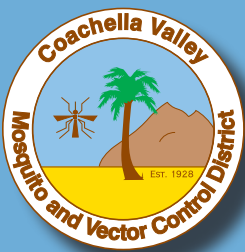
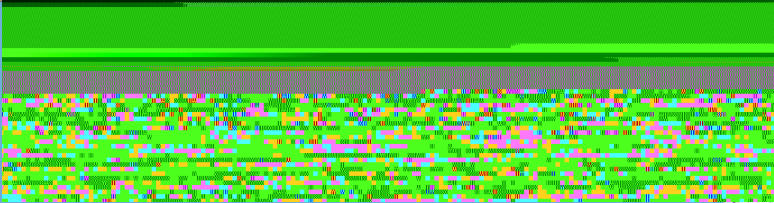


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



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.

**Coachella Valley Mosquito and Vector Control District
Board of Trustees as of June 30, 2015**

<u>Representing</u>	<u>Name</u>	<u>Title</u>	<u>Appointment</u>	<u>Term Expiration</u>
City of Palm Desert	Doug Walker	President	2007	2017
City of Indio	Sam Torres	Vice President	2011	2017
City of Palm Springs	Sharon Lock	Treasurer	2005	2015
County of Riverside	Bito Larson	Secretary	2012	2017
City of Cathedral City	Shelley Kaplan	Trustee	2014	2016
City of Coachella	Betty Sanchez	Trustee	2015	2017
City of Desert Hot Springs	Adam Sanchez	Trustee	2015	2019
City of Indian Wells	Nick Nigosian	Trustee	2014	2017
City of Rancho Mirage	Michael Monroe	Trustee	2015	2017
City of La Quinta	Doug Hassett	Trustee	2015	2016
County of Riverside	Albert Keck	Trustee	2008	2017

**Coachella Valley Mosquito and Vector Control District
Branka B. Lothrop, PhD, 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, 2015

**Coachella Valley Mosquito and Vector Control District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

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Introductory Section



Coachella Valley Mosquito and Vector Control District

43-420 Trader Place • Indio, CA 92201 • (760) 342-8287 • Fax (760) 342-8110
• Toll Free 1-888-343-9399

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

Board of Trustees

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Cathedral City

MICHAEL MONROE
Rancho Mirage

BRANKA B. LOTHROP, Ph. D.
General Manager

November 9, 2015

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 (District) for the fiscal year ended June 30, 2015.

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 was to provide reasonable assurance that the financial statements of the District, for the fiscal year ended June 30, 2015, 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 unqualified opinion that the District's financial statements, for the fiscal year ended June 30, 2015, 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 \$8.3 million, funding comes from property taxes and a Benefit Assessment. The District employs 57 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 and Legal Counsel report to the Board. The Board meets monthly, every second Tuesday, at 6:00pm.

The annual budget serves as the foundation for the District's financial planning and control. All departments of the District are required to submit requests for appropriations to the Administrative Finance Manager on or before March 20 each year. The General Manager, together with the Administrative Finance Manager and the Finance Committee prepare the draft budget. The Board conducts a public hearing on the proposed budget and adopts a preliminary budget no later than June 30 and a final budget no later than August 1. The appropriated budget is prepared by fund (e.g. general), which is the legal level of budgetary control. The General Manager may approve transfers of appropriations within a department (e.g. underspend on small tools and overspend on office supplies). Transfers of appropriations between funds, however, require the specific approval of the Board. Budget-to-actual comparisons are provided in this report for the District's general fund.

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 24% retail industry, 15% in hotel and amusement, 10% in agriculture, and 10% in healthcare. In 2008 before the recession, construction accounted for 10.5% of the total workforce in 2013 it was 5.1%. During the recession and resulting slowdown in the economy, saw a decline in construction projects and falling demand in the hotel and amusement sector. This saw a fall of employment in these sectors, the unemployment rate in Riverside County rose to 14.7 % in 2010, but has since recovered to 6.3%, as of September 2015.

The District receives its revenue from property taxes, redevelopment agency tax increment, and a Benefit Assessment. Coinciding with the property boom prior to 2008, revenue from property tax rose proportionally with the increase of new homes being built in the Coachella Valley and the property values of existing home sales. Following the recession the property tax receipts fell each year. In FY 2013-2014 property tax receipts increased 5 % over previous year and in FY 2014-2015 these increased a further 8 %.

Following the 2011 Redevelopment Dissolution Act (ABX1 26), Redevelopment Agencies (RDAs) and redevelopment pass thru revenue ceased to exist. RDA pass thru accounted for 39 percent of the budgeted revenue in FY 2011-2012 budget. Since dissolution of RDAs, the County has taken responsibility to distribute the property taxes to the affected taxing agencies. The County auditor distributes to the District twice annually the amount that the District would have received, if the RDA still existed. For FY 2014-2015 the property tax increment was 6.4 % lower than the prior year, this is because of one off redistribution of RDA assets in FY2013-2014. Property tax revenue for the same period rose because of higher property values. The Benefit Assessment rate is \$6.07 per single family equivalent (SFE), giving a total receipt of \$946,473 in FY 2014-2015.

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 a Reserve for Operations at minimum balance of around 60% of the operating budget to meet general operating expenses. For FY 2015-2016 Reserves for Operations beginning fund balance is \$5,061,501.

Long-term financial planning

During the last fiscal year 2014-15, the District completed the capital project IF4 Laboratory Expansion and Enhancement. This involved developing and expanding the laboratory allowing staff to confirm results from surveillance tests within 24 to 72 hours, resulting in a faster control response and ultimately more focus and rapid mosquito control. The upgraded and expanded laboratory has one room at bio-safety level III as an option one room at bio-safety level II and one room at bio-safety level I, photoperiod/temperature rearing rooms, storage area, offices, and meeting space. Construction cost was \$3 million paid for by designated reserves. In FY 2008-09, the District had environmental remediation work done at its Thermal facility 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. The District also has adequate funding to replace the entire fleet of vehicles within five years. The District has 13.64 acres of undeveloped land which is subdivided into 15 industrial blue top lots appraised with a market value, as of May 25, 2015, of \$1,080,000, as one property.

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 (April 2015). 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 \$2,622,947, designated for the Emergency Service 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 (\$1.0/acre), and cost of spraying (\$1.0/acre), for a minimum of 130,000 acres, and 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, 2014. This was the seventh 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,

