre), for a minimum of 130,000 acres, and a minimum of three flights, not to exceed 10 flights, over the Coachella Valley.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the ninth consecutive year that the District has achieved this prestigious national award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. In order to be awarded a Certificate of Achievement, the District has to publish an easily readable and efficiently organized CAFR, and satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

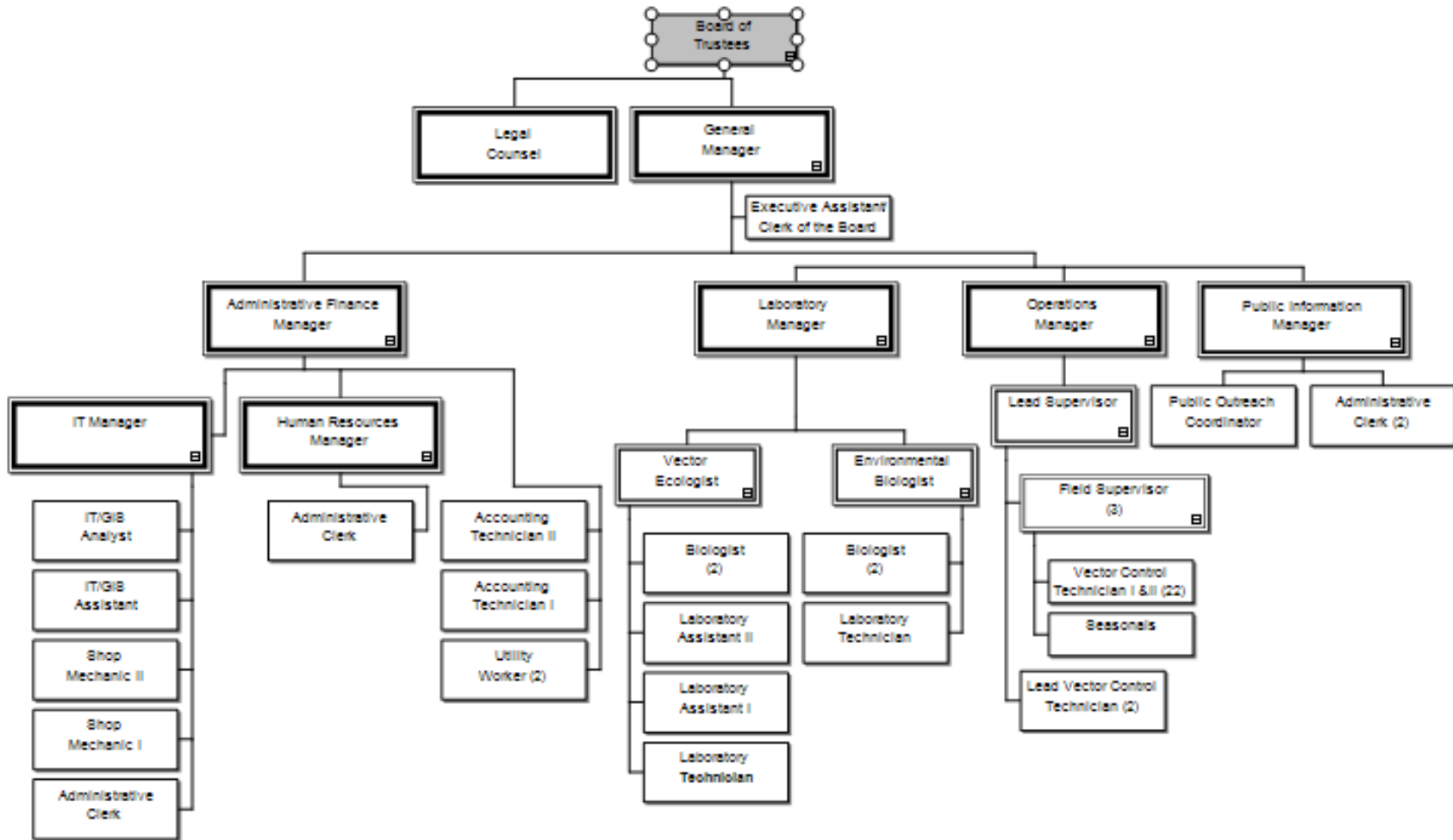


Jeremy Wittie, MS
General Manager

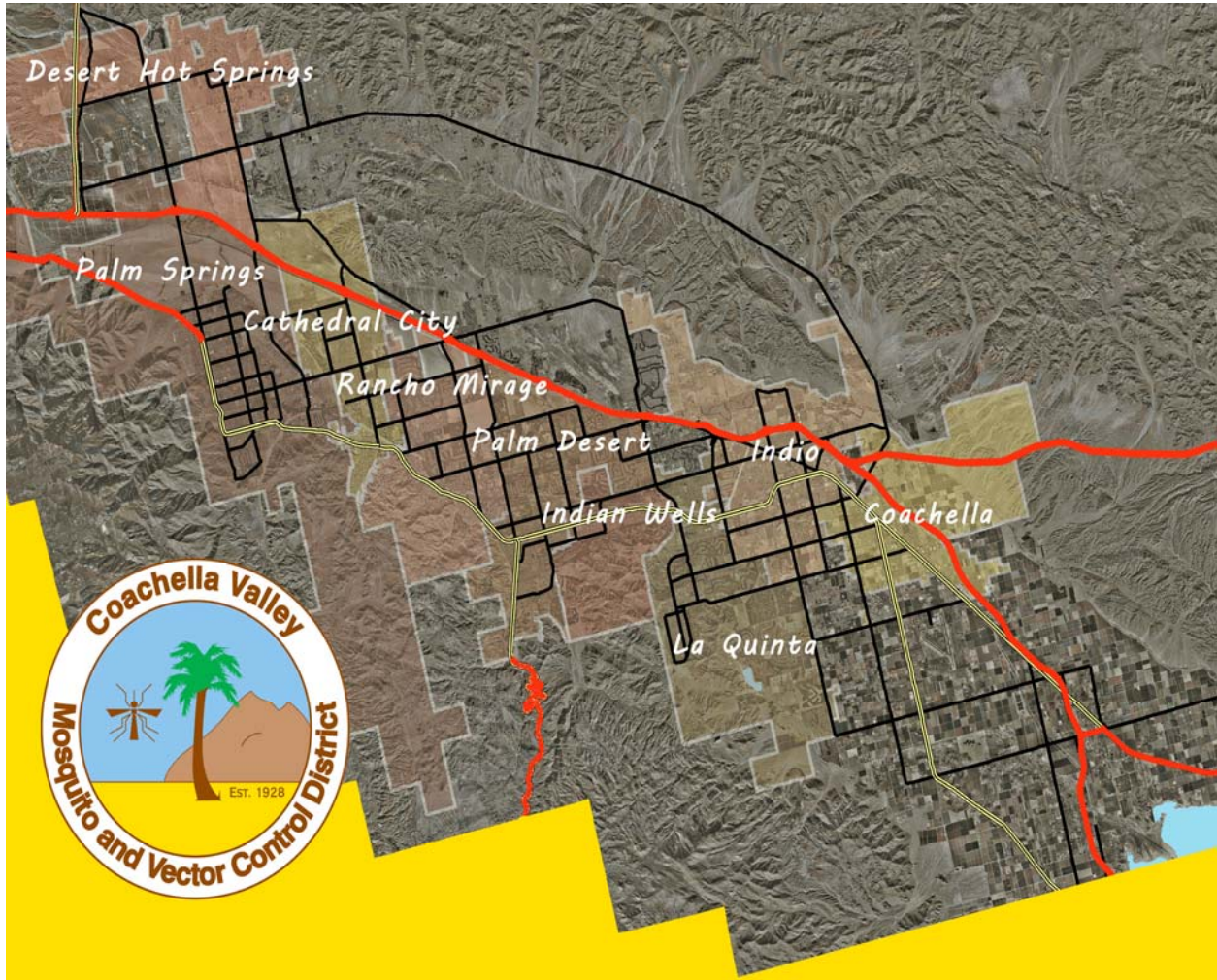


David I'Anson
Administrative Finance Manager

Coachella Valley Mosquito and Vector Control District
Organizational Chart
For the Fiscal Year Ended June 30, 2018



Coachella Valley Mosquito and Vector Control District
Service Area Map
For the Fiscal Year Ended June 30, 2018





Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

Financial Section



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Jonathan P. Abadesco, CPA
Andy Beck, CPA

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Coachella Valley Mosquito Vector Control District (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Coachella Valley Mosquito Vector Control District as of June 30, 2018, 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.

Independent Auditor's Report, *continued*

Emphasis of a Matter

As discussed in Note 10 to the financial statements, in fiscal year 2018, the District adopted the provisions of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Consequently, the beginning net OPEB liability was recorded and net position was restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 14 and the required supplementary information on pages 45 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 6 and the statistical section on pages 50 through 66 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 13, 2018, 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 67 and 68.

Fedak & Brown LLP

Fedak & Brown LLP

Cypress, California
November 13, 2018

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Coachella Valley Mosquito and Vector Control District (District), provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2018 (with comparative information for fiscal year ended June 30, 2017). We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position increased by 2.11% or \$437,200 to \$21,170,327, which is comprised of an increase in operations of \$132,177 and an increase from a prior period adjustment in the amount of \$305,023. Please see Note 10 to the basic financial statements for further discussion.
- The District's total revenues from all sources increased 6.58% or \$619,434 to \$10,036,614. Program revenues increased 12.15% or \$176,444 to \$1,628,823. General revenues increased 5.56% or \$442,990 to \$8,407,791.
- Total expenses increased by 4.51% or \$426,987 to \$9,904,437.

