

**FINANCIAL REPORT WITH  
INDEPENDENT AUDITORS' REPORT  
THEREON  
TURLOCK MOSQUITO  
ABATEMENT DISTRICT**

**JUNE 30, 2018**

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Turlock Mosquito Abatement District  
Turlock, California

We have audited the accompanying financial statements of the governmental activities of each major fund of the Turlock Mosquito Abatement District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions 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. 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 opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Turlock Mosquito Abatement District as of June 30, 2018, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Turlock Mosquito Abatement District  
Turlock, California

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, on pages 3-7 and 27-30, respectively, 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.

*Implementation of New Accounting Standards*

As disclosed in Note 1 of the financial statements, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, during fiscal year 2018. Our opinion is not modified with respect to this matter.

Fechter & Company,  
Certified Public Accountants



October 15, 2018  
Sacramento, California

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As Management of the Turlock Mosquito Abatement District (The District), this narrative overview and analysis reflects the District's financial activities for the fiscal year ending June 30, 2018. We recommend that the readers consider this information in conjunction with the financial statements as a whole.

**FINANCIAL POSITION SUMMARY**

Fund and government-wide financial statements are presented on pages 8-13.

The government-wide financial statements, the Statement of Net Position and Statement of Activities, are prepared using the full accrual basis of accounting, much like a for-profit organization. These statements reflect inventory and capital investments of the District, as well as presentation of the finances of the District as a whole (rather than by funds).

Fund financial statements tell how these services were paid for as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements providing information about the District's two funds.

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements. Required supplemental information consists of more detailed data on budget to actual revenues and expenditures and retirements fund schedule of funding progress.

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$963,174 at the close of the fiscal year. The District's liabilities accounted for \$2,182,997 with the largest liability as the net pension liability of \$1,790,413.

The change in the District's assets over liabilities from last year's audit compared to this year's audit is \$(21,880). This reflects the change in revenues, expenditures, and changes in fixed asset values.

The District's member contingency account in the Vector Control Joint Powers Agency (VCJPA) is designed to pay for unexpected self-insured losses and losses not covered under the VCJPA, such as cost associated with pollution remediation and lawsuits exceeding coverage limits for violations of the clean water act. This account has an ending account balance of \$199,803.

The District's ending fund balance increased \$2,345,969 from the previous fiscal year. The District's unrestricted fund balance increased from \$1,976,018 from the previous fiscal year to \$2,345,969 for fiscal year 2017/2018.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

The District fully prefunded the District's OPEB liability in the California Employee Retiree Benefit Trust (CERBT). The District earned \$14,547.56 from investment earnings and incurred administrative expenses of \$300.67. This resulted in an ending balance of \$363,550.46 as of June 30, 2017. As part of the valuation process, the Board selected an amortization period of 20-years and to prefund the District's OPEB liability by contributing at least 100% of the Annual Required Contribution each year. The District continues to invest in CERBT asset allocation Strategy 3 with an annual return rate estimated at 6.12%.

Summary of Assets, Liabilities, and Fund Balance

Assets	2018	2017
Current and other Assets	\$ 2,890,803	\$ 2,453,693
Capital Assets, net	255,368	341,809
Total Assets	\$ 3,146,171	\$ 2,795,502
 Liabilities		
Current and Other Liabilities	\$ 2,182,997	\$ 1,733,430
Total Liabilities	\$ 2,182,997	\$ 1,733,430
 Net Position		
Invested in Capital Assets	\$ 255,368	\$ 341,809
Unrestricted Net Position	707,806	720,263
Total Net Position	963,174	1,062,072
Total Liabilities and Net Position	\$ 3,146,171	\$ 2,795,502

As the District completed the year, its governmental funds (as presented on the reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds on page 12) reported a fund balance showing a net increase of \$369,951.