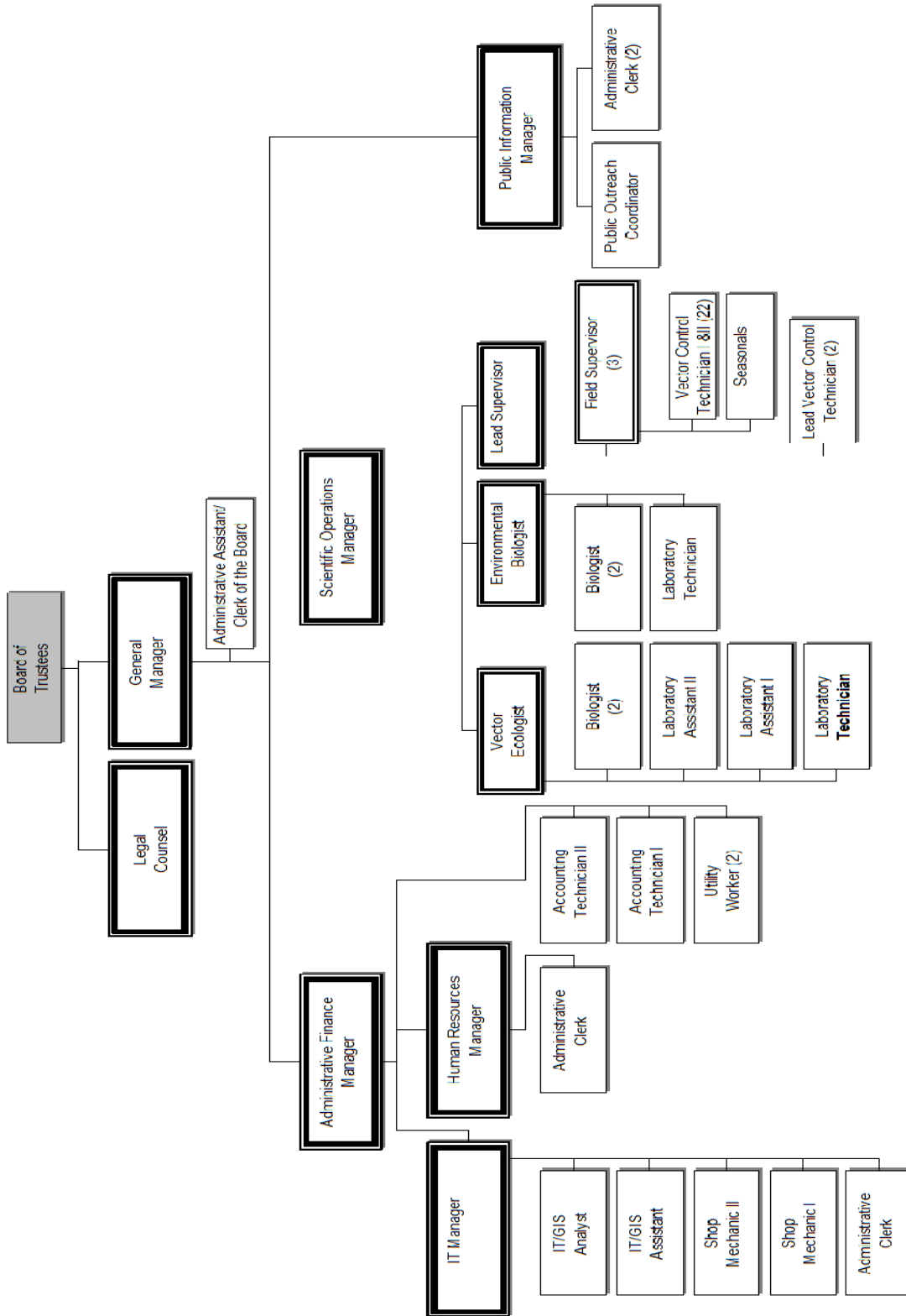


Branka B. Lothrop, PhD
General Manager

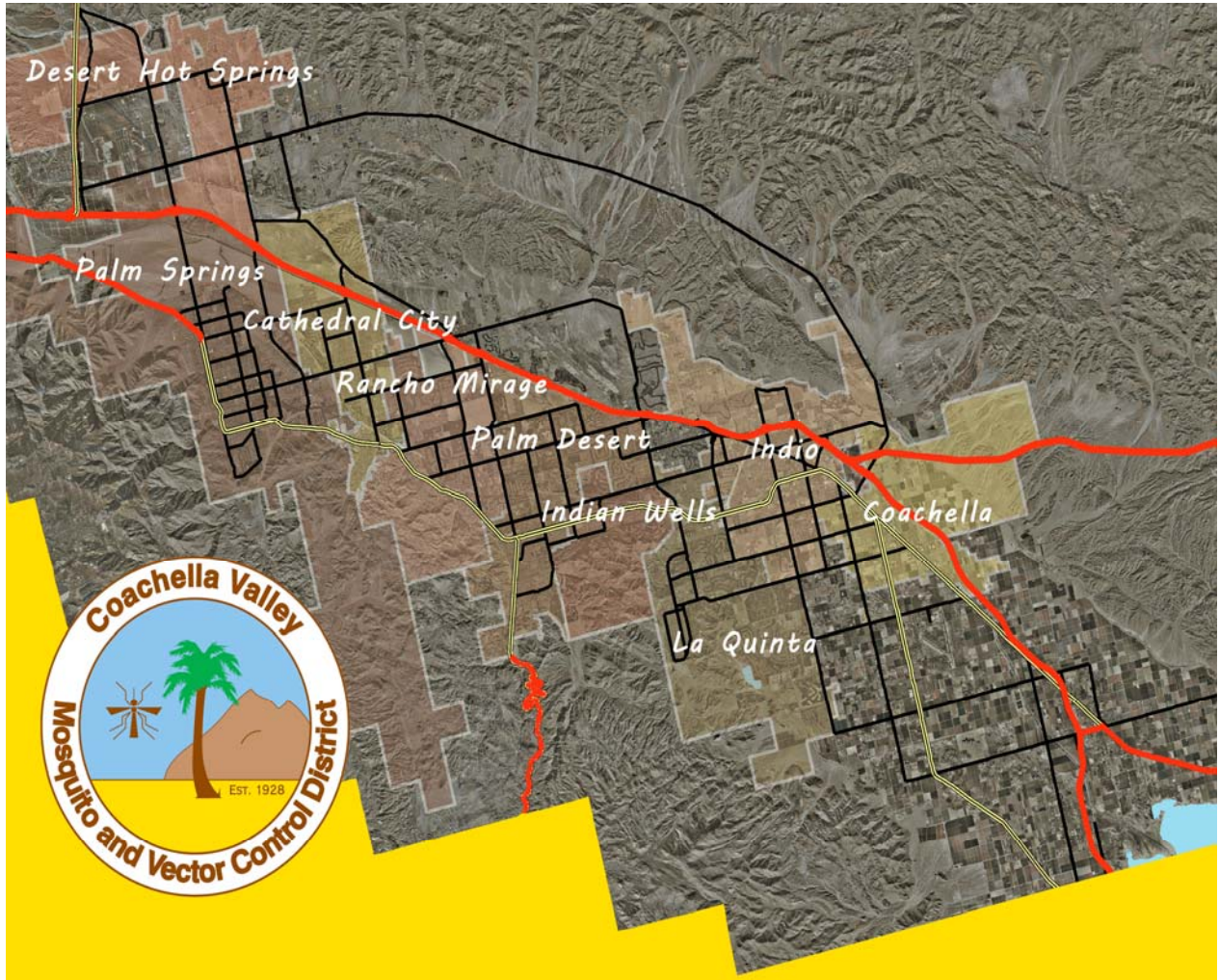


David I'Anson
Finance Manager

Coachella Valley Mosquito and Vector Control District
Organizational Chart
For the Fiscal Year Ended June 30, 2015



Coachella Valley Mosquito and Vector Control District
Service Area Map
For the Fiscal Year Ended June 30, 2015





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, 2014

Executive Director/CEO

Financial Section



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

Fedak & Brown LLP

Certified Public Accountants

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Riverside Office:
4204 Riverwalk Pkwy. Ste. 390
Riverside, California 92505
(951) 977-9888

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, 2015, 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2015, 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 matter

As described in Note 1.C to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 14, and the required supplementary information on pages 43 and 46 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 opinions 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 47 through 62 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.

Independent Auditor's Report, *continued*

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2015, 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 63 and 64.

A handwritten signature in cursive script that reads "Fedak & Brown LLP".

Fedak & Brown LLP

Cypress, California

November 9, 2015

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Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts as of June 30, 2014

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 year ended June 30, 2015 (with comparative information for fiscal year ended June 30, 2014). We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2015, the District's net position decreased 9.32% or \$2,159,950 to \$21,022,875, which is comprised of a decrease from operations of \$754,716 and a decrease from prior period adjustment in the amount of \$1,405,234. Please see note 12 to the basic financial statements for further discussion.
- In 2015, total revenues from all sources increased 0.70% or \$56,023 to \$8,051,924.
- In 2015, total expenses increased 6.14% or \$509,229 to \$8,806,640, primarily due to salary increases for District employees.

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, 2015
With Comparative Amounts as of June 30, 2014

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

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

These two statements report the District's *net position* and changes in 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 sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 42.

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, 2015
With Comparative Amounts as of June 30, 2014

Government-wide Financial Analysis

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Assets:			
Current assets	\$ 15,093,588	15,267,740	(174,152)
Capital assets, net	11,565,887	12,022,189	(456,302)
Total assets	<u>26,659,475</u>	<u>27,289,929</u>	<u>(630,454)</u>
Deferred outflows of resources	<u>258,524</u>	<u>-</u>	<u>258,524</u>
Liabilities:			
Current liabilities	688,616	657,267	31,349
Non-current liabilities	4,507,091	3,449,837	1,057,254
Total liabilities	<u>5,195,707</u>	<u>4,107,104</u>	<u>1,088,603</u>
Deferred inflows of resources	<u>699,417</u>	<u>-</u>	<u>699,417</u>
Net position:			
Net investment in capital assets	11,565,887	12,022,189	(456,302)
Unrestricted	9,456,988	11,160,636	(1,703,648)
Total net position	<u>\$ 21,022,875</u>	<u>23,182,825</u>	<u>(2,159,950)</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 \$21,022,875 as of June 30, 2015.