Using This Financial Report

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

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

District Activities

The District is an independent special district, organized to specifically control mosquitoes, but has expanded service to involve other vector control activities. The District serves an area of approximately 2,400 square miles and 430,000 residents. The District utilizes an integrated vector management approach consisting of surveillance, sanitation, education and the judicious use of insecticides and rodenticides. The District also has a public education responsibility that serves the District's residences and provides technical support to other public service agencies.

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2018

Government-wide Financial Statements

Statements of Net Position and Statements of Activities

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

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

Governmental Funds Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 44.

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

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2018

Government-wide Financial Analysis

Condensed Statements of Net Position

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets:			
Current assets	\$ 14,939,343	14,474,222	465,121
Capital assets, net	<u>10,725,824</u>	<u>10,881,505</u>	<u>(155,681)</u>
Total assets	<u>25,665,167</u>	<u>25,355,727</u>	<u>309,440</u>
Deferred outflows of resources	<u>1,597,192</u>	<u>1,086,661</u>	<u>510,531</u>
Liabilities:			
Current liabilities	822,809	592,880	229,929
Non-current liabilities	<u>5,138,078</u>	<u>4,887,163</u>	<u>250,915</u>
Total liabilities	<u>5,960,887</u>	<u>5,480,043</u>	<u>480,844</u>
Deferred inflows of resources	<u>131,145</u>	<u>229,218</u>	<u>(98,073)</u>
Net position:			
Net investment in capital assets	10,725,824	10,881,505	(155,681)
Unrestricted	<u>10,444,503</u>	<u>9,851,622</u>	<u>592,881</u>
Total net position	<u>\$ 21,170,327</u>	<u>20,733,127</u>	<u>437,200</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$21,170,327 as of June 30, 2018.

A large portion of the District's net position (51% as of June 30, 2018) reflects its investment in capital assets (net of accumulated depreciation); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services of the District; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2018, the District reflected a positive balance in its unrestricted net position of \$10,444,503 that may be utilized in future years. (See Note 8)

Condensed Statements of Activities

<i>Governmental Activities:</i>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Expenses:			
Mosquito and vector control operations	\$ 9,904,437	9,477,450	426,987
Program revenues	1,628,823	1,452,379	176,444
General revenues	<u>8,407,791</u>	<u>7,964,801</u>	<u>442,990</u>
Total revenues	<u>10,036,614</u>	<u>9,417,180</u>	<u>619,434</u>
Change in net position	<u>132,177</u>	<u>(60,270)</u>	<u>192,447</u>
Net position, beginning of period, as previously stated	20,733,127	20,793,397	(60,270)
Prior period adjustment (note 10)	<u>305,023</u>	<u>-</u>	<u>305,023</u>
Net position, beginning of period, as restated	<u>21,038,150</u>	<u>20,793,397</u>	<u>244,753</u>
Net position, end of period	<u>\$ 21,170,327</u>	<u>20,733,127</u>	<u>437,200</u>

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2018

Government-wide Financial Analysis, continued

The statements of activities show how the District's net position changed during the fiscal year. In fiscal year 2018, the District's net position increased by 2.11% or \$437,200 to \$21,170,327, which is comprised of an increase in operations of \$132,177 and an increase from prior period adjustment in the amount of \$305,023.

Transition Option – Implementation of GASB 75

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate the prior financial statements was not justified.

Total Revenues

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Program revenues:			
Charges for services – special benefit assessment	\$ 1,628,823	1,452,379	176,444
Total program revenues	<u>1,628,823</u>	<u>1,452,379</u>	<u>176,444</u>
General revenues:			
Property taxes	3,883,367	3,733,700	149,667
Redevelopment agency – property tax increment	4,164,357	3,990,874	173,483
Interest earnings	153,373	83,241	70,132
Rental revenue	16,783	16,295	488
Other revenue	189,911	140,691	49,220
Total general revenues	<u>8,407,791</u>	<u>7,964,801</u>	<u>442,990</u>
Total revenues	<u>\$ 10,036,614</u>	<u>9,417,180</u>	<u>619,434</u>

In fiscal year 2018, the District's total revenues from all sources increased 6.58% or \$619,434 to \$10,036,614. Program revenues increased 12.15% or \$176,444 to \$1,628,823, primarily due to increases in special assessments. General revenues increased 5.56% or \$442,990 to \$8,407,791, primarily due to increases of \$323,150 in property tax allocations and \$70,132 in interest earnings.

Total Expenses

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Expenses:			
Mosquito and vector control operations:			
Salaries and wages	\$ 4,644,134	4,555,260	88,874
Employee benefits	2,276,032	1,741,684	534,348
Field operations	1,208,839	1,442,426	(233,587)
Materials, services and supplies	804,646	720,696	83,950
Insurance	151,806	239,220	(87,414)
Contract agreements	120,000	140,754	(20,754)
Depreciation	698,980	637,410	61,570
Total expenses	<u>\$ 9,904,437</u>	<u>9,477,450</u>	<u>426,987</u>

In fiscal year 2018, total expenses increased by 4.51% or \$426,987 to \$9,904,437, primarily due to an \$88,874 increase in employee salaries, a \$534,348 increase in employee benefits related to pension and other post-employment benefit (OPEB) expenses, which was offset by a decrease in field operation expenses of \$233,587 resulting from reduced chemical applications used for mosquito control compared to fiscal year 2017.

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2018

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, 2018, the District's General Fund reported a fund balance of \$14,381,561. An amount of \$8,803,094 as of June 30, 2018 constitutes the District's *assigned fund balance*, which is available for specific future District operations. (See Note 9 for further information on the District's fund balances)

General Fund Budgetary Highlights

The final actual expenditures for the General Fund as of June 30, 2018 were less than budgeted by \$851,789. Actual payroll expenditures (including salaries and employee benefits) were under budget as budgeted positions were unfilled during the fiscal year. Actual field operations expenditures were under budget due to reduced spray operations. Insurance expenditures were under budget due to a dividend received from the insurance provider in recognition of the District's progress in lowering compensation claims through safety initiatives. Capital outlay was lower than budgeted because District management decided not to proceed with relocating the District's server room.

Actual revenues as of June 30, 2018 exceeded budgeted amounts by \$6,107. Property tax and redevelopment agency tax increment are below budget. However, miscellaneous revenue is higher than budget because of reimbursements from California Department of Public Health for chemical control products and aerial application for the District to use in controlling the spread of invasive species *Aedes Aegypti* in the Coachella Valley. Interest earnings were also higher than budgeted amounts due to higher interest earnings for the fiscal year ended June 30, 2018. (See Budgetary Comparison Schedule for General Fund under Required Supplementary Information section on page 45).

Capital Asset Administration

Changes in capital assets for 2018 were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2018</u>
Depreciable assets:				
Non-depreciable assets	\$ 417,873	-	-	417,873
Depreciable assets	<u>19,321,846</u>	<u>543,299</u>	<u>(346,055)</u>	<u>19,519,090</u>
Total capital assets	19,739,719	543,299	(346,055)	19,936,963
Accumulated depreciation	<u>(8,858,214)</u>	<u>(698,980)</u>	<u>346,055</u>	<u>(9,211,139)</u>
Total capital assets, net	<u>\$ 10,881,505</u>	<u>(155,681)</u>	<u>-</u>	<u>10,725,824</u>

At the end of fiscal year 2018, the District's investment in capital assets amounted to \$10,725,824 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, vehicles, equipment, machinery and furniture and fixtures. (See Note 3)

Conditions Affecting Current Financial Position

Management is unaware of any 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.

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2018

Requests for Information

The financial report is designed to provide the District's present users with a general overview of the District's basic finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report, or wish to request additional information, please contact the District's Administrative Finance Manager, David I'Anson, at the Coachella Valley Mosquito and Vector Control District, 43-420 Trader Place, Indio, California 92201 or (760) 342-8287.

Basic Financial Statements

Coachella Valley Mosquito and Vector Control District
Statement of Net Position
June 30, 2018

	2018
ASSETS	
Current assets:	
Cash and cash equivalents (note 2)	\$ 13,026,038
Property taxes and assessments receivable	321,866
Accounts receivable – other	4,313
Materials and supplies inventory	532,129
Prepayments and deposits	1,054,997
Total current assets	14,939,343
Non-current assets:	
Capital assets – not being depreciated (note 3)	417,873
Capital assets – being depreciated, net (note 3)	10,307,951
Total non-current assets	10,725,824
Total assets	25,665,167
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows (note 7)	1,284,772
Deferred OPEB outflows (note 5)	312,420
Total deferred outflows of resources	1,597,192
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	472,916
Accrued payroll and benefits	84,866
Long term liabilities - due within one year:	
Compensated absences (note 4)	265,027
Total current liabilities	822,809
Non-current liabilities:	
Long term liabilities - due in more than one year:	
Compensated absences (note 4)	397,540
Net OPEB liability (note 5)	877,253
Pollution remediation obligation (note 6)	2,100,000
Net pension liability (note 7)	1,763,285
Total non-current liabilities	5,138,078
Total liabilities	5,960,887
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows (note 7)	131,145
Total deferred inflows of resources	131,145
NET POSITION	
Investment in capital assets	10,725,824
Unrestricted (note 8)	10,444,503
Total net position	\$ 21,170,327

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Statements of Activities
For the Fiscal Year Ended June 30, 2018