Summary of Revenues and Expenses

	2018	2017
Revenues	\$ 2,666,809	\$ 2,383,419
Operating Expenses	2,296,858	2,547,797
Excess of Revenues and Expenses	\$ 369,951	\$ (164,378)

**Significant Events**

During 2017, the District experienced significant flooding along the San Joaquin and Tuolumne Rivers from winter storm events. Thousands of acres were completely flooded along both sides of the rivers creating perfect breeding habitat for mosquitoes. Due the huge amount of flooding present, it was necessary to identify those areas most critical for mosquito control efforts. Staff could not possibly treat all the flooding present, so those sites closest to populated areas were identified first. This meant that control efforts were taking place in months typically considered

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

“out of season”. This required additional chemicals to be ordered as well as aerial applications since much of the flooded areas were not reachable by vehicle.

This flood event in Stanislaus County was listed as a Federal Declaration of Emergency making the District eligible for reimbursement for mosquito control costs from FEMA and the California Office of Emergency Services. The total cost requested for reimbursement was \$106,081.00. Unfortunately, the District's application for funds was not approved due to the lack of human illness. This meant that these costs had to be covered by reserves.

There are several policy issues outlined below that will have a significant impact on District operations in the future:

**Clean Water Act & NPDES Permit:** In recent years, there have been a few lawsuits involved with the release of pesticides or their residues (termed “pollutants”) into waters of the United States (WOTUS). On November 27, 2006, the EPA issued a final rule clarifying two specific circumstances in which a Clean Water Act (CWA) permit is not required to apply pesticides to or around WOTUS. They are: 1) the application of pesticides directly to water to control pests; and 2) the application of pesticides to control pests that are present over or near water, where a portion of the pesticides will unavoidably be deposited to the water to target the pests. The action put into effect a rule that confirms EPA's past operating approach that pesticides legally registered under FIFRA for application to or near aquatic environments, and legally applied to control pests at those sites, are not subject to NPDES permit requirements.

In 2008, this rule was challenged by several environmental groups and the U.S. Sixth Circuit court of Appeals held that this rule was not a proper interpretation of the Clean Water Act. The Sixth Circuit ruled that a CWA permit would be required for all biological and chemical pesticide applications that leave a residue in water. After a couple lengthy stays granted by the court, this mandate went into effect October 31, 2011. No further legal appeals are expected, so any further help regarding this matter would be legislative in nature. Currently, a legislative fix for this issue is contained in both versions of the Farm Bill in the House and Senate. It is hoped that the final Farm Bill is passed containing language removing this duplicative regulation.

The District's Water Quality Order 2016-0039-DWQ (General Permit No. CAG990004) will expire June 30, 2021.

**Invasive Species:** California currently has (2) new invasive species within its borders, the Yellow Fever mosquito (*Aedes aegypti*) and the Asian Tiger mosquito (*Aedes albopictus*). Both of these mosquitoes are known to transmit diseases such as: Zika, Yellow Fever, Dengue Fever, and Chikungunya virus. At one time, these mosquitoes and the viruses they transmit were limited to more tropical environments but increasing temperatures have been a catalyst for dispersal worldwide. West Nile virus was once a stable disease in Northern Africa; however, in only 10-15 years it is now found globally. Diseases such as

Dengue and Chikungunya are on the move and may follow the path of West Nile virus across the United States – this becomes much more possible if the vector mosquitoes become established in California.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

In 2014, the District began surveillance activities for *Aedes aegypti*. In 2017, the District was notified that a large population of *Ae. aegypti* were found in the neighboring county of Merced (city of Merced). The District was approved for a grant in 2017 from the California Department of Public Health to help fund the surveillance and detection of *Ae. aegypti* within the District (\$26,000). Officials from the California Department of Public Health have notified the District that more monies may become available later on in the year and the District plans to apply. We are hoping that the close proximity of this recent finding in Merced may make the District eligible for increased funding.

In 2018, *Ae. aegypti* were found in Los Banos within Merced County. This indicates the mosquito continues to spread. The District received funding from the CDC and CDPH to increase our surveillance for this invasive mosquito. Early detection is critical to eradicating this species before it takes hold.

The appearance of this mosquito may have a large and fundamental impact on the District and its operations. It has been shown that the current control protocols we use against native mosquitoes will not be effective against a mosquito such as *Aedes aegypti* which breeds in very close association with humans in backyard sources. District personnel have seen firsthand the frustration in arranging access to properties to inspect and treat swimming pools.