A large portion of the District's net position (55% as of June 30, 2015) 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 2015, the District reflected a positive balance in its unrestricted net position of \$9,456,988 that may be utilized in future years. (See Note 10)

Condensed Statement of Activities

<i>Governmental Activities:</i>	<u>2015</u>	<u>2014</u>	<u>Change</u>
Expenses:			
Mosquito and vector control operations	\$ 8,806,640	8,297,411	509,229
Program revenues	946,473	938,320	8,153
General revenues	7,105,451	7,057,581	47,870
Total revenues	<u>8,051,924</u>	<u>7,995,901</u>	<u>56,023</u>
Change in net position	<u>(754,716)</u>	<u>(301,510)</u>	<u>(453,206)</u>
Net position, beginning of period, as previously restated	23,182,825	23,484,335	(301,510)
Prior period adjustment (note 12)	<u>(1,405,234)</u>	<u>-</u>	<u>(1,405,234)</u>
Net position, beginning of period, as restated	<u>21,777,591</u>	<u>23,484,335</u>	<u>(1,706,744)</u>
Net position – end of period	<u>\$ 21,022,875</u>	<u>23,182,825</u>	<u>(2,159,950)</u>

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts as of June 30, 2014

Government-wide Financial Analysis, continued

The statements of activities show how the District's net position changed during the fiscal year. In the case of the District, net position decreased by \$2,159,950 during the fiscal year ended June 30, 2015 as the result of a \$754,716 decrease from operations and a \$1,405,234 (Note 12) decrease from prior period adjustment related to the implementation of GASB 68.

Total Revenues

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Program revenues:			
Charges for services – special benefit assessment	\$ 946,473	938,320	8,153
Total program revenues	<u>946,473</u>	<u>938,320</u>	<u>8,153</u>
General revenues:			
Property taxes	3,390,924	3,134,162	256,762
Redevelopment agency – property tax increment	3,607,131	3,852,978	(245,847)
Interest earnings	46,493	45,150	1,343
Rental revenue	15,853	15,709	144
Other revenue	45,050	9,582	35,468
Total general revenues	<u>7,105,451</u>	<u>7,057,581</u>	<u>47,870</u>
Total revenues	<u>\$ 8,051,924</u>	<u>7,995,901</u>	<u>56,023</u>

In 2015, the District's program revenues increased by 0.87% or \$8,153 to \$946,473. General revenues increased by 0.68% or \$47,870 to \$7,105,451.

Total Expenses

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Expenses:			
Mosquito and vector control operations:			
Salaries and wages	\$ 4,091,095	3,594,583	496,512
Employee benefits	2,032,668	1,980,753	51,915
Field operations	903,066	974,815	(71,749)
Materials, services and supplies	681,380	661,436	19,944
Insurance	300,358	400,867	(100,509)
Contract agreements	144,326	123,994	20,332
Depreciation	653,747	560,963	92,784
Total expenses	<u>\$ 8,806,640</u>	<u>8,297,411</u>	<u>509,229</u>

In 2015, total expenses increased by 6.14% or \$509,229 to \$8,806,640, primarily due to salary increase of District employees.

Coachella Valley Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2015
With Comparative Amounts as of June 30, 2014

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, 2015, the District's General Fund reported a fund balance of \$14,612,826. An amount of \$9,477,586 constitutes the District's *assigned fund balance*, which is available for specific future District operations. (See Note 11 for further information on the District's fund balances)

General Fund Budgetary Highlights

The final actual expenditures for the General Fund at year-end were \$174,246 more than budgeted. Actual revenues were more than the anticipated budget by \$163,333. (See Budgetary Comparison Schedule for General Fund under Required Supplementary Information section on page 43).

Capital Asset Administration

Changes in capital assets for the year were as follows:

	Balance 2014	Additions	Deletions/ Transfers	Balance 2015
Depreciable assets:				
Non-depreciable assets	\$ 3,521,748	-	(3,102,275)	419,473
Depreciable assets	15,464,554	3,299,719	(6,048)	18,758,225
Total depreciable assets	18,986,302	3,299,719	(3,108,323)	19,177,698
Accumulated depreciation	(6,964,113)	(653,746)	6,048	(7,611,811)
Total depreciable assets, net	12,022,189	2,645,973	(3,102,275)	11,565,887
Total capital assets, net	\$ 12,022,189			11,565,887

At the end of fiscal year 2015, the District's investment in capital assets amounted to \$11,565,887 (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.

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.

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Basic Financial Statements

Coachella Valley Mosquito and Vector Control District
Statement of Net Position
June 30, 2015

	2015
ASSETS	
Current assets:	
Cash and investments (note 2)	\$ 13,515,123
Accrued interest receivable	6,072
Property taxes and assessments receivable	220,565
Accounts receivable – other	3,978
Materials and supplies inventory	467,719
Prepayments and deposits	880,131
Total current assets	15,093,588
Non-current assets:	
Capital assets – not being depreciated (note 3)	419,473
Capital assets – being depreciated, net (note 3)	11,146,414
Total non-current assets	11,565,887
Total assets	26,659,475
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows (note 4 and 8)	258,524
Total deferred outflows of resources	258,524
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	290,515
Accrued payroll and benefits	190,247
Long term liabilities - due within one year:	
Compensated absences (note 5)	207,854
Total current liabilities	688,616
Non-current liabilities:	
Long term liabilities - due in more than one year:	
Compensated absences (note 5)	311,782
Other post-employment benefits payable (note 6)	1,167,754
Pollution remediation obligation (note 7)	2,100,000
Net pension liability (note 8)	927,555
Total non-current liabilities	4,507,091
Total liabilities	5,195,707
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows (note 8)	699,417
Total deferred inflows of resources	699,417
NET POSITION	
Net investment in capital assets	11,565,887
Unrestricted (note 10)	9,456,988
Total net position	\$ 21,022,875

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Statement of Activities
For the Fiscal Year Ended June 30, 2015

	2015
EXPENSES	
Mosquito and vector control operations:	
Salaries and wages	\$ 4,091,095
Employee benefits	2,032,668
Field operations	903,066
Materials, services and supplies	681,380
Insurance	300,358
Contract agreements	144,326
Depreciation	653,747
Total expenses	8,806,640
PROGRAM REVENUES	
Charges for services – special benefit assessment	946,473
Total program revenues	946,473
Net program expense	7,860,167
GENERAL REVENUES	
Property taxes	3,390,924
Redevelopment agency – property tax increment	3,607,131
Interest earnings	46,493
Rental revenue	15,853
Other revenue	45,050
Total general revenues	7,105,451
Change in net position	(754,716)
Net position, beginning of period, as restated (Note 12)	21,777,591
Net position, end of period	\$ 21,022,875

See accompanying notes to the basic financial statements

Coachella Valley Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental
Type Funds to the Statement of Net Position
June 30, 2015

	<u>General Fund</u>	<u>Reclassifications & Eliminations</u>	<u>Statement of Net Position</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,515,123	-	13,515,123
Accrued interest receivable	6,072	-	6,072
Property taxes and assessments receivable	220,565	-	220,565
Accounts receivable – other	3,978	-	3,978
Materials and supplies inventory	467,719	-	467,719
Prepaid expenses and deposits	880,131	-	880,131
Total current assets	<u>15,093,588</u>	<u>-</u>	<u>15,093,588</u>
Non-current assets:			
Capital assets – not being depreciated	-	419,473	419,473
Capital assets – being depreciated, net	-	11,146,414	11,146,414
Total non-current assets	<u>-</u>	<u>11,565,887</u>	<u>11,565,887</u>
Total assets	<u>15,093,588</u>	<u>11,565,887</u>	<u>26,659,475</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	-	258,524	258,524
Total deferred outflows of resources	<u>-</u>	<u>258,524</u>	<u>258,524</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	290,515	-	290,515
Accrued payroll and benefits	190,247	-	190,247
Compensated absences	-	207,854	207,854
Total current liabilities	<u>480,762</u>	<u>207,854</u>	<u>688,616</u>
Non-current liabilities:			
Compensated absences	-	311,782	311,782
Other post-employment benefits payable	-	1,167,754	1,167,754
Pollution remediation obligation	-	2,100,000	2,100,000
Net pension liability	-	927,555	927,555
Total non-current liabilities	<u>-</u>	<u>4,507,091</u>	<u>4,507,091</u>
Total liabilities	<u>480,762</u>	<u>4,714,945</u>	<u>5,195,707</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	-	699,417	699,417
Total deferred inflows of resources	<u>-</u>	<u>699,417</u>	<u>699,417</u>
Fund balance: (note 11)			
Nonspendable	1,347,850	(1,347,850)	-
Committed	3,787,390	(3,787,390)	-
Assigned	9,477,586	(9,477,586)	-
Total fund balance	<u>\$ 14,612,826</u>	<u>(14,612,826)</u>	<u>-</u>
Net position:			
Net investment in capital assets		\$ 11,565,887	11,565,887
Unrestricted (note 10)		9,456,988	9,456,988
Total net position		<u>\$ 21,022,875</u>	<u>21,022,875</u>

Coachella Valley Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental
Type Funds to the Statement of Net Position
June 30, 2015

Reconciliation:

Fund balance of governmental funds	\$	14,612,826
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.		11,565,887
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		(519,636)
Other post-employment benefits payable		(1,167,754)
Pollution remediation obligation		(2,100,000)
Net pension liability		(927,555)
Deferred inflows of resources		(699,417)
Deferred outflows of resources		258,524
Net position of governmental activities	\$	<u>21,022,875</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, 2015

	General Fund	Reclassifications & Eliminations	Statement of Activities
REVENUES			
Property taxes	\$ 3,390,924	-	3,390,924
Redevelopment agency property tax increment	3,607,131	-	3,607,131
Charges for services – special benefit assessment	946,473	-	946,473
Interest earnings	46,493	-	46,493
Rental revenue	15,853	-	15,853
Other revenue	45,050	-	45,050
	8,051,924	-	8,051,924
EXPENDITURES/EXPENSES			
Mosquito and vector control operations:			
Salaries and wages	4,049,899	41,196	4,091,095
Employee benefits	1,964,764	67,904	2,032,668
Field operations	903,066	-	903,066
Materials, services and supplies	681,380	-	681,380
Insurance	300,358	-	300,358
Contract agreements	144,326	-	144,326
Capital outlay	197,444	(197,444)	-
Depreciation	-	653,747	653,747
	8,241,237	565,403	8,806,640
Change in net position	(189,313)	(565,403)	(754,716)
Fund balance/Net position – beginning	14,802,139	-	21,777,591
Fund balance/Net position – end	\$ 14,612,826	-	21,022,875

Reconciliation:

Net changes in fund balance of governmental fund \$ (189,313)

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	(41,196)
Net change in other post-employment benefits payable	(67,904)

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.

(456,303)

Change in net position of governmental activities \$ (754,716)

See accompanying notes to the basic financial statements

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements
June 30, 2015

(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, 2015

(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. Standards applicable to governmental entities that use proprietary fund accounting, includes:

Government Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the District implemented Government Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*. The requirements of this statement are effective for the financial statement periods beginning after June 15, 2014.

GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision – useful information, supporting assessments of accountability and inter-period equity and creating additional transparency.

GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

Government Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the District implemented Government Accounting Standards Board Statement No. 71 (GASB 71), *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The requirements of this statement are effective for the financial statement periods beginning after June 15, 2014. The provisions of this Statement are applied simultaneously with the provisions of GASB Statement No. 68.

GASB 71 improves accounting and financial reporting by addressing the issue in GASB 68 concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation by employers and non-employer contributing entities. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

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

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

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

3. Investments

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. 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

5. 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 at the time that individual items are withdrawn from inventory or consumed.

6. 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.

7. Deferred Outflows of Resources

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

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

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

8. 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 estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

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

9. 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, 2013
- Measurement Date: June 30, 2014
- Measurement Period: July 1, 2013 to June 30, 2014

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.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

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

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

11. Deferred Inflows of Resources

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

12. 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*.

13. Fund Balance

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

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

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

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

13. Fund Balance, continued

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.

14. 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.

15. 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. The policy is to increase the liability by the amount of claims for accidents incurred before June 30, 2015, but was not reported by that date.

16. 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.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(2) Cash and Cash Equivalents

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

	2015
Petty cash	\$ 2,000
Deposits held with financial institutions	2,432,193
Deposit held with Local Agency Investment Fund (LAIF)	5,611,584
Deposits held with Riverside County Pooled Investment Fund (RCPIF)	5,469,346
Total	\$ 13,515,123

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

	2015
Deposit held with Local Agency Investment Fund (LAIF)	239 days
Deposits held with Riverside County Pooled Investment Fund (RCPIF)	401 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
State and local agency bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency and Sponsored Enterprise Securities	5 years	None	None
Certificates of deposit	5 years	30%	None
Collateralized bank deposits	5 years	None	None
County pooled investment funds	N/A	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

Custodial Credit Risk

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

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

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.

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.

Investments at June 30, 2015 consisted of the following:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity 12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>
Local Agency Investment Fund (LAIF)	\$ 5,611,584	5,611,584	-	-
Certificates-of-deposit	1,489,578	1,489,578	-	-
Money market funds	688,191	688,191	-	-
Riverside County Pooled Investment Fund (RCPIF)	5,469,346	-	5,469,346	-
Total	\$ 13,258,699	7,789,353	5,469,346	-

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 anytime without penalty. RCPIF does not impose a maximum investment limit.

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

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.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(2) Cash and Cash Equivalents, continued

Credit ratings of investments as of June 30, 2015, were as follows:

Investment Type	Total	Minimum legal rating	Exempt or Not Rated	Rating as of year-end AAA
Local Agency Investment Fund (LAIF)	\$ 5,611,584	N/A	5,611,584	-
Certificates-of-deposit	1,489,578	N/A	1,489,578	-
Money market funds	688,191	N/A	688,191	-
Riverside County Pooled Investment Fund (RCPIF)	5,469,346	N/A	-	5,469,346
Total	\$ 13,258,699		7,789,353	5,469,346

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF is not rated.

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code greater than 5.0% of the District's cash and investment portfolio.

(3) Capital Assets

Changes in capital assets for the 2015 fiscal year were as follows:

	Balance 2014	Additions	Deletions	Balance 2015
Non-depreciable assets:				
Land	\$ 417,873	-	-	417,873
Construction-in-process	3,103,875	-	(3,102,275)	1,600
Total non-depreciable assets	3,521,748	-	(3,102,275)	419,473
Depreciable assets:				
Structures and improvements	12,320,222	3,232,129	-	15,552,351
Office equipment	1,552,759	35,940	-	1,588,699
Equipment	1,591,573	31,650	(6,048)	1,617,175
Total depreciable assets	15,464,554	3,299,719	(6,048)	18,758,225
Accumulated depreciation:				
Structures and improvements	(4,133,276)	(553,752)	-	(4,687,028)
Office equipment	(1,539,230)	(43,234)	-	(1,582,464)
Equipment	(1,291,607)	(56,760)	6,048	(1,342,319)
Total accumulated depreciation	(6,964,113)	(653,746)	6,048	(7,611,811)
Total depreciable assets, net	8,500,441	2,645,973	-	11,146,414
Total capital assets, net	\$ 12,022,189			11,565,887

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(4) Deferred Outflows of Resources

Changes in deferred outflows of resources for 2015, were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Transfers</u>	<u>Amortization</u>	<u>Balance 2015</u>
Deferred outflows of resources:					
Pension contributions, 2014	\$ 241,489	-	(241,489)	-	-
Pension contributions, 2015	-	258,524	-	-	258,524
Total deferred outflows of resources	<u>\$ 241,489</u>	<u>258,524</u>	<u>(241,489)</u>	<u>-</u>	<u>258,524</u>

(5) 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 2015 were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2015</u>	<u>Due Within One Year</u>	<u>Due in more than one year</u>
\$	416,645	183,920	(80,929)	519,636	207,854	311,782

(6) Other Post-Employment Benefits Payable

During the fiscal year ended June 30, 2009, the District implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post-employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The reporting requirements for these benefit programs, as they pertain to the District, are set forth below.

Other Post-Employment Benefits – Eligibility

The District pays 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.

Membership in the OPEB plan consisted of the following members as of June 30:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Active plan members	54	54	54
Retirees and beneficiaries receiving benefits	2	2	2
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	<u>56</u>	<u>56</u>	<u>56</u>

Other Post-Employment Benefits – Benefits Offered

The District 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 may be amended by the Board of Directors.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, continued
June 30, 2015

(6) Other Post-Employment Benefits Payable, continued

Funding Policy

The District is required to identify the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 2.0% of the annual covered payroll.

The District will pay 100% of the cost of the post-employment benefit plan. The District funds the plan on a pay-as-you-go basis and maintains reserves (by recording a liability) for the difference between the annual pay-as-you-go amount and the actuarially determined ARC cost.

Annual Cost

For the year ended June 30, 2015, the District's ARC cost after adjustments is \$348,392. The District's net other post-employment benefits payable obligation amounted to \$1,167,754 for the year ended June 30, 2015. The District contributed \$17,583 in contributions for current retiree other post-employment benefits payable obligation premiums and contributed \$262,905 to the California Employees Retirement Benefit Trust (CERBT) irrevocable trust fund with CalPERS for the year ended June 30, 2015.