	2018
EXPENSES	
Mosquito and vector control operations:	
Salaries and wages	\$ 4,644,134
Employee benefits	2,276,032
Field operations	1,208,839
Materials, services and supplies	804,646
Insurance	151,806
Contract agreements	120,000
Depreciation	698,980
Total expenses	9,904,437
PROGRAM REVENUES	
Charges for services – special benefit assessment	1,628,823
Total program revenues	1,628,823
Net program expense	8,275,614
GENERAL REVENUES	
Property taxes	3,883,367
Redevelopment agency – property tax increment	4,164,357
Interest earnings	153,373
Rental revenue	16,783
Other revenue	189,911
Total general revenues	8,407,791
Change in net position	132,177
Net position, beginning of period, as previously stated	20,733,127
Prior period adjustment (note 10)	305,023
Net position, beginning of period, as restated	21,038,150
Net position, end of period	\$ 21,170,327

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Balance Sheet
June 30, 2018

	General Fund	Reclassifications & Eliminations	Statement of Net Position
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,026,038	-	13,026,038
Property taxes and assessments receivable	321,866	-	321,866
Accounts receivable – other	4,313	-	4,313
Materials and supplies inventory	532,129	-	532,129
Prepayments and deposits	1,054,997	-	1,054,997
Total current assets	14,939,343	-	14,939,343
Non-current assets:			
Capital assets – not being depreciated	-	417,873	417,873
Capital assets – being depreciated, net	-	10,307,951	10,307,951
Total non-current assets	-	10,725,824	10,725,824
Total assets	14,939,343	10,725,824	25,665,167
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	-	1,284,772	1,284,772
Deferred OPEB outflows	-	312,420	312,420
Total deferred outflows of resources	-	1,597,192	1,597,192
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	472,916	-	472,916
Accrued payroll and benefits	84,866	-	84,866
Compensated absences	-	265,027	265,027
Total current liabilities	557,782	265,027	822,809
Non-current liabilities:			
Compensated absences	-	397,540	397,540
Net other post-employment benefits liability	-	877,253	877,253
Pollution remediation obligation	-	2,100,000	2,100,000
Net pension liability	-	1,763,285	1,763,285
Total non-current liabilities	-	5,138,078	5,138,078
Total liabilities	557,782	5,403,105	5,960,887
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	-	131,145	131,145
Total deferred inflows of resources	-	131,145	131,145
Fund balance: (note 9)			
Nonspendable	1,587,126	(1,587,126)	-
Committed	3,991,341	(3,991,341)	-
Assigned	8,803,094	(8,803,094)	-
Total fund balance	\$ 14,381,561	(14,381,561)	-
Net position:			
Net investment in capital assets		\$ 10,725,824	10,725,824
Unrestricted (note 8)		10,444,503	10,444,503
Total net position		\$ 21,170,327	21,170,327

Coachella Valley Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental
Type Funds to the Statement of Net Position
June 30, 2018

Reconciliation:

Fund balance of governmental funds	\$ 14,381,561
Amounts reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	10,725,824
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term, are reported in the Statement of Net Position.	
Compensated absences	(662,567)
Net other post-employment benefits liability	(564,833)
Pollution remediation obligation	(2,100,000)
Net pension liability	(1,763,285)
Deferred inflows of resources	(131,145)
Deferred outflows of resources	<u>1,284,772</u>
Net position of governmental activities	\$ <u>21,170,327</u>

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Type Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

	General Fund	Reclassifications & Eliminations	Statement of Activities
REVENUES			
Property taxes	\$ 3,883,367	-	3,883,367
Redevelopment agency property tax increment	4,164,357		4,164,357
Charges for services – special benefit assessment	1,628,823	-	1,628,823
Interest earnings	153,373	-	153,373
Rental revenue	16,783	-	16,783
Other revenue	189,911	-	189,911
Total revenues	10,036,614	-	10,036,614
EXPENDITURES/EXPENSES			
Mosquito and vector control operations:			
Salaries and wages	4,585,574	58,560	4,644,134
Employee benefits	2,363,834	(87,802)	2,276,032
Field operations	1,208,839	-	1,208,839
Materials, services and supplies	804,646	-	804,646
Insurance	151,806	-	151,806
Contract agreements	120,000	-	120,000
Capital outlay	543,299	(543,299)	-
Depreciation	-	698,980	698,980
Total expenditures/expenses	9,777,998	126,439	9,904,437
Change in net position	258,616	(126,439)	132,177
Fund balance/Net position – beginning, as previously stated	14,122,945		20,733,127
Prior period adjustment	-		305,023
Fund balance/Net position – beginning, as restated	14,122,945		21,038,150
Fund balance/Net position – end	\$ 14,381,561		21,170,327

Reconciliation:

Net changes in fund balance of governmental fund \$ 258,616

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

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

Net change in compensated absences	(58,560)
OPEB expense adjustment as a result of the Actuarial Valuation Report	162,898
Pension expense adjustment as a result of the CalPERS Actuarial Valuation Report	(75,096)

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

(155,681)

Change in net position of governmental activities \$ 132,177

See accompanying notes to the basic financial statements

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements
June 30, 2018

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

B. Basis of Accounting and Measurement Focus

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

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

Government-wide Financial Statements

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

Governmental Fund Financial Statements

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

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

B. Basis of Accounting and Measurement Focus, continued

However, exceptions to this rule include principal and interest on debt, which are recognized when due. The District reports the following major governmental fund:

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

C. Financial Reporting

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

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

Government Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

Government Accounting Standards Board Statement No. 81

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

Government Accounting Standards Board Statement No. 85

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

C. Financial Reporting, continued

Government Accounting Standards Board Statement No. 86

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

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

3. Investments and Investment Policy

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

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

4. Fair value measurements

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

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

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

4. Fair value measurements, continued

- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

5. Property Taxes and Special Assessments

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

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

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

6. Materials and Supplies Inventory

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

7. Prepaid Expenses

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

8. Deferred Outflows of Resources

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

9. Capital Assets

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

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

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

10. Compensated Absences

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

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

11. Pensions

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

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, 2016
- Measurement Date: June 30, 2017
- Measurement Period: July 1, 2016 to June 30, 2017

12. Postemployment Benefits Other than Pensions (OPEB)

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

13. Deferred Inflows of Resources

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

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

14. Net Position

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

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

15. Self-Insurance

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

16. Claims Payable

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

17. Fund Balance

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

- **Nonspendable fund balance** – amounts that cannot be spent because they are either (a) not spendable in form, or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.
- **Committed fund balance** – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Trustees) and that remain binding unless removed in the same manner. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through resolution.
- **Assigned fund balance** – amounts that are constrained by the District's intent to be used for specific purposes. The Board of Trustees is authorized to assign amounts to a specific purpose, which was established by the governing body in [state policy, resolution, ordinance, etc.]

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

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

17. Fund Balance, continued

- **Unassigned fund balance** – the residual classification for the District’s general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

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

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

Fund Balance Policy

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

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.

18. Budget

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

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

(2) Cash and Cash Equivalents

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

	2018
Cash and cash equivalents	\$ <u>13,026,038</u>

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

(2) Cash and Cash Equivalents, continued

Cash and cash equivalents for 2018 were as follows:

		<u>2018</u>
Petty cash	\$	2,000
Deposits held with financial institutions		99,327
Investments		<u>12,924,711</u>
Total	\$	<u>13,026,038</u>

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

		<u>2018</u>
Deposit held with Local Agency Investment Fund (LAIF)		193 days
Deposits held with Riverside County Pooled Investment Fund (RCPIF)		431 days
Deposits held with CalTrust Medium Term Fund		763 days

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.

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

Custodial Credit Risk

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

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

Of the bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized, in accordance with the Code; however, the collateralized securities are not held in the District's name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Investments at June 30, 2018, consisted of the following:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity 12 Months Or Less</u>
Local Agency Investment Fund (LAIF)	\$ 6,244,488	6,244,488
Caltrust Medium Term Investment Fund	491,606	491,606
Money market funds	817,535	817,535
Riverside County Pooled Investment Fund (RCPIF)	<u>5,371,082</u>	<u>5,371,082</u>
Total	\$ <u>12,924,711</u>	<u>12,924,711</u>

Interest Rate Risk

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

Credit Risk

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

Credit ratings of investments as of June 30, 2018, were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum legal rating</u>	<u>Exempt or Not Rated</u>	<u>Rating as of year-end AAA</u>
Local Agency Investment Fund (LAIF)	\$ 6,244,488	N/A	6,244,488	-
Caltrust Medium Term Investment Fund	491,606	N/A	491,606	-
Money market funds	817,535	N/A	817,535	-
Riverside County Pooled Investment Fund (RCPIF)	<u>5,371,082</u>	N/A	-	<u>5,371,082</u>
Total	\$ <u>12,924,711</u>		<u>7,553,629</u>	<u>5,371,082</u>

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2018

(2) Cash and Cash Equivalents, continued

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of total District's investment at June 30, 2018.

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.

District's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transactions processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of \$5,000, in increments of \$1,000 dollars.
- Withdrawals of \$10,000,000 or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF for verbal authorization.