In preparation for the arrival of the Yellow Fever mosquito, the Board elected to create a committed fund balance account established at 8% (1-month) of the District's Adjusted Operating Expenses with a maximum balance set at 16% (2-months) of the District's Adjusted Operating Expenses.

**Pesticide Resistance:** The issue of chemical resistance has become a very hot topic in California, especially with regulatory and legislative concerns limiting the number of products available for use and where these products can be applied. In 2014, the California Department of Public Health adopted a new program to test for the presence of the *kdr* mutation gene in mosquitoes. Mosquitoes with this mutation are resistant to pyrethrins which is the chemical being used by the District to control adult mosquitoes. After sending in hundreds of mosquitoes for testing, the results indicated that the presence of this gene mutation was found in virtually 100% of the wild mosquito population. Additional related testing indicated that some mosquito populations are also exhibiting some resistance to larvicide products containing methoprene. Methoprene mimics a hormone found naturally in mosquitoes which prevent them from developing into adults and keeps them in the aquatic stage.

Review of the District's application records, it became apparent that the District had not been properly rotating chemicals and had a history of treating at the lowest label rates (or lower) thereby increasing the rate of resistance in wild mosquito populations. In 2014, the Insecticide Resistance Guidelines were implemented which provided staff information regarding resistance, how it develops, and how to combat it by rotating chemical use for larvicides and adulticides. Starting in 2015, the District began using adulticide aerial applications using a different adulticide chemical with the active ingredient naled. Naled is in the organophosphate chemical



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

family and has a different mode of action than pyrethrin based chemicals. By rotating this chemical in at various times of the year, we are hoping to target mosquitoes that may be more resistant to pyrethrin based chemicals and remove them from the population. In addition, staff has begun to rotate larvicides using chemicals with different modes of action at various times of the year to prevent mosquitoes from developing resistance to repeated use of one type of chemical.

Currently, the District is cooperating with Anton Cornel and the Centers of Excellence for Vector-Borne Disease to study resistance to other products the District commonly uses. This information will help the District make choices not only more effective for control but more efficient from a cost perspective.

**Capital Assets**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Land	\$ 7,937	\$ 7,937
Structures and improvements	288,415	288,415
Motor vehicles	658,463	658,463
Office and lab equipment	127,689	127,689
Spray equipment	251,894	251,894
Operations and safety	<u>19,912</u>	<u>19,912</u>
	1,354,310	1,354,310
Less Accumulated Depreciation	<u>(1,098,942)</u>	<u>(1,012,501)</u>
Capital Assets, Net	<u>\$ 255,368</u>	<u>\$ 341,809</u>

**Request for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to David Heft, Manager, Turlock Mosquito Abatement District, 4412 N. Washington Road, Turlock, CA 95380.

**TURLOCK MOSQUITO ABATEMENET DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

**ASSETS**

Cash and investments	\$ 1,758,847
Accounts receivable	30,900
Inventory	364,346
	2,154,093
Total current assets	2,154,093
Deposits - non-current	199,803
Capital assets, net	255,368
	2,609,264
<b>TOTAL ASSETS</b>	<b>2,609,264</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred OPEB - Note 9	25,125
Deferred pensions - Note 10	511,782

**LIABILITIES**

Accounts payable and accrued expenses	7,927
Long-term liabilities:	
Net pension liability	1,790,413
Net OPEB liability	52,733
Compensated absences	61,956
	1,913,029
<b>TOTAL LIABILITIES</b>	<b>1,913,029</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred OPEB - Note 9	44,257
Deferred pensions - Note 10	225,711
	270,000

**NET POSITION**

Invested in capital assets, net of related debt	255,368
Unrestricted	707,806
	963,174
<b>NET POSITION</b>	<b>\$ 963,174</b>

The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
Public Safety	\$ 2,688,689	\$ -	\$ -	\$ -	\$ (2,688,689)
Total Governmental Activities	<u>\$ 2,688,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,688,689)</u>