The balance at June 30, consists of the following:		<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual OPEB expense:				
Annual required contribution (ARC)	\$	262,905	249,207	298,107
Interest on net OPEB obligation		83,699	82,196	82,236
Interest earnings on irrevocable trust balance		648	(138,288)	(39,365)
Adjustment to annual required contribution		<u>1,140</u>	<u>93,256</u>	<u>(25,547)</u>
Total annual OPEB expense		<u>348,392</u>	<u>286,371</u>	<u>315,431</u>
Contributions (to)/from trust:				
Contributions made to irrevocable trust		(262,905)	(249,207)	(298,107)
Retiree benefit payments paid outside of trust		<u>(17,583)</u>	<u>(17,414)</u>	<u>(17,797)</u>
Total contributions made		<u>(280,488)</u>	<u>(266,621)</u>	<u>(315,904)</u>
Total change in net OPEB payable obligation		67,904	19,750	(473)
OPEB payable – beginning of year		<u>1,099,850</u>	<u>1,080,100</u>	<u>1,080,573</u>
OPEB payable – end of year	\$	<u><u>1,167,754</u></u>	<u><u>1,099,850</u></u>	<u><u>1,080,100</u></u>

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

<i>Three-Year History of Net OPEB Obligation</i>				
Fiscal Year Ended	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2015	\$ 348,392	280,488	80.51%	\$ 1,167,754
2014	286,371	266,621	93.10%	1,099,850
2013	315,431	315,904	100.15%	1,080,100

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(6) Other Post-Employment Benefits Payable, continued

Funded Status and Funding Progress of the Plan

The most recent valuation (dated June 30, 2013) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$2,303,379. The District's Plan Assets were \$618,962. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2013, was \$3,537,828. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 47.61%.

See Page 46 for the Schedule of Funding Status.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2013	
Actuarial cost method	Entry age normal cost method, open	
Amortization method	Level percent of payroll amortization	
Remaining amortization period	30 Years as of the valuation date	
Asset valuation method	26 Year smoothed market	
Actuarial assumptions:		
Discount rate	7.61%	
Projected salary increase	3.00%	
Inflation - discount rate	2.80%	
Health care - trend rates	PPO	HMO
Calendar Year – 2015	7.50%	7.00%
Calendar Year – 2016	7.00%	6.50%
Calendar Year – 2017	6.50%	6.00%
Calendar Year – 2018	6.00%	5.50%
Calendar Year – 2019	5.50%	5.00%
Calendar Year – 2020+	5.00%	5.00%

(7) Pollution Remediation Obligation

In January 2007, the District hired EAR Engineering, Construction & Support Services (EAR) to test the soil at the District's Thermal property. It was determined that 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. 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, 2015.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(8) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

Benefits provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living 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 2.5% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. 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, 2015 are summarized as follows:

	Miscellaneous Plan	
	Tier 1	Tier 2
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
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	15.701%	6.25%

As of June 30, 2015, an actuarial report was not prepared by CalPERS for the District's PEPRA tier. CalPERS made this determination as a result of the District not having PEPRA eligible employees between the period January 1, 2013 and June 30, 2013, the valuation date of the actuarial report provided.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(8) Defined Benefit Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by 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.

As of the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan was as follows:

		<u>Miscellaneous Plan</u>
Contributions – employer	\$	258,524
Contributions – employee (paid by employer)		<u>249,730</u>
Total employer paid contributions	\$	<u><u>508,254</u></u>

As of the fiscal year ended June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

		<u>Proportionate Share of Pension Liability</u>
Miscellaneous Plan	\$	<u><u>927,555</u></u>

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, 2014, 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, 2013, rolled forward to June 30, 2014, 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 net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

		<u>Miscellaneous Plan</u>
Proportion – June 30, 2013 (Valuation Date)		0.020428%
Proportion – June 30, 2014 (Measurement Date)		<u>0.014910%</u>
Change – Increase (Decrease)		<u><u>0.005518%</u></u>

As a result of the implementation of the GASB 68 pronouncement at June 30, 2015, the District recognized pension expense of \$221,738 at June 30, 2015.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(8) Defined Benefit Pension Plan, continued

Contributions, continued

As of the fiscal year ended June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 258,524	-
Net differences between projected and actual earnings on plan investments	-	(613,406)
Change in employer's proportion of differences between the employer's contributions and the employer's proportionate share of contributions	-	(86,011)
Total	<u>\$ 258,524</u>	<u>(699,417)</u>

As of June 30, 2015, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$258,524 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

As of the fiscal year ended June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources for June 30, 2014 related to pensions as part of its adjustment to the beginning net position as of July 1, 2014 (Note 12) from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions between the valuation and measurement date	\$ 241,489	-

Employer pension contributions reported as deferred outflows of resources related to contributions between the valuation date and measurement date of \$241,489 were recognized as an adjustment to the beginning net position as of July 1, 2014.

As a result of the implementation of the GASB 68 at June 30, 2015, the District recognized other amounts reported by the Plan actuarial as deferred outflows of resources and deferred inflows of resources related to the pension liability. Pension related amounts will be recognized as pension expense as follows.

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2016	\$ (184,070)
2017	(184,070)
2018	(177,927)
2019	(153,350)
2020	-
Thereafter	-

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(8) Defined Benefit Pension Plan, continued

Contributions, continued

The total pension liability in the June 30, 2013 actuarial valuation report was determined using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	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. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The Discount rate used to measure the total pension liability was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report which can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS confirmed the materiality threshold for the difference in the calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the Discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the fiscal year ended 2017-2018. CalPERS will continue to check the materiality of the difference in the calculation until such time as it has changed its methodology.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(8) Defined Benefit Pension Plan, continued

Discount Rate, continued

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

The table below reflects 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.

<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%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
Total	<u>100.0%</u>		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

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:

	<u>Discount Rate – 1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate + 1% (8.50%)</u>
Plan's Net Pension Liability/(Asset) \$	<u>2,235,320</u>	<u>927,555</u>	<u>157,765</u>

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 44 through 45 for the Required Supplementary Schedules.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(9) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust at June 30, 2015, was \$1,995,115.

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

(10) Net Position

Unrestricted net position is categorized as follows:

Nonspendable net assets:	
Materials and supplies inventory	\$ 467,719
Prepaid expenses and deposits	880,131
Total nonspendable net position	1,347,850
Spendable net position is designated as follows:	
Six-month operating reserve	4,350,566
Emergency services	2,622,947
Other post-employment benefits payable	1,135,625
Total spendable net position	8,109,138
Total unrestricted net position	\$ 9,456,988

Reserves

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

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

Other post-employment benefits payable reserve – comprised of funds that are reserved for the difference between the other post-employment benefits actuarial accrued liability of \$2,303,379 and the calculated liability on the statement of net position of \$1,167,754.

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.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(11) Fund Balance

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (See Note 1.D.13 for a description of these categories). A detailed schedule of fund balances and their funding composition at June 30, 2015, is as follows:

Description	Amount
Nonspendable:	
Materials and supplies inventory	\$ 467,719
Prepaid expenses and deposits	880,131
Subtotal nonspendable	1,347,850
Committed:	
Compensated absences	519,636
Other post-employment benefits payable	1,167,754
Pollution remediation obligation	2,100,000
Sub-total committed	3,787,390
Assigned:	
Six-month operating reserve	4,350,566
Emergency services	2,622,947
Other post-employment benefits payable	1,135,625
Net pension liability	927,555
Deferred inflows of resources, net	440,893
Sub-total assigned	9,477,586
Total fund balance	\$ 14,612,826

(12) Prior Period Adjustment

In fiscal year 2015, the District implemented GASB pronouncements 68 and 71 to recognize its proportionate share of the net pension liability.

As a result of the implementation, the District recognized the pension liability and recorded a net prior period adjustment of \$1,405,234 to decrease the governmental activities' beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of GASB 68 and 71.

The restatement of beginning net position is summarized as follows:

The adjustment to net position is as follows:

Net position at July 1, 2014, as previously stated	\$ 23,182,825
Effect of adjustment to record net pension liability	(1,646,723)
Effect of adjustment to record deferred pension outflows	241,489
Total adjustment	(1,405,234)
Net position at July 1, 2014, as restated	\$ 21,777,591

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(13) 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, 2015, the District participated in the liability and property programs of the VCJPA as follows:

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

The District is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the VCJPA. The District may receive dividends and has the obligation to pay assessments, if declared by the Board, based on a formula which, among other expenses, charges the District's account for liability losses and workers' compensation losses which fall within the District's self-insured retentions (SIR) for each of the program years the District has participated as a member, when those program years are adjusted. The liability SIR for the 2015 program year is \$10,000, and the workers' compensation SIR for the 2015 program year is \$25,000.

The VCJPA participates in an excess pool which provides general liability coverage from \$1,000,001 to \$14,000,000 and in an excess pool which provides employers liability and workers' compensation coverage from \$500,001 to \$5,000,000 and also provides workers' compensation coverage above \$5,000,000 up to the statutory limit, through a combination of reinsurance and insurance. Financial statement information for the VCJPA can be obtained at 1750 Creekside Oaks Drive, Suite 200 Street, Sacramento, CA 95833 or (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, 2015. 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, 2015.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2015, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 72

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. The objective of this Statement is to enhance comparability of financial statements among governments by measurement of certain assets and liabilities at their fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The impact of the implementation of this Statement to the District’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 73

In June 2015, the GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the Scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans as pensions that are within their respective scopes.