Riverside County Treasurer Fund

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

Riverside County Treasurer Fund, continued

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

Fair Value Measurements

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

Investments at June 30, 2018:

Investment Type	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
CalTrust Medium Term Investment Fund	\$ 491,606	-	491,606	-
Total investments measured at fair value	491,606	-	-	-
Investments measured at amortized cost:				
Local Agency Investment Fund (LAIF)	6,244,488			
Riverside County Pooled Investment Fund (RCPIF)	5,371,082			
Money market funds	817,535			
Total	\$ 12,924,711			

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2018

(3) Capital Assets

Changes in capital assets for the 2018 fiscal year, were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2018</u>
Non-depreciable assets:				
Land	\$ 417,873	-	-	417,873
Total non-depreciable assets	<u>417,873</u>	<u>-</u>	<u>-</u>	<u>417,873</u>
Depreciable assets:				
Structures and improvements	15,679,407	-	-	15,679,407
Office equipment	1,675,581	-	-	1,675,581
Equipment	<u>1,966,858</u>	<u>543,299</u>	<u>(346,055)</u>	<u>2,164,102</u>
Total depreciable assets	<u>19,321,846</u>	<u>543,299</u>	<u>(346,055)</u>	<u>19,519,090</u>
Accumulated depreciation:				
Structures and improvements	(5,765,925)	(543,019)	-	(6,308,944)
Office equipment	(1,577,831)	(19,926)	-	(1,597,757)
Equipment	<u>(1,514,458)</u>	<u>(136,035)</u>	<u>346,055</u>	<u>(1,304,438)</u>
Total accumulated depreciation	<u>(8,858,214)</u>	<u>(698,980)</u>	<u>346,055</u>	<u>(9,211,139)</u>
Total depreciable assets, net	<u>10,463,632</u>	<u>(155,681)</u>	<u>-</u>	<u>10,307,951</u>
Total capital assets, net	<u>\$ 10,881,505</u>			<u>10,725,824</u>

(4) Compensated Absences

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

The changes to compensated absences balances for 2018, were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2018</u>	<u>Due Within One Year</u>	<u>Due in more than one year</u>
\$	<u>604,007</u>	<u>154,576</u>	<u>(96,016)</u>	<u>662,567</u>	<u>265,027</u>	<u>397,540</u>

(5) Other Post-Employment Benefits

Plan Description

The District's defined benefit Other Post-Employment Benefit (OPEB) Plan (Plan) provides OPEB for all permanent and vested full-time employees. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan. The District participates in a CalPERS Health Program, a community-rated program for its medical coverage. The District does not pay a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. The District has set aside funds to cover retiree health liabilities in a trust that meets the criteria in paragraph 4 of Statement 75.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

Benefits Provided

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

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

Employee Covered By Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

	2018
Participating active employees	56
Inactive employees or beneficiaries currently receiving benefit payments	5
Total plan membership	61

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, 2018, the District’s “pay as you go” cost of providing retiree health benefits amounted to \$40,542. The “pay as you go” cost is the cost of benefits for current retirees.

Discount Rate

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

Deferred OPEB Outflows of Resources

For the fiscal years ended June 30, 2018, the District recognized OPEB expense of \$149,524.

As of June 30, 2018, the District reported deferred outflows of resources related to employer OPEB contributions subsequent to measurement date in the amount of \$312,420. The employer OPEB contributions in the amount of \$312,420, will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2019.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

Actuarial Assumptions

The District's net OPEB liability was measured as of June 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Inflation	2.75% per annum
Salary increases	2.75% per annum, in aggregate
Mortality	2014 CalPERS Active Mortality for Miscellaneous Employees.
Retirement rates	2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Employees (adjusted to reflect minimum retirement age of 52 for those hired starting in 2013).
Service requirement	Per the service schedule contained in California Government Code Section 22893.
Discount rate	7% per year net of expenses; the discount rate is based on the assumed long-term return on plan assets assuming 100% funding through CERBT, which is 30 year real rates of return for each asset class along with assumed long-term inflation assumption to set the discount rate. The expected investment return is offset by investment expenses of 25 basis points.
Healthcare cost trend rates	4.0% for HMO and PPO, respectively as of June 30, 2018, and is based on a long-term trend assumption that the average increase over time cannot continue to outstrip general inflation by a wide margin.

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

The actuarial assumptions used in the June 30, 2017, valuation were based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011. The representative mortality rates were those published by CalPERS in their 2014 study, adjusted to back out 20 years of Scale BB to central year 2008.

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

Actuarial Assumptions, continued

The assumed asset allocation and assumed gross return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
US Large Cap	43.00%	7.7950%
US Small Cap	23.00%	7.7950%
Long-Term Corporate Bonds	12.00%	5.2950%
Long-Term Government Bonds	6.00%	4.5000%
Global Equities	5.00%	7.7950%
REITs	8.00%	7.7950%
Commodities	3.00%	7.7950%
Total	<u>100.00%</u>	

Changes in the Net OPEB Liability

Changes in the net OPEB liability for the year were as follows:

	<u>Increase (Decrease)</u>		
	<u>Plan</u>		
	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability/(Asset) (c) = (a) - (b)</u>
Balance at June 30, 2017	\$ 2,661,523	1,586,241	1,075,282
Changes during the year:			
Service cost	142,848	-	142,848
Interest	189,939	-	189,939
Contributions - employer	-	347,553	(347,553)
Actual investment income		184,193	(184,193)
Administrative expenses		(930)	930
Benefit payments	(35,133)	(35,133)	-
Net changes	297,654	495,683	(198,029)
Balance at June 30, 2018	\$ 2,959,177	2,081,924	877,253

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

As of June 30, 2018, 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:

	<u>Discount Rate - 1% 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>Discount Rate + 1% 8.00%</u>
Net OPEB Liability	\$ 1,342,787	877,253	492,664

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

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

As of June 30, 2018, the following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
	Healthcare Cost Trend Rates (3% HMO and PPO)	Healthcare Cost Trend Rates (4% HMO and PPO)	Healthcare Cost Trend Rates (5% HMO and PPO)
Net OPEB Liability	\$ <u>488,905</u>	<u>877,253</u>	<u>1,330,954</u>

Payable to the OPEB Plan

The District had no outstanding amount of contributions to the CERBT required for the year ended June 30, 2018.

(6) Pollution Remediation Obligation

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

In April 2016, the District, through a third party environmental consultant, will evaluate the current status of the site. By the end of 2018, the District anticipates that it will issue a Request for Proposal for a contractor to repave the capped area and continue the asphalt cap into the northeast uncapped area of the site. The cost of the recapping is an estimated at \$150,000 for every 10 years for an estimated 143 years. The estimated pollution remediation liability is \$2,100,000 as of June 30, 2017.

(7) Defined Benefit Pension Plan

Plan Description

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

(7) Defined Benefit Pension Plan, continued

Plan Description, continued

Benefit provisions under the Plan are established by State statute and District’s resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits provided

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

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District’s CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013 are eligible for the District’s CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plans’ provision and benefits in effect at June 30, 2018 are summarized as follows:

	Miscellaneous Risk Pool	
	Classic	PEPRA
	Prior to January 1, 2011	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 service years	5 service years
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	7.653%	6.533%

Contributions

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

For the fiscal year ended June 30, 2018, the contributions recognized as part of pension expense for the Plan was as follows:

	2018
Contributions – employer	\$ <u>402,952</u>

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Defined Benefit Pension Plan, continued

Net Pension Liability

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2018
Proportionate share of net pension liability	\$ 1,763,285

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017 (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 (the valuation date), rolled forward to June 30, 2017, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the pension liability for the Plan as of the measurement date June 30, 2017 was as follows:

	Miscellaneous
Proportion – June 30, 2016	0.01609%
Proportion – June 30, 2017	0.01778%
Increase in proportionate share	0.00169%

Deferred Pension Outflows (Inflows) of Resources

For the fiscal years ended June 30, 2018, the District recognized pension expense (income) of \$75,096. As of June 30, 2017 and 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 417,763	-
Differences between actual and expected experience	-	(61,419)
Changes in assumptions	528,226	-
Net differences between projected and actual earnings on plan investments	129,324	-
Differences between actual contribution and proportionate share of contribution	-	(69,726)
Net adjustment due to differences in proportions of net pension liability	209,459	-
Total	\$ 1,284,772	(131,145)

As of June 30, 2018, the District reported \$417,763 as deferred outflows of resources related to contributions subsequent to measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2019.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

(7) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

At June 30, 2018, District recognized other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Deferred Net Inflows of Resources
2018	\$ (31,474)
2019	23,280
2020	288,717
2021	173,968
2022	-
Remaining	-

Actuarial assumptions

The total pension liabilities were determined as of June 30, 2016, which were rolled forward to June 30, 2017, using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS Membership Data for all Funds
Period Upon Which Actuarial Experience Survey Assumptions Were Based	1997-2011
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

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

Discount Rate

The discount rates used in the actuarial valuations to measure the total pension liability as of June 30, 2017, reflect the long-term expected rates of return. The discount rates used to measure the total pension liability as of June 30, 2017, was 7.15%. These differ from the discount rates used as of June 30, 2016, which was 7.65%, due to a decrease in the long-term expected rate of return. The financial reporting discount rates are not adjusted for administrative expenses and are consistent with the funding discount rates at the end of the three-year funding discount rate phase-in period.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

(7) Defined Benefit Pension Plan, continued

Discount Rate, continued

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

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

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

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

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

As of June 30, 2018, the target allocation and the long-term expected real rate of return by asset class were as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Year 11+**</u>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100.0%</u>		

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2018

(7) Defined Benefit Pension Plan, continued

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

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

As of June 30, 2018, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's Net Pension Liability	\$ <u>3,648,194</u>	<u>1,763,285</u>	<u>202,169</u>

Payable to the Pension Plan

At June 30, 2018, the District reported no payables for the outstanding amount of contribution to the pension plan.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 46 through 47 for the Required Supplementary Schedules.