**General Revenues**

Property taxes and assessments	2,307,614
Other governmental revenues	118,841
Interest income	13,987
Miscellaneous	<u>226,367</u>
Total general revenues	<u>2,666,809</u>
Change in net position	(21,880)
Net position at beginning of fiscal year	<u>1,062,072</u>
Prior period adjustment (Note 11)	<u>(77,018)</u>
Net position at end of fiscal year	<u><u>\$ 963,174</u></u>

The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

<b>ASSETS</b>	<u>General Fund</u>
Cash and investments	\$ 1,758,847
Accounts receivable	30,900
Inventory	<u>364,346</u>
Total current assets	<u>2,154,093</u>
Deposits - non-current	<u>199,803</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,353,896</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	<u>\$ 7,927</u>
Total liabilities	<u>7,927</u>
<b>FUND BALANCES</b>	
Fund balance:	
Non-spendable	564,149
Assigned for contingencies/public health emergency	292,705
Assigned for compensated absences	56,530
Assigned for invasive species	82,426
Assigned for operations	870,556
Assigned for capital replacement	119,224
Unassigned	<u>360,379</u>
Total fund balance	<u>2,345,969</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 2,353,896</u></u>

The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

Total fund balances - governmental funds	\$ 2,345,969
<p>In governmental funds, only current assets are reported.  In the statement of net position, all assets are reported,  including capital assets and accumulated depreciation.</p>	
Capital assets at historical cost, net	255,368
Deferred outflows of resources are not reported in the Statement of Net Position	536,907
<p>Long-term liabilities are not due and payable in the current period and, therefore,  are not reported in the funds. Those liabilities consist of:</p>	
Deferred inflows of resources	(269,968)
Net pension liability	(1,790,413)
Net OPEB liability	(52,733)
Compensated absences	<u>(61,956)</u>
Net position of governmental activities	<u><u>\$ 963,174</u></u>

The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund
<b>REVENUES</b>	
Property taxes and assessments	\$ 2,307,614
Other governmental revenues	118,841
Interest income	13,987
Miscellaneous	226,367
Total revenues	2,666,809
<b>EXPENDITURES</b>	
Current:	
Salaries and benefits	1,296,863
Services and supplies	999,995
Total expenditures	2,296,858
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	369,951
<b>FUND BALANCES, BEGINNING OF YEAR</b>	1,976,018
<b>FUND BALANCE, END OF YEAR</b>	\$ 2,345,969

The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES	\$ 369,951
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances	-
Depreciation expense not reported in governmental funds	(86,441)

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Change in OPEB liability	5,153
Change in accrued pensions	(311,057)
Changed in compensated absences	514
	514

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (21,880)
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The accompanying notes are an integral part of these financial statements.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Reporting Entity**

The Turlock Mosquito Abatement District (the "District") was formed in January 1946 to protect the public from mosquito borne diseases and the discomfort caused by mosquito bites. Originally, the District controlled mosquitoes within an area of 342 square miles; today, the District controls mosquitoes within an area of 966 square miles. The governing body is made up of appointed members, five from the cities and three from the county. The eight-person board represents the cities of Newman, Patterson, Turlock, Hughson, Ceres, and unincorporated areas within the County of Stanislaus. The District operates under the California Health and Safety Code, Department of Health Services Vector Control Program and Local Agencies Engaged in Mosquito and Vector Control. Stanislaus County is responsible for the District's cash. The County collects and apportions the taxes that are the main source of revenue for the district. All disbursements, other than petty cash, are made using checks issued by Stanislaus County.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations. This is required supplementary information.
- Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting for all of the District's activities.

These and other changes are reflected in the accompanying financial statements which includes these notes to financial statements.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues.



**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Fund Accounting**

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

**Governmental Funds**

The “measurement focus” of a Governmental Fund is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds used by the District:

General Fund – the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of the funds present increases (i.e., revenues) and decreases (i.e., expenditures) in net current assets.