The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after December 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement No. 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The impact of the implementation of this Statement to the District’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 74

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50, *Pension Disclosures*.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

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

Governmental Accounting Standards Board Statement No. 74, continued

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2016. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental 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. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2017. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 76

In June 2015, the GASB issued Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the source of authoritative GAAP.

This Statement replaces the requirements of Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015, and should be applied retroactively.

Governmental Accounting Standards Board Statement No. 77

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. This Statement is effective for financial statements for periods beginning after December 15, 2015. It is believed that the implementation of this Statement will not have a material effect to the District's financial statements.

Coachella Valley Mosquito Vector Control District
Notes to the Basic Financial Statements, *continued*
June 30, 2015

(15) 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.

(16) Subsequent Events

Events occurring after June 30, 2015, have been evaluated for possible adjustment to the financial statements or disclosure as of November 9, 2015, 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, 2015

	<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	\$ 3,924,391	3,924,391	4,049,899	(125,508)
Employee benefits	2,032,175	2,032,175	1,964,764	67,411
Field operations	1,109,500	1,109,500	903,066	206,434
Materials, services and supplies	716,081	716,081	681,380	34,701
Insurance	348,236	348,236	300,358	47,878
Contract agreements	150,000	150,000	144,326	5,674
Capital outlay	135,100	135,100	197,444	(62,344)
Total expenditures/expenses	<u>8,415,483</u>	<u>8,415,483</u>	<u>8,241,237</u>	<u>174,246</u>
PROGRAM REVENUES				
Charges for services – special benefit assessment	947,946	947,946	946,473	(1,473)
Total program revenues	<u>947,946</u>	<u>947,946</u>	<u>946,473</u>	<u>(1,473)</u>
GENERAL REVENUES				
Property taxes	3,223,524	3,223,524	3,390,924	167,400
Redevelopment agency property tax increment	3,641,371	3,641,371	3,607,131	(34,240)
Interest earnings	44,000	44,000	46,493	2,493
Rental revenue	15,750	15,750	15,853	103
Other revenue	16,000	16,000	45,050	29,050
Total general revenues	<u>6,940,645</u>	<u>6,940,645</u>	<u>7,105,451</u>	<u>164,806</u>
Total revenues	<u>7,888,591</u>	<u>7,888,591</u>	<u>8,051,924</u>	<u>163,333</u>
Change in fund balance	(526,892)	(526,892)	(189,313)	<u>337,579</u>
Fund balance – beginning of period	<u>14,802,139</u>	<u>14,802,139</u>	<u>14,802,139</u>	
Fund balance – end of period	<u>\$ 14,275,247</u>	<u>14,275,247</u>	<u>14,612,826</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, 2015
Last Ten Years*

	6/30/2014 (a)
District's proportion of the net pension liability (asset)	0.01491%
District's proportionate share of the net pension liability (asset)	\$ 927,555
District's covered-employee payroll (b)	\$ 3,477,312
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.67%
Plan's fiduciary net position as a percentage of the total pension liability	81.15%

Notes:

- (a) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (b) Covered-employee payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll related ratios.

* Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Coachella Valley Mosquito and Vector Control District
Schedule of Pension Plan Contributions
As of June 30, 2015
Last Ten Years*

Schedule of Pension Plan Contributions (a):	Fiscal Year 2013-2014
Actuarially determined contribution (b)	\$ 241,315
Contributions in relation to the actuarially determined contribution (b)	(241,315)
Contribution deficiency (excess)	\$ -
District's covered-employee payroll (c), (d)	\$ 3,477,312
Contribution's as a percentage of covered-employee payroll (c)	6.94%

Notes:

- (a) Historical information is required only for measurement periods for which GASB 68 is applicable.
 - (b) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employer's may choose to make additional contributions towards their side fund or unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.
 - (c) Covered-employee payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.
 - (d) Payroll from prior year (\$3,376,031) was assumed to increase by the 3.00 percent payroll growth assumption.
- * Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Coachella Valley Mosquito and Vector Control District
Schedule of Funding Status – Other Post-Employment Benefits Obligation
For the Fiscal Year Ended June 30, 2015

Funding Status and Funding Progress of the Plan

Required Supplemental Information - Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	1,892,671	1,892,671	0.00%	\$ 2,654,000	71.31%
6/30/2011	-	1,975,304	1,975,304	0.00%	\$ 3,381,990	58.41%
6/30/2013	618,962	2,303,379	1,684,417	26.87%	\$ 3,537,828	47.61%
Calculation			Active Employees	Retired Employees	Total	
Actuarial Accrued Liability – 6/30/2013			\$ <u>2,074,800</u>	<u>228,379</u>	<u>2,303,179</u>	

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every two years, since the District is funding, or annually, if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2016, based on the year ending June 30, 2015.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2013
Actuarial cost method	Entry age normal cost method, open
Amortization method	Level percent of payroll amortization
Remaining amortization period	30 Years as of the valuation date
Asset valuation method	26 Year smoothed market
Actuarial assumptions:	
Discount rate	7.61%
Projected salary increase	3.00%
Inflation - discount rate	2.80%

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 These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	48-53
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant local revenue source, property taxes.	54-57
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	58-59
Operating Information 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.	60-62

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:										
Net investment in capital assets	10,151,968	10,434,280	11,135,829	10,884,594	10,448,996	10,098,779	9,541,160	9,951,730	12,022,189	11,565,887
Unrestricted	<u>12,229,030</u>	<u>15,592,350</u>	<u>16,660,906</u>	<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>
Total governmental activities net position	<u>22,380,998</u>	<u>26,026,630</u>	<u>27,796,735</u>	<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>
Primary government:										
Net investment in capital assets	10,151,968	10,434,280	11,135,829	10,884,594	10,448,996	10,098,779	9,541,160	9,951,730	12,022,189	11,565,887
Unrestricted	<u>12,229,030</u>	<u>15,592,350</u>	<u>16,660,906</u>	<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>
Total primary government net position	<u>22,380,998</u>	<u>26,026,630</u>	<u>27,796,735</u>	<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>

Source: Financial Statements

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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses:										
Governmental activities:										
Mosquito and vector control operations							8,372,969 ⁽²⁾	8,333,981 ⁽²⁾	8,297,304 ⁽²⁾	8,806,640 ⁽²⁾
General government	(1) \$ 9,087,795	(1) \$ 7,070,747	\$ 9,087,795	(1) \$ 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	<u>\$ 9,087,795</u>	<u>\$ 7,070,747</u>	<u>\$ 9,087,795</u>	<u>\$ 8,766,259</u>	<u>\$ 8,341,080</u>	<u>\$ 8,432,899</u>	<u>\$ 8,372,969</u>	<u>\$ 8,333,981</u>	<u>\$ 8,297,304</u>	<u>\$ 8,806,640</u>
Program revenues:										
Governmental activities:										
Charges for services:										
Special benefit assessment							503,409	481,579	938,320	946,473
General government	<u>13,223</u>	<u>36,985</u>	<u>13,223</u>	<u>12,072</u>	<u>-</u>	<u>1,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government program revenues	<u>13,223</u>	<u>36,985</u>	<u>13,223</u>	<u>12,072</u>	<u>-</u>	<u>1,546</u>	<u>503,409</u>	<u>481,579</u>	<u>938,320</u>	<u>946,473</u>
Net revenues (expenses):										
Governmental activities	<u>9,074,572</u>	<u>7,033,762</u>	<u>9,074,572</u>	<u>8,754,187</u>	<u>8,341,080</u>	<u>8,431,353</u>	<u>7,869,560</u>	<u>7,852,402</u>	<u>7,358,984</u>	<u>7,860,167</u>
Total net revenues (expenses)	<u>(9,074,572)</u>	<u>(7,033,762)</u>	<u>(9,074,572)</u>	<u>(8,754,187)</u>	<u>(8,341,080)</u>	<u>(8,431,353)</u>	<u>(7,869,560)</u>	<u>(7,852,402)</u>	<u>(7,358,984)</u>	<u>(7,860,167)</u>
General revenues:										
Governmental activities:										
Property taxes and assessments	7,445,995	6,904,269	7,445,995	6,579,412	5,827,961	5,151,528	3,114,832	2,969,087	3,134,162	3,390,924
Pass-through revenues	2,778,058	2,572,605	2,778,058	2,575,937	2,645,279	2,340,578	3,178,138	3,958,205	3,852,978	3,607,131
Investment income	520,188	510,989	520,188	298,702	180,414	129,444	90,600	50,235	45,150	46,493
Other revenue	<u>100,436</u>	<u>31,999</u>	<u>100,436</u>	<u>417,814</u>	<u>392,614</u>	<u>48,800</u>	<u>78,761</u>	<u>76,959</u>	<u>25,291</u>	<u>60,903</u>
Total primary government	<u>10,844,677</u>	<u>10,019,862</u>	<u>10,844,677</u>	<u>9,871,865</u>	<u>9,046,268</u>	<u>7,670,350</u>	<u>6,462,331</u>	<u>7,054,486</u>	<u>7,057,581</u>	<u>7,105,451</u>
Changes in net position										
Total primary government	<u>\$ 1,770,105</u>	<u>\$ 2,986,100</u>	<u>\$ 1,770,105</u>	<u>\$ 1,117,678</u>	<u>\$ 705,188</u>	<u>\$ (761,003)</u>	<u>\$ (1,407,229)</u>	<u>\$ (797,916)</u>	<u>\$ (301,403)</u>	<u>\$ (754,716)</u>