(8) Net Position

Unrestricted net position is categorized as follows:

	<u>2018</u>
Nonspendable net assets:	
Materials and supplies inventory	\$ 532,129
Prepayments and deposits	<u>1,054,997</u>
Total nonspendable net position	<u>1,587,126</u>
Spendable net position is designated as follows:	
Six-month operating reserve	4,651,350
Emergency services	3,328,774
Other post-employment benefits payable	<u>877,253</u>
Total spendable net position	<u>8,857,377</u>
Total unrestricted net position	<u>\$ 10,444,503</u>

Reserves

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

(8) Net Position, continued

Reserves, continued

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

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

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

(9) Fund Balance

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1.D.16 for a description of these categories). A detailed schedule of fund balances and their funding composition at June 30, 2018, is as follows:

Description	2018
Nonspendable:	
Materials and supplies inventory	\$ 532,129
Prepaid expenses and deposits	1,054,997
Subtotal nonspendable	1,587,126
Committed:	
Compensated absences	662,567
Reserve for Public Health Emergency	3,328,774
Sub-total committed	3,991,341
Assigned:	
Reserve for Operations	5,991,793
Reserve for Replacements	1,934,048
Other post-employment benefits payable	877,253
Sub-total assigned	8,803,094
Total fund balance	\$ 14,381,561

(10) Prior Period Adjustment

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

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

(10) Prior Period Adjustment, continued

The effect of the above changes is summarized as follows:

Net position at June 30, 2017, as previously stated		\$ 20,733,127
Net OPEB Liability - GASB 75 Implementation:		
Effect of adjustment to record net OPEB liability	\$ (1,075,282)	
Effect of adjustment to remove net OPEB liability associated with GASB 45	1,032,754	
Effect of adjustment to record deferred OPEB outflows	<u>347,551</u>	
Total adjustment to net position		<u>305,023</u>
Net position at July 1, 2017, as restated		<u>\$ 21,038,150</u>

(11) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust at June 30, 2018, was \$2,788,685.

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

(12) Risk Management

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

The day-to-day business is handled by a risk management group employed by the VCJPA. At June 30, 2018, the District participated in the liability and property programs of the VCJPA as follows:

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

(12) Risk Management, continued

The District is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the VCJPA. The District may receive dividends and has the obligation to pay assessments, if declared by the Board, based on a formula which, among other expenses, charges the District's account for liability losses and workers' compensation losses which fall within the District's self-insured retentions (SIR) for each of the program years the District has participated as a member, when those program years are adjusted. The liability SIR for the 20185 program year is \$25,000, and the workers' compensation SIR for the 2018 program year is \$500,000.

The VCJPA participates in an excess pool which provides general liability coverage from \$1,000,001 to \$14,000,000 and in an excess pool which provides employers liability and workers' compensation coverage from \$500,001 to \$5,000,000 and also provides workers' compensation coverage above \$5,000,000 up to the statutory limit, through a combination of reinsurance and insurance. Financial statement information for the VCJPA can be obtained at 1750 Creekside Oaks Drive, Suite 200 Street, Sacramento, CA 95833 or (916) 244-1100.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the year ended June 30, 2018. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payables as of June 30, 2018.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2018, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 83

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 84

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

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

Governmental Accounting Standards Board Statement No. 84, continued

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 87

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 88

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2018

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

Governmental Accounting Standards Board Statement No. 89

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

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

(14) Commitments and Contingencies

Grant Awards

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

Litigation

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

(15) Subsequent Events

Events occurring after June 30, 2018, have been evaluated for possible adjustment to the financial statements or disclosure as of November 13, 2018, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

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Required Supplementary Information

Coachella Valley Mosquito and Vector Control District
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2018

	<u>Original Adopted Budget</u>	<u>Final Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES/EXPENSES				
Mosquito and vector control operations:				
Salaries and wages	\$ 4,664,798	4,664,798	4,585,574	79,224
Employee benefits	2,374,842	2,374,842	2,363,834	11,008
Field operations	1,357,100	1,357,100	1,208,839	148,261
Materials, services and supplies	896,050	896,050	804,646	91,404
Insurance	365,997	365,997	151,806	214,191
Contract agreements	120,000	120,000	120,000	-
Capital outlay	851,000	851,000	543,299	307,701
Total expenditures/expenses	<u>10,629,787</u>	<u>10,629,787</u>	<u>9,777,998</u>	<u>851,789</u>
PROGRAM REVENUES				
Charges for services – special benefit assessment	1,620,638	1,620,638	1,628,823	8,185
Total program revenues	<u>1,620,638</u>	<u>1,620,638</u>	<u>1,628,823</u>	<u>8,185</u>
GENERAL REVENUES				
Property taxes	3,942,197	3,942,197	3,883,367	(58,830)
Redevelopment agency property tax increment	4,260,487	4,260,487	4,164,357	(96,130)
Interest earnings	110,000	110,000	153,373	43,373
Rental revenue	16,185	16,185	16,783	598
Other revenue	81,000	81,000	189,911	108,911
Total general revenues	<u>8,409,869</u>	<u>8,409,869</u>	<u>8,407,791</u>	<u>(2,078)</u>
Total revenues	<u>10,030,507</u>	<u>10,030,507</u>	<u>10,036,614</u>	<u>6,107</u>
Change in fund balance	<u>(599,280)</u>	<u>(599,280)</u>	<u>258,616</u>	<u>857,896</u>
Fund balance – beginning of period	<u>14,122,945</u>	<u>14,122,945</u>	<u>14,122,945</u>	
Fund balance – end of period	<u>\$ 13,523,665</u>	<u>13,523,665</u>	<u>14,381,561</u>	

Notes to Required Supplementary Information

(1) Budgets and Budgetary Data

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

The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget plus supplemental budget adoptions due to the capital and operating grants that were awarded after the initial budget was adopted.

Coachella Valley Mosquito and Vector Control District
Schedule of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2018
Last Ten Years*

	Measurement Dates			
	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's Proportion of the Net Pension Liability	0.01778%	0.01609%	0.00907%	0.01491%
District's Proportionate Share of the Net Pension Liability	\$ 1,763,285	1,392,005	622,269	927,555
District's Covered-Employee Payroll	\$ 3,938,542	3,937,014	3,532,672	3,477,312
District's proportionate share of the net pension liability as a as a Percentage of its Covered-Employee Payroll	44.77%	35.36%	17.61%	26.67%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	85.85%	91.75%	96.42%	90.59%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 451,784	381,154	335,004	241,489

Notes:

Changes in Benefit Terms – The District can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for the District's plan can be found in the plan's annual valuation report.

Changes of Assumptions – In fiscal year 2018, the financial reporting discount rate was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used from 7.50% to 7.00%, which is to be phased-in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

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

Coachella Valley Mosquito and Vector Control District
Schedule of Pension Plan Contributions
As of June 30, 2018
Last Ten Years*

Description	Fiscal Years Ended				
	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Actuarially Determined Contribution	\$ 424,972	382,974	307,156	293,218	241,315
Contributions in Relation to the Actuarially Determined Contribution	(417,763)	(402,952)	(284,591)	(258,524)	(241,315)
Contribution Deficiency (Excess)	\$ 7,209	(19,978)	22,565	34,694	-
Covered Payroll	\$ 4,195,998	3,938,542	3,937,014	3,532,672	3,477,312
Contribution's as a percentage of Covered-employee Payroll	9.96%	10.23%	7.23%	7.32%	6.94%

Note:

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

Coachella Valley Mosquito and Vector Control District
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2018
Last Ten Years*

Defined Benefit OPEB Plan

	2018
Total OPEB Liability	
Service cost	\$ 142,848
Interest	189,939
Benefit payments	(35,133)
Net change in total OPEB liability	297,654
Total OPEB liability - beginning of year	2,661,523
Total OPEB liability - end of year (a)	\$ 2,959,177
Plan Fiduciary Net Position	
Contributions - employer	\$ 347,553
Actual investment income	184,193
Administrative expense	(930)
Benefit payments	(35,133)
Net change in plan fiduciary net position	495,683
Plan Fiduciary Net Position - beginning of year	1,586,241
Plan Fiduciary Net Position - end of year (b)	2,081,924
Net OPEB Liability - ending (a) - (b)	\$ 877,253
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	70.35%
Covered - employee payroll	N/A
Net OPEB Liability as a percentage of covered- employee payroll	N/A

Notes to Schedule

Benefit changes – None noted.

Changes of assumptions – None noted.

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

Coachella Valley Mosquito and Vector Control District
Schedule of OPEB Contributions
For the Year Ended June 30, 2018
Last Ten Years*

Defined Benefit OPEB Plan

		<u>2018</u>
Actuarially Determined Contribution	\$	-
Contributions in relation to the Actuarially Determined Contribution		<u>-</u>
Contribution Deficiency (Excess)	\$	<u>-</u>
District's Covered-Employee Payroll		N/A
Contribution's as a percentage of Covered-Employee Payroll		13.46%

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Inflation	2.75% per annum
Salary increases	2.75% per annum, in aggregate
Mortality	2014 CalPERS Active Mortality for Miscellaneous Employees.
Retirement rates	2009 CalPERS 2.0% @ 60 Rates for Miscellaneous Employees (adjusted to reflect minimum retirement age of 52 for those hired starting in 2013).
Service requirement	Per the service schedule contained in California Government Code Section 22893.
Discount rate	7% per year net of expenses; the discount rate is based on the assumed long-term return on plan assets assuming 100% funding through CERBT, which is 30 year real rates of return for each asset class along with assumed long-term inflation assumption to set the discount rate. The expected investment return is offset by investment expenses of 25 basis points.
Healthcare cost trend rates	4.0% for HMO and PPO, respectively as of June 30, 2018, and is based on a long-term trend assumption that the average increase over time cannot continue to outstrip general inflation by a wide margin.