**TURLOCK MOSQUITO ABATEMENT DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The modified accrual basis of accounting is used by the governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) “Measurable” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes and other revenues as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are property taxes, special assessments, interest revenue, and charges for services. Revenues consist mainly of property taxes that are calculated by Turlock. Tax levies are established in March of each year and are generally due in two installments, in April and December of each year. Tax payments are remitted to the District by the respective county offices.

**Inventory**

Inventory is valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventory are recorded as expenditures when consumed rather than when purchased. Substantially all inventory is purchased from one supplier.

**Capital Assets**

Capital assets are those purchased or acquired with an original cost of \$1,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets’ lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over a period of 5-45 years.

**Compensated Absences**

The current accumulated unpaid employee vacation benefits are reported as a liability in the General Fund. The long-term unpaid employee vacation benefits are reported as a liability in the statement of net position. Vacation benefits are recorded as expenditures in the period that vacation leaves are taken.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave. Accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Reserved Fund Balances**

Reservations or restrictions of fund balances are used to indicate the portion of the fund balance that is not available for expenditure or is segregated for a specific future use. It is the District's policy to first use restricted resources, when available.

Portions of unreserved fund balances may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or debt service. Such plans or intent are subject to change and may never be legally authorized or result in expenditures.

**Net Position**

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by District legislation or external restrictions by creditors, grantors, laws, or regulations of other governments.

**Budgets and Budgetary Accounting**

The Board of Trustees approves a tentative budget no later than June 30 of each year, and adopts a final budget no later than August 30.

From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations. The Board of Trustees may amend the budget by motion during the fiscal year or make transfers from one object or purpose to another within the same budget unit. The original budget is presented in the financial statements. Appropriations lapse at the end of each fiscal year.

A budget is adopted for the General Fund on an accounting basis that materially conforms to accounting principles generally accepted in the United States of America.

**Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Balances**

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting standards for all governments that report governmental funds. Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (i.e. – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

**Change in Accounting Principles**

During the fiscal year ended June 30, 2018, the District adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement requires the Agency recognize in its financial statements the total OPEB liability for the health benefits provided to retirees, less the amounts held in an irrevocable trust account. Due to the implementation of this Statement, total liability increased by \$89,893 and total net position decreased by \$77,018 as of July 1, 2017.

**NOTE 2: CASH AND INVESTMENTS**

The District maintains substantially all of its cash in the Stanislaus County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost. The fair market value of the pool as of the above date is shown by the pools sponsor, the County of Stanislaus, which produces a comprehensive annual financial report. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 2: CASH AND INVESTMENTS – (continued)**

restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. Government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Information regarding the amount of dollars invested in derivatives with the county treasury pool was not available.

**NOTE 3: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

**Plan Description**

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. Copies of the CalPERS annual financial report may be obtained from the executive office at 400 P Street, Sacramento, CA 95814.

**Employee and Employer Contribution Obligations**

All full-time District employees are eligible to participate in CalPERS. The Plan requires an employee contribution of 7% of annual covered salary. The District is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the Board of Administration. The contribution requirements of plan members and the District are established and may be amended by CalPERS. Total covered payroll for the year was \$801,344. The employer contributions rates of annual covered payroll are as follows:

Tier	Non-Safety
Tier 1	8.418%
Tier 2	7.20%
PEPRA	6.533%

In addition the District also makes unfunded liability payments annually to help make up for the shortfall in the pension plan. This is also actuarially determined. The following represents the unfunded liability payments made during the 2018 fiscal year:

Tier	Non-Safety
Tier 1	\$ 72,242
Tier 2	273
PEPRA	-

**Funding Status and Progress**

At June 30, 2018, the District reported a liability of \$1,790,413 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) –  
(continued)**

**Funding Status and Progress (continued)**

determined by an actuarial valuation as of that date. 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 Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$453,988 in its Government-Wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions.

**Actuarial Assumptions**

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.5%, net of investment expense
- Inflation Rate – 2.75%
- Salary increases – Varies by Entry Age and Service – up to 3%
- COLA Increases – up to 2.75%
- Post-Retirement Mortality – Derived