(1) Public Health was included as General Government

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

Source: Financial Statements

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

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund:					
Reserved	\$ 516,704	723,757	670,153	864,923	1,198,455
Unreserved	<u>11,344,531</u>	<u>14,146,435</u>	<u>15,199,051</u>	<u>14,359,444</u>	<u>15,585,319</u>
Total general fund	<u><u>11,861,235</u></u>	<u><u>14,870,192</u></u>	<u><u>15,869,204</u></u>	<u><u>15,224,367</u></u>	<u><u>16,783,774</u></u>
All other governmental funds:					
Reserved					
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,155</u>
Total all other governmental funds	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>20,155</u></u>

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>
General fund:					
Non-spendable	\$ 1,082,255	\$ 1,107,967	1,292,526	1,210,811	1,347,850
Committed	2,660,650	2,460,190	3,514,102	3,616,495	3,787,390
Assigned	12,220,445	12,082,791	12,146,883	9,855,531	9,477,586
Unassigned	<u>811,793</u>	<u>614,075</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>
 All other governmental funds:					
Assigned	-	181,500	-	-	-
Unassigned	<u>67,618</u>	<u>341</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>

Source: Financial Statements

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

	Fiscal Year						
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues:							
Property taxes and assessments	\$ 5,798,104	6,738,127	7,413,574	6,701,002	5,827,961	5,151,528	3,973,561
Revenue from other governmental agencies	2,209,165	2,399,942	2,712,588	2,822,801	2,679,811	2,393,674	3,551,453
Investment income	280,960	510,989	520,188	298,702	161,912	117,754	82,222
Charges for services	388,329	36,985	13,223	12,072	-	1,546	-
Miscellaneous revenues	80,256	31,999	100,436	417,814	390,571	39,394	46,548
Total revenues	<u>8,756,814</u>	<u>9,718,042</u>	<u>10,760,009</u>	<u>10,252,391</u>	<u>9,060,255</u>	<u>7,703,896</u>	<u>7,653,784</u>
Expenditures:							
General government:							
Administration	2,616,384	2,288,134	2,900,510	2,988,917	1,798,598	1,784,271	2,327,152
Maintenance shop	118,567	130,266	319,650	658,606	610,953	273,466	240,486
Building and grounds	144,040	215,417	1,554,124	600,553	238,184	711,454	772,582
Trustee expense	23,081	31,523	56,408	32,111	38,862	31,621	34,982
Public health:							
Field operations	1,189,238	2,935,513	4,171,400	3,532,787	3,468,983	3,159,817	2,877,110
Laboratory	224,379	406,461	516,411	347,588	610,241	1,135,431	1,196,845
Research	176,612	198,864	242,494	265,818	240,457	225,612	257,940
Capital outlay:							
Equipment	263,857	551,512	-	-	-	-	-
Building and grounds	2,508,736	160,410	-	-	-	343,392	74,662
Total expenditures	<u>7,264,894</u>	<u>6,918,100</u>	<u>9,760,997</u>	<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>1,491,920</u>	<u>2,799,942</u>	<u>999,012</u>	<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)	-	-	-	(2,594,523)	-	-	-
Prior period adjustment	-	209,015	-	-	-	-	(267,922)
Net change in fund balances	<u>\$ 1,491,920</u>	<u>2,799,942</u>	<u>999,012</u>	<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>
Revenues:			
Property taxes	\$ 2,990,314	3,144,520	3,390,924
Redevelopment agency - property tax increment	3,958,205	3,852,978	3,607,131
Interest earnings	50,235	45,150	46,493
⁽¹⁾ Charges for services -special benefit assessment	484,502	926,757	946,473
Miscellaneous revenues	<u>76,959</u>	<u>25,291</u>	<u>60,903</u>
Total revenues	<u>7,560,215</u>	<u>7,994,696</u>	<u>8,051,924</u>
Expenditures:			
Mosquito and vector control operations:			
Salaries and wages	3,518,861	3,511,940	4,049,899
Employee benefits	1,901,658	1,961,003	1,964,764
Field operations	1,092,556	974,815	903,066
Materials, services and supplies	681,613	661,329	681,380
Insurance	273,848	400,867	300,358
Contract agreements	230,803	123,994	144,326
Capital Outlay	<u>1,026,493</u>	<u>2,631,422</u>	<u>197,444</u>
Total expenditures/expenses	<u>8,725,832</u>	<u>10,265,370</u>	<u>8,241,237</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>(1,165,617)</u>	<u>(2,270,674)</u>	<u>(189,313)</u>
Other financing sources (uses):			
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Prior period adjustment			
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,165,617)</u>	<u>(2,270,674)</u>	<u>(189,313)</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		
2006	\$ 164,618,837	6,316,569	(5,014,256)	165,921,150	1.0805
2007	202,009,520	6,735,421	(5,125,567)	203,619,374	1.0772
2008	235,351,116	7,540,803	(5,574,813)	237,317,106	1.0919
2009	238,312,506	8,685,393	(6,111,231)	240,886,668	1.1095
2010	213,144,336	8,227,172	(6,424,030)	214,947,478	1.1222
2011	204,153,163	8,121,065	(6,673,229)	205,600,999	1.1254
2012	202,313,851	8,057,242	(6,818,361)	203,552,732	1.1254
2013	201,971,552	8,123,443	(7,116,248)	202,978,747	1.1434
⁽¹⁾ 2014	210,523,063	7,868,150	(7,300,462)	211,090,751	1.1383
⁽¹⁾ 2015	210,523,063	7,868,150	(7,300,462)	211,090,751	1.1383

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⁾ 2015 Data not available as of November 2015

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	
2015 ⁽¹⁾	1.00000%	0% to 0.00673%	0.01768% to .17571%	0% to 0.55075%	1.13830% to 1.55075%
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%
2008	1.00000%	0.00178% to 0.00627%	0.00549% to 0.08521%	0% to 0.50000%	1.09190% to 1.50000%
2007	1.00000%	0.00249% to 0.00821%	0.00578% to 0.10282%	0% to 0.54324%	1.07720% to 1.54324%
2006	1.00000%	0.00426% to 0.00861%	0.01435% to 0.10210%	0% to 0.50997%	1.08050% to 1.50997%

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

⁽¹⁾ 2015 Data not available as of November 2015

Source: Auditor-Controller, County of Riverside

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

Taxpayer	*2015		2005	
	Taxable Assessed Value#	Percent of Total County Taxable Assessed Value	Taxable Assessed Value#	Percent of Total County Taxable Assessed Value
Southern California Edison Company	\$ 27,265	0.92%	-	-
CPV Sentinel LLC	8,528	0.29%	-	-
Verizon California LLC	7,445	0.25%	7,460	0.43%
Southern California Gas Co.	6,464	0.22%	-	-
Inland Empire Energy Center, LLC	4,725	0.16%	-	-
Walgreen Co.	3,047	0.10%	-	-
Southern California Edison Company	-	-	7,276	0.42%
Tyler Mall LTD Partnership	2,986	0.10%	-	-
Time Warner Cable Pacific West LLC	2,923	0.10%	-	-
Lowes Hiw Inc.	2,740	0.09%	-	-
Target Corp	2,655	0.09%	-	-
Centex Corp	-	-	5,251	0.30%
KB Home Coastal Inc.	-	-	3,924	0.22%
Southern California Gas Co.	-	-	3,621	0.21%
Pulte Home Corp.	-	-	3,221	0.18%
Blythe Energy, LLC	-	-	3,099	0.18%
P.G.C.C.	-	-	2,906	0.17%
KSL Desert Resorts, Inc.	-	-	2,448	0.14%
Murdy S.P.	-	-	2,338	0.13%
Total	\$ 68,778	2.32%	\$ 41,544	2.38%