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

** Source: Actuarial Study of Retiree Health Liabilities under GASB 74/75 prepared by Total Compensation Systems, Inc. as of the June 30, 2017 measurement date.

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Statistical Section

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

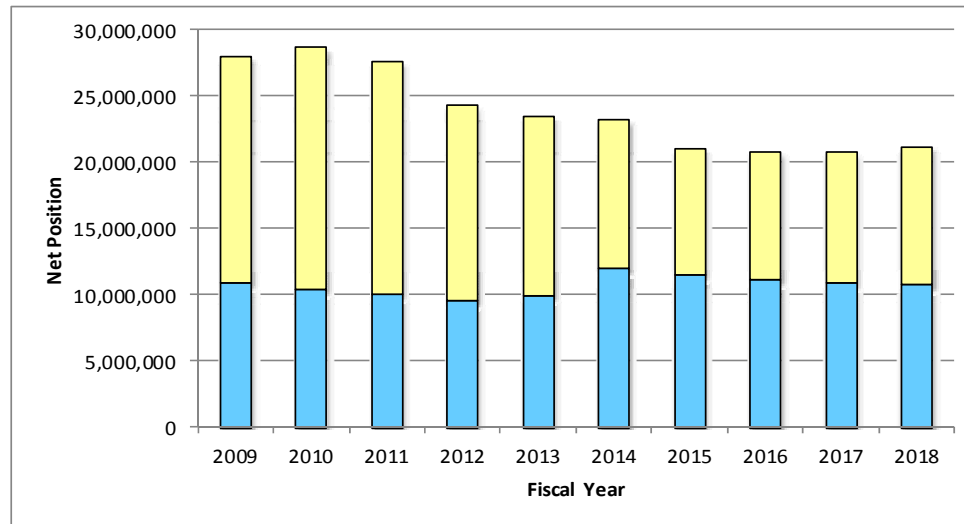
This part of the District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

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Financial Trends	51-57
These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	
Revenue Capacity	58-61
These schedules contain information to help the reader assess the District’s most significant local revenue source, property taxes.	
Demographic Information	62-64
This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	
Operating Information	65-66
This schedule contains service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides and the activities it performs.	

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities:										
Net investment in capital assets	\$ 10,884,594	10,448,996	10,098,779	9,541,160	9,951,730	12,022,189	11,565,887	11,188,461	10,881,505	10,725,824
Unrestricted	<u>17,122,070</u>	<u>18,262,856</u>	<u>17,548,976</u>	<u>14,741,091</u>	<u>13,532,605</u>	<u>11,160,743</u>	<u>9,456,988</u>	<u>9,604,936</u>	<u>9,851,622</u>	<u>10,444,503</u>
Total governmental activities net position	<u>28,006,664</u>	<u>28,711,852</u>	<u>27,647,755</u>	<u>24,282,251</u>	<u>23,484,335</u>	<u>23,182,932</u>	<u>21,022,875</u>	<u>20,793,397</u>	<u>20,733,127</u>	<u>21,170,327</u>
Primary government:										
Net investment in capital assets	10,884,594	10,448,996	10,098,779	9,541,160	9,951,730	12,022,189	11,565,887	11,188,461	10,881,505	10,725,824
Unrestricted	<u>17,122,070</u>	<u>18,262,856</u>	<u>17,548,976</u>	<u>14,741,091</u>	<u>13,532,605</u>	<u>11,160,743</u>	<u>9,456,988</u>	<u>9,604,936</u>	<u>9,851,622</u>	<u>10,444,503</u>
Total primary government net position	\$ <u>28,006,664</u>	<u>28,711,852</u>	<u>27,647,755</u>	<u>24,282,251</u>	<u>23,484,335</u>	<u>23,182,932</u>	<u>21,022,875</u>	<u>20,793,397</u>	<u>20,733,127</u>	<u>21,170,327</u>



Source: Financial Statements

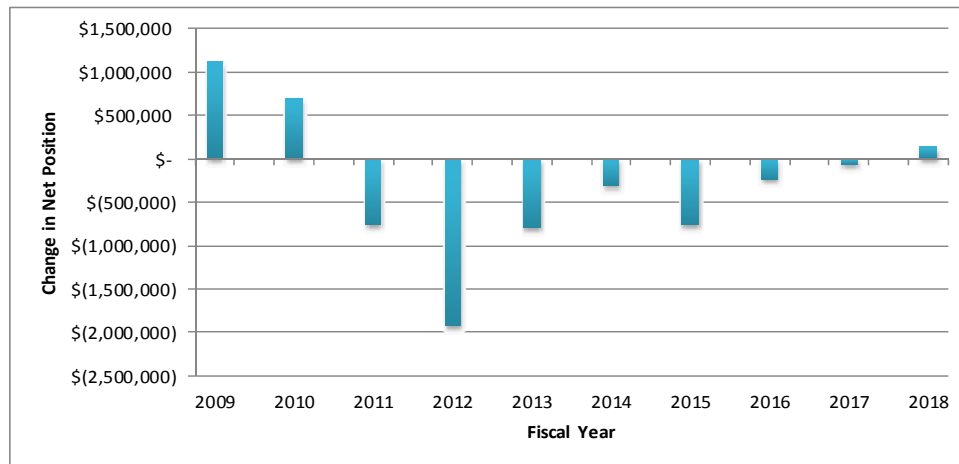
**Coachella Valley Mosquito and Vector Control District
Changes in Net Position
Last Ten Fiscal Years**

	Fiscal Year				
	2009	2010	2011	2012	2013
Expenses:					
Governmental activities:					
Mosquito and vector control operations	\$ -	-	-	8,372,969 ⁽²⁾	8,333,981
General government	4,285,992 ⁽¹⁾	3,536,039	3,912,039	-	-
Public health	4,480,267	4,805,041	4,520,860	-	-
Total government activities expenses	\$ 8,766,259	\$ 8,341,080	\$ 8,432,899	\$ 8,372,969	\$ 8,333,981
Program revenues:					
Governmental activities:					
Charges for services:					
Special benefit assessment	-	-	-	503,409	481,579
General government	12,072	-	1,546	-	-
Total primary government program revenues	12,072	-	1,546	-	481,579
Net revenues (expenses):					
Governmental activities	8,754,187	8,341,080	8,431,353	8,372,969	7,852,402
Total net revenues (expenses)	(8,754,187)	(8,341,080)	(8,431,353)	(8,372,969)	(7,852,402)
General revenues:					
Governmental activities:					
Property taxes and assessments	6,579,412	5,827,961	5,151,528	3,114,832	2,969,087
Pass-through revenues	2,575,937	2,645,279	2,340,578	3,178,138	3,958,205
Investment income	298,702	180,414	129,444	90,600	50,235
Other revenue	417,814	392,614	48,800	78,761	76,959
Total primary government	9,871,865	9,046,268	7,670,350	6,462,331	7,054,486
Changes in net position					
Total primary government	\$ 1,117,678	705,188	(761,003)	(1,910,638)	(797,916)

⁽¹⁾ Public Health was included as General Government

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

Source: Financial Statements



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

Fiscal Year				
2014	2015	2016	2017	2018
8,297,304 ⁽²⁾	8,806,640 ⁽²⁾	8,714,568 ⁽²⁾	9,477,450 ⁽²⁾	9,904,437
-	-	-	-	-
-	-	-	-	-
<u>\$ 8,297,304</u>	<u>\$ 8,806,640</u>	<u>\$ 8,714,568</u>	<u>\$ 9,477,450</u>	<u>\$ 9,904,437</u>
938,320	946,473	955,039	1,452,379	1,628,823
-	-	-	-	-
<u>938,320</u>	<u>946,473</u>	<u>955,039</u>	<u>1,452,379</u>	<u>1,628,823</u>
<u>7,358,984</u>	<u>7,860,167</u>	<u>7,759,529</u>	<u>8,025,071</u>	<u>8,275,614</u>
<u>(7,358,984)</u>	<u>(7,860,167)</u>	<u>(7,759,529)</u>	<u>(8,025,071)</u>	<u>(8,275,614)</u>
3,134,162	3,390,924	3,550,298	3,733,700	3,883,367
3,852,978	3,607,131	3,859,864	3,990,874	4,164,357
45,150	46,493	77,230	83,241	153,373
<u>25,291</u>	<u>60,903</u>	<u>42,659</u>	<u>156,986</u>	<u>206,694</u>
<u>7,057,581</u>	<u>7,105,451</u>	<u>7,530,051</u>	<u>7,964,801</u>	<u>8,407,791</u>
<u>(301,403)</u>	<u>(754,716)</u>	<u>(229,478)</u>	<u>(60,270)</u>	<u>132,177</u>

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

	Fiscal Year	
	2009	2010
General fund:		
Reserved	\$ 864,923	1,198,455
Unreserved	14,359,444	15,585,319
Total general fund	15,224,367	16,783,774
All other governmental funds:		
Reserved		
Unreserved	-	20,155
Total all other governmental funds	\$ -	20,155

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

	Fiscal Year							
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund:								
Non-spendable	\$ 1,082,255	1,107,967	1,292,526	1,210,811	1,347,850	1,507,884	1,357,513	1,587,126
Committed	2,660,650	2,460,190	3,514,102	3,616,495	3,142,583	3,358,633	3,727,041	3,991,341
Assigned	12,220,445	12,082,791	12,146,883	9,855,531	10,122,393	9,454,534	9,038,391	8,803,094
Unassigned	<u>811,793</u>	<u>614,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund	<u><u>16,775,143</u></u>	<u><u>16,265,023</u></u>	<u><u>16,953,511</u></u>	<u><u>14,682,837</u></u>	<u><u>14,612,826</u></u>	<u><u>14,321,051</u></u>	<u><u>14,122,945</u></u>	<u><u>14,381,561</u></u>
All other governmental funds:								
Assigned	-	181,500	-	-	-	-	-	-
Unassigned	<u>67,618</u>	<u>341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u><u>\$ 67,618</u></u>	<u><u>181,841</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Source: Financial Statements

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

	<u>Fiscal Year</u>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues:				
Property taxes and assessments	6,701,002	5,827,961	5,151,528	3,973,561
Revenue from other governmental agencies	2,822,801	2,679,811	2,393,674	3,551,453
Investment income	298,702	161,912	117,754	82,222
Charges for services	12,072	-	1,546	-
Miscellaneous revenues	417,814	390,571	39,394	46,548
Total revenues	<u>10,252,391</u>	<u>9,060,255</u>	<u>7,703,896</u>	<u>7,653,784</u>
Expenditures:				
General government:				
Administration	2,988,917	1,798,598	1,784,271	2,327,152
Maintenance shop	658,606	610,953	273,466	240,486
Building and grounds	600,553	238,184	711,454	772,582
Trustee expense	32,111	38,862	31,621	34,982
Public health:				
Field operations	3,532,787	3,468,983	3,159,817	2,877,110
Laboratory	347,588	610,241	1,135,431	1,196,845
Research	265,818	240,457	225,612	257,940
Capital outlay:				
Equipment	-	-	-	-
Building and grounds	-	-	343,392	74,662
Total expenditures	<u>8,760,454</u>	<u>7,480,693</u>	<u>7,665,064</u>	<u>7,781,759</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,491,937</u>	<u>1,579,562</u>	<u>38,832</u>	<u>(127,975)</u>
Other financing sources (uses):				
Transfers in (out)	<u>(2,594,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior period adjustment				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267,922)</u>
Net change in fund balances	<u>1,491,937</u>	<u>1,579,562</u>	<u>38,832</u>	<u>(395,897)</u>

Continued on next page

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

	Fiscal Year					
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:						
Property taxes	\$ 2,990,314	3,144,520	3,390,924	3,550,298	3,733,700	3,883,367
Redevelopment agency - property tax increment	3,958,205	3,852,978	3,607,131	3,859,864	3,990,874	4,164,357
Interest earnings	50,235	45,150	46,493	77,230	83,241	153,373
⁽¹⁾ Charges for services -special benefit assessment	484,502	926,757	946,473	955,039	1,452,379	1,628,823
Miscellaneous revenues	76,959	25,291	60,903	42,659	156,986	206,694
Total revenues	<u>7,560,215</u>	<u>7,994,696</u>	<u>8,051,924</u>	<u>8,485,090</u>	<u>9,417,180</u>	<u>10,036,614</u>
Expenditures:						
Mosquito and vector control operations:						
Salaries and wages	3,518,861	3,511,940	4,049,899	4,275,911	4,497,941	4,585,574
Employee benefits	1,901,658	1,961,003	1,964,764	1,717,802	2,243,795	2,363,834
Field operations	1,092,556	974,815	903,066	1,060,140	1,442,426	1,208,839
Materials, services and supplies	681,613	661,329	681,380	696,150	720,696	804,646
Insurance	273,848	400,867	300,358	186,663	239,220	151,806
Contract agreements	230,803	123,994	144,326	134,189	140,754	120,000
Capital Outlay	1,026,493	2,631,422	197,444	252,201	330,454	543,299
Total expenditures/expenses	<u>8,725,832</u>	<u>10,265,370</u>	<u>8,241,237</u>	<u>8,323,056</u>	<u>9,615,286</u>	<u>9,777,998</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>(1,165,617)</u>	<u>(2,270,674)</u>	<u>(189,313)</u>	<u>162,034</u>	<u>(198,106)</u>	<u>258,616</u>
Other financing sources (uses):						
Transfers in (out)	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	-
Net change in fund balances	<u>\$ (1,165,617)</u>	<u>(2,270,674)</u>	<u>(189,313)</u>	<u>162,034</u>	<u>(198,106)</u>	<u>258,616</u>

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

⁽¹⁾ Previously included with property taxes

Source: Financial Statements

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

Fiscal Year Ended June 30	County			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Less:		
			Tax Exempt Real Property		
2009	\$ 238,312,506	8,685,393	(6,111,231)	240,886,668	1.0000
2010	213,144,336	8,227,172	(6,424,030)	214,947,478	1.0000
2011	204,153,163	8,121,065	(6,673,229)	205,600,999	1.0000
2012	202,313,851	8,057,242	(6,818,361)	203,552,732	1.0000
2013	201,971,552	8,123,443	(7,116,248)	202,978,747	1.0000
2014	210,523,063	7,868,150	(7,300,462)	211,090,751	1.0000
2015	228,131,826	7,676,875	(7,502,942)	228,305,759	1.0000
2016	240,984,595	7,717,964	(7,760,338)	240,942,221	1.0000
2017	253,728,054	8,200,349	(8,136,300)	253,792,103	1.0000
⁽¹⁾ 2018	253,728,054	8,200,349	(8,136,300)	253,792,103	1.0000

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

NOTE:

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

⁽¹⁾ 2018 Data not available as of October 2018

Source: Auditor-Controller, County of Riverside

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

Fiscal Year	County of Riverside	Range of Overlapping Rates			Total Direct & Overlapping Rates
	Total County Rate	Total City Rate	Total School District Rate	Total Special District Rate	
2018 ⁽¹⁾	1.00000%	0% to 0.00617%	0 to .16601%	0% to 0.50000%	1.11440% to 1.50000%
2017	1.00000%	0% to 0.00617%	0 to .16601%	0% to 0.50000%	1.11440% to 1.50000%
2016	1.00000%	0% to 0.00576%	0 to .15335%	0% to 0.50000%	1.11440% to 1.50000%
2015	1.00000%	0% to 0.00626%	0 to .17234%	0% to 0.53052%	1.14640% to 1.53052%
2014	1.00000%	0% to 0.00673%	0.01768% to .17571%	0% to 0.55075%	1.13830% to 1.55075%
2013	1.00000%	0% to 0.00572%	0.01702% to .17570%	0% to 0.58076%	1.1434% to 1.58076%
2012	1.00000%	0% to 0.12540%	0.01700% to 0.14030%	0% to 0.53864%	1.12540% to 1.53864%
2011	1.00000%	0% to 0.00575%	0.01499% to 0.13224%	0% to 0.50000%	1.12540% to 1.50000%
2010	1.00000%	0.00064% to 0.00577%	0.01242% to 0.12628%	0% to 0.50000%	1.12220% to 1.50000%
2009	1.00000%	0.00119% to 0.00747%	0.01254% to 0.10963%	0% to 0.50000%	1.10950% to 1.50000%

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

⁽¹⁾ 2018 Data not available as of October 2018

Source: Auditor-Controller, County of Riverside

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

<u>Taxpayer</u>	<u>2018*</u>		<u>2009</u>	
	<u>Taxable Assessed Value</u>	<u>Percent of Total County Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percent of Total County Taxable Assessed Value</u>
Southern California Edison Company	\$ 51,918	1.46%	\$ 12,524	0.42%
Centex Corp	-	0.00%	13,896	0.46%
Southern California Gas Company	11,008	0.31%	4,446	0.15%
Verizon California LLC	9,158	0.26%	8,944	0.30%
KB Home Coastal, inc.	-	0.00%	7,972	0.27%
CPV Sentinel LLC	7,966	0.22%	-	0.00%
Lennar Homes of California Inc	3,731	0.10%	6,106	0.20%
Pulte Home Corporation	-	0.00%	4,705	0.16%
Standard Pacific Corp		0.00%	4,683	0.16%
KSL Desert Resorts Inc		0.00%	4,442	0.15%
Western Pacific Housing Inc.	-	0.00%	3,605	0.12%
Costco Wholesale Group	3,366	0.09%	-	0.00%
Blythe Energy, LLC	3,268	0.09%	-	0.00%
Ross Dress for Less Inc	3,231	0.09%	-	0.00%
Chelsea GCA Realty Partnerhsip	3,222	0.09%	-	0.00%
Total	<u>\$ 96,868</u>	<u>2.71%</u>	<u>\$ 71,323</u>	<u>2.39%</u>

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

Source: Treasurer-Tax Collector, County of Riverside

*Prior year numbers used

#Per thousand rounded

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year		Percent of Levy	Delinquent ⁽¹⁾ Tax Collections	Total Collections to Date	
	Amount	Amount			Amount	Percent of Levy
2009	\$ 3,029,936	\$2,807,718	92.67%	2,406	\$ 2,810,124	92.75%
2010	2,791,941	2,652,513	95.01%	3,380	2,655,893	95.13%
2011	2,698,916	2,603,461	96.46%	-	2,603,461	96.46%
2012	2,676,613	2,605,691	97.35%	442	2,606,133	97.37%
2013	2,677,034	2,618,818	97.83%	7,756	2,626,574	98.12%
2014	2,813,382	2,763,665	98.23%	12,867	2,776,532	98.69%
2015	3,014,259	2,968,113	98.47%	13,140	2,981,253	98.91%
2016	3,205,453	3,159,497	98.57%	6,230	3,165,727	98.76%
2017 ⁽²⁾	3,368,109	3,322,587	98.65%	163,568	3,486,155	103.50%
2018 ⁽²⁾	3,368,109	3,322,587	98.65%	163,568	3,486,155	103.50%