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	Collected within the Fiscal Year of Levy		Delinquent ⁽¹⁾ Tax Collections	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	2,127,175	1,972,483	92.73%	71,896	2,044,379	96.11%
2007	2,596,969	2,432,641	93.67%	131,299	2,563,940	98.73%
2008	3,220,015	2,702,958	83.94%	225,248	2,928,206	90.94%
2009	3,252,154	2,654,211	81.61%	199,368	2,853,579	87.74%
2010	2,931,369	2,575,731	87.87%	134,100	2,709,831	92.44%
2011	2,794,370	2,547,446	91.16%	104,466	2,651,912	94.90%
2012	2,747,534	2,577,725	93.82%	90,100	2,667,825	97.10%
2013	2,735,249	2,600,768	95.08%	74,320	2,675,088	97.80%
2014	2,863,099	2,836,672	99.08%	-	2,836,672	99.08%
2015	⁽²⁾ \$2,863,099	2,836,672	99.08%	\$ -	2,836,672	99.08%

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⁾ 2015 Data not available as of November 2015

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>
2006	1,939,814	53,246,505	28,730	5.10%
2007	2,031,625	61,024,000	29,560	5.70%
2008	2,088,322	65,504,000	30,894	8.40%
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	74,082,000	33,320	10.20%
2014	2,279,967	\$ 76,626,000	33,949	8.40%
2015	2,308,441	⁽¹⁾ \$ 76,626,000	33,949 ⁽²⁾	6.30% ⁽³⁾

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

NOTE:

- ⁽¹⁾ 2015 Preliminary - California Department of Finance
Source: California Department of Finance
- ⁽²⁾ 2015 Data not available as of November 2015
- ⁽³⁾ September 2015 Preliminary - Riverside County Economic Development Agency
Source: County of Riverside Economica Data Analysis

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

<u>Employer</u>	<u>*2015</u>		<u>2005</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	19,916	2.30%	16,907	2.33%
March Air Reserve Base	8,500	0.98%	-	-
Stater Brothers Market	6,900	0.80%	5,600	0.77%
University of California Riverside	5,514	0.64%	-	-
Kaiser Permanente Riverside Medical Center	5,270	0.61%	2,893	0.40%
Pechanga Resort & Casino	4,500	0.52%	-	-
Corona-Norco Unified School District	4,300	0.50%	-	-
Wal-Mart	4,068	0.47%	-	-
Riverside Unified School District	4,000	0.46%	-	-
Hemet Unified School District	3,572	0.41%	-	-
Fleetwood Enterprises, Inc.	-	-	2,386	0.33%
Eisenhower Medical Center	-	-	1,972	0.27%
Valley Health System	-	-	1,756	0.24%
Riverside Community Hospital	-	-	1,641	0.23%
KSL Desert Resorts, Inc.	-	-	1,600	0.22%
Ralph's Grocery Co.	-	-	1,500	0.21%
The Press Enterprise Co.	-	-	1,168	0.16%
Total	66,540	8.19%	37,423	5.16%

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.

Source: County of Riverside Comprehensive Annual Financial Report

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

<u>Function</u>	<u>Full-Time and Part-Time Employees as of June 30</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Building and Grounds	2	2	2	2	2	2	2	2	1	1
Administration	6	7	7	7	7	7	10	7	7	7
Risk Management	-	1	1	-	-	-	-	-	-	-
Information Technology	1	1	2	2	2	3	3	3	3	3
Public Outreach	2	2	2	1	1	1	1	1	1	1
Bio-Control	2	3	5	5	-	-	-	-	-	-
Shop	3	3	3	3	3	2	2	3	3	3
Lab	4	3	4	5	10	9	10	10	11	11
Field Operations	<u>26</u>	<u>27</u>	<u>31</u>	<u>30</u>	<u>29</u>	<u>29</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>
Total	<u>46</u>	<u>49</u>	<u>57</u>	<u>55</u>	<u>54</u>	<u>53</u>	<u>55</u>	<u>54</u>	<u>55</u>	<u>56</u>

Source: District's Budget Office

Coachella Valley Mosquito and Vector Control District
Operating Indications by Function
Last Seven Fiscal Years

	Fiscal Year							
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Mosquito & WNV Surveillance								
Abundance per trap night - Rural	2,326	116	171	138	258	161	172	120
Abundance per trap night - Urban	42	30	59	24	22	32	22	28
Number of trap nights - Rural	1,318	1,160	1,531	1,516	1,244	1,367	1,317	1,158
Number of trap nights - Urban	884	704	1,460	1,311	1,249	1,412	1,323	3,281
Larval Surveys	549	1,401	2,459	3,967	4,093	1,943	9,282	10,883
West Nile Virus - Coachella Valley ⁽⁶⁾								
Human - <i>calendar year</i>	1	1	-	1	5	3	-	2
Dead Birds	1	1	1	1	-	-	-	-
Mosquito Pools	26	14	69	43	118	43	67	135 ⁽⁶⁾
Sentinel Chickens	28	20	39	33	55	25	33	9 ⁽⁶⁾
Number of tested mosquito pools	1,773	1,819	3,395	1,863	3,471	1,998	1,770	3,272
Number of tested sentinel chickens	1,864	1,576	2,074	2,381	1,583	1,080	918	596
() * fatal human cases								
Biocontrol								
Mosquito Fish Production	278,385	215,035	148,834	279,010	280,248	175,887	218,065	141,534
Acreage stocked with Mosq Fish	21	37	7	15	75	52	50	25
Fish per acre	3,000	2,432	2,489	2,624	2,529	2,608	2,840	2,242
Tadpole Shrimp Production	110,400	254,220	N/A	279,296	257,252	126,595	11,550	- ⁽¹⁾
Acreage stocked with Tadpole Shrimp	12	26	N/A	4	3	3	-	- ⁽²⁾
Mosquito Operations								
Number of Service Requests	660	469	998	880	773	1,009	930	680
Acreage Treated - Rural	3,462	4,699	4,511	2,148	3,682	2,540	5,649	2,726
Acreage Treated - Urban	554	566	1,278	431	449	377	1,002	869
Number of Treatments - Rural	1,933	2,723	2,221	1,591	1,484	1,305	2,116	1,934
Number of Treatments - Urban	7,084	7,483	2,796	7,161	4,773	5,922	9,450	12,124
Red Imported Fire Ants (RIFA)								
Number of Service Requests	1,108	1,101	1,963	2,152	1,688	2,145	2,437	2,707
Acreage Treated	37,026	38,534	13,599	21,932	14,839	18,155	22,397	19,844
Number of treatments	4,199	4,121	2,380	2,428	2,109	2,706	3,057	3,338
Other Vectors - Trap nights								
Eye Gnats - 22 traps bi-weekly Feb to Nov	484	559	821	-	-	-	-	- ⁽³⁾
Flies - 23 traps weekly - Feb to Nov	1,012	423	460	-	-	-	-	- ⁽⁴⁾
Wild Rodents - 50 traps monthly	600	310	305	400	50	-	-	- ⁽⁵⁾

Only eight years of information has been presented, prior years are unavailable

Source: Coachella Valley Mosquito and Vector Control District

- (1) Total tadpole shrimp production: *Not evaluated. The District's outdoor tadpole shrimp pond was not in production that year. Production shifted to indoors later in 2010.
- (2) Total tadpole acreage stocked: 0 *No tadpole shrimp were stocked that year while production was shifted from outdoor to indoor.
- (3) In 2011 the routine eye gnat surveillance program was discontinued.
- (4) In 2011 the routine fly surveillance program was discontinued. Surveillance is now performed on a service request basis.
- (5) In 2013 trapping of wild rodents was discontinued
- (6) 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 & Sentinel Chickens: 3 WNV/6 SLE

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

	<u>Fiscal Year</u>							
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Mosquito & WNV Surveillance								
Laboratory	1	1	1	1	1	1	1	1
Vehicles	6	6	6	6	6	6	6	11
Biocontrol								
Laboratory	1	1	1	1	1	1	1	1
Fish Production Systems (Inside)	2	2	2	2	2	2	0	0
Fish Production Systems (Outside Ponds)	2	2	2	3	3	3	0	0
Vehicles	3	3	3	3	3	2	2	3
Mosquito Operations								
Buildings	1	1	1	1	1	1	1	1
Vehicles	22	22	18	18	19	20	27	35
Red Imported Fire Ants (RIFA)								
Vehicles	13	13	13	13	12	10	10	0
Other Vector								
Vehicles	8	8	8	7	5	7	7	0

Only eight years of information has been presented, prior years are unavailable

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

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, 2015, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 9, 2015.

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 9, 2015