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

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

⁽²⁾ 2018 Data not available as of October 2018

Source: Riverside County Auditor Controller's Office

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	2,107,653	63,228,086	29,748	14.00%
2010	2,139,535	64,376,498	29,222	14.50%
2011	2,217,778	69,438,900	29,927	14.40%
2012	2,227,577	71,755,000	31,742	12.60%
2013	2,255,059	76,289,477	33,278	10.20%
2014	2,279,967	76,064,000	33,836	8.40%
2015	2,308,441	81,296,000	34,169	6.60%
2016	2,347,828	86,888,000	34,506	5.90%
2017	2,384,783	90,160,000	35,286	5.60%
2018	2,384,783	(1) 90,160,000 (1)	35,286 (1)	5.60% (2)

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

NOTE:

(1) 2018 Data not available as of October 2018

(2) August 2017 Preliminary - Riverside County Economic Development Agency

Source: County of Riverside Economic Data Analysis

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

<u>Employer</u>	<u>2018*</u>		<u>2009</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
County of Riverside	22,538	2.27%	19,595	2.31%
University of California Riverside	8,686	0.87%	6,657	0.79%
March Air Reserve Base	8,500	0.86%	8,400	0.99%
Amazon	7,500	0.75%	-	0.00%
Stater Brothers Market		0.00%	6,425	0.76%
Kaiser Permanente Riverside Medical Center	5,739	0.58%	3,200	0.38%
Corona-Norco Unified School District	5,399	0.54%	-	0.00%
Riverside Unified School District	4,236	0.43%	4,041	0.48%
Pechanga Resort & Casino	4,000	0.40%	4,800	0.57%
Riverside University Health Systems - Medical Cent	3,876	0.39%	-	0.00%
Eisenhower Medical Center	3,665	0.37%	1,990	0.31%
Abbott Vascular			4,500	0.53%
Riverside Community College District			3,753	0.38%
Temecula Valley Unified School District			2,952	0.35%
Total	<u>74,139</u>	<u>7.46%</u>	<u>66,313</u>	<u>7.85%</u>

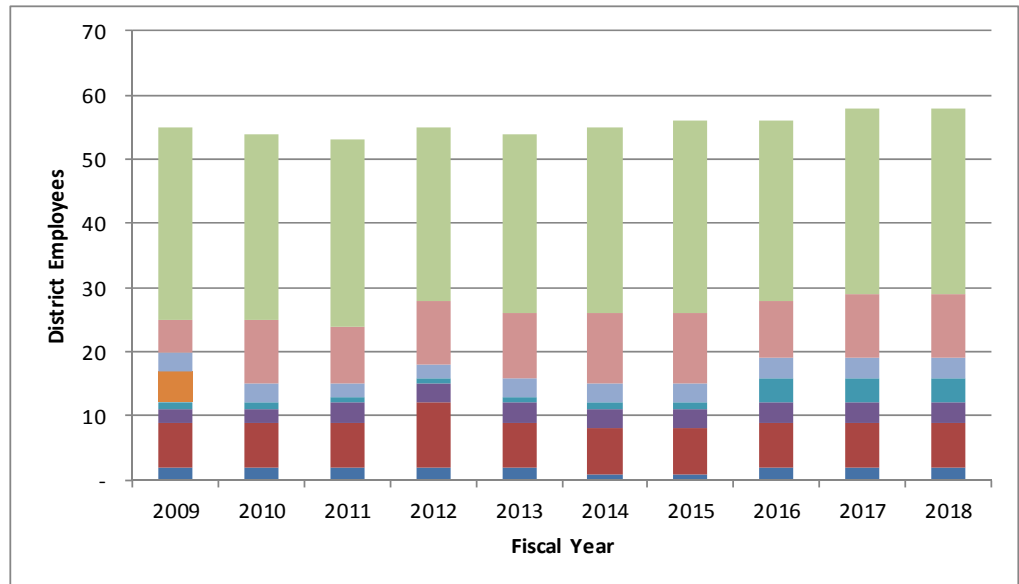
Although the District's services encompass a portion of Riverside County, the amounts presented include the entire County's population. Only the top ten employers that provided data to the County of Riverside are listed for each year.

**Prior year numbers used*

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

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Building and Grounds	2	2	2	2	2	1	1	2	2	2
Administration	7	7	7	10	7	7	7	7	7	7
Risk Management	-	-	-	-	-	-	-	-	-	-
Information Technology	2	2	3	3	3	3	3	3	3	3
Public Outreach	1	1	1	1	1	1	1	4	4	4
Bio-Control	5	-	-	-	-	-	-	-	-	-
Shop	3	3	2	2	3	3	3	3	3	3
Lab	5	10	9	10	10	11	11	9	10	10
Field Operations	<u>30</u>	<u>29</u>	<u>29</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>28</u>	<u>29</u>	<u>29</u>
Total	<u>55</u>	<u>54</u>	<u>53</u>	<u>55</u>	<u>54</u>	<u>55</u>	<u>56</u>	<u>56</u>	<u>58</u>	<u>58</u>

Source: District's Budget Office



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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mosquito & WNV Surveillance										
Abundance per trap night - Rural	116	171	138	258	161	172	120	76	95	68
Abundance per trap night - Urban	30	59	24	22	32	22	28	17	20	14
Number of trap nights - Rural	1,160	1,531	1,516	1,244	1,367	1,317	1,158	3,126	3,520	3,296
Number of trap nights - Urban	704	1,460	1,311	1,249	1,412	1,323	3,281	3,417	9,694	10,227
Larval Surveys	1,401	2,459	3,967	4,093	1,943	9,282	10,883	10,814	12,750	13,694
West Nile Virus - Coachella Valley ⁽⁶⁾										
Human - <i>calendar year</i>	1	-	1	5	3	-	2	-	1	-
Dead Birds	1	1	1	-	-	-	-	-	-	-
Mosquito Pools	14	69	43	118	43	67	135	110	120 ⁽⁶⁾	23 ⁽⁵⁾
Sentinel Chickens	20	39	33	55	25	33	9	-	-	- ⁽⁶⁾
Number of tested mosquito pools	1,819	3,395	1,863	3,471	1,998	1,770	3,272	4,028	5,150	4,495
Number of tested sentinel chickens	1,576	2,074	2,381	1,583	1,080	918	596	-	-	- ⁽⁶⁾
(*) fatal human cases										
Biocontrol										
Acreage stocked with Mosq Fish	37	7	15	75	52	50	25	40	125	21
Fish per acre	2,432	2,489	2,624	2,529	2,608	2,840	2,242	3,000	779	952
Acreage stocked with Tadpole Shrimp	26	N/A	4	3	3	-	-	-	- ⁽¹⁾	- ⁽¹⁾
Mosquito Operations										
Number of Service Requests	469	998	880	773	1,009	930	680	786	817	518
Acreage Treated - Rural	4,699	4,511	2,148	3,682	2,540	5,649	2,726	2,920	2,379	1,601
Acreage Treated - Urban	566	1,278	431	449	377	1,002	869	317	1,251	802
Number of Treatments - Rural	2,723	2,221	1,591	1,484	1,305	2,116	1,934	1,813	2,625	2,218
Number of Treatments - Urban	7,483	2,796	7,161	4,773	5,922	9,450	12,124	15,713	22,943	20,457
Red Imported Fire Ants (RIFA)										
Number of Service Requests	1,101	1,963	2,152	1,688	2,145	2,437	2,707	2,029	1,810	1,423
Acreage Treated	38,534	13,599	21,932	14,839	18,155	22,397	19,844	21,258	21,122	15,450
Number of treatments	4,121	2,380	2,428	2,109	2,706	3,057	3,338	2,754	2,664	2,071
Other Vectors - Trap nights										
Eye Gnats - 22 traps bi-weekly Feb to Nov	559	821	-	-	-	-	-	-	-	- ⁽²⁾
Flies - 23 traps weekly - Feb to Nov	423	460	-	-	-	-	-	-	-	- ⁽³⁾
Wild Rodents - 50 traps monthly	310	305	400	50	-	-	-	-	-	- ⁽⁴⁾

Source: Coachella Valley Mosquito and Vector Control District

- (1) Total tadpole acreage stocked: 0 *No tadpole shrimp were stocked that year while production was shifted from outdoor to indoor.
- (2) In 2011, the routine eye gnat surveillance program was discontinued.
- (3) In 2011, the routine fly surveillance program was discontinued. Surveillance is now performed on a service request basis.
- (4) In 2013 trapping of wild rodents was discontinued
- (5) The District detected St Louis Encephalitis Virus for the 1st time since 2003, these totals include positive SLE and WNV figures.
 Mosquito Pools: 97 WNV/38 SLE (2015)
 Mosquito Pools: 19 WNV/91 SLE (2016)
- (6) In 2016, sentinel chicken testing ceased

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mosquito & WNV Surveillance										
Laboratory	1	1	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	6	6	11	11	9	9
Biocontrol										
Laboratory	1	1	1	1	1	1	1	1	1	1
Fish Production Systems (Inside)	2	2	2	2	2	2	2	2	2	2
Fish Production Systems (Outside Ponds)	2	2	3	3	3	3	3	3	3	3
Vehicles	3	3	3	3	2	2	3	3	0	0
Mosquito Operations										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	22	18	18	19	20	27	35	35	35	35
Red Imported Fire Ants (RIFA)										
Vehicles	13	13	13	12	10	10	0	0	0	0
Other Vector										
Vehicles	8	8	7	5	7	7	0	0	6	6

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

Source: Coachella Valley Mosquito and Vector Control District

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Report on Internal Controls and Compliance



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Coachella Valley Mosquito Vector Control (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
November 13, 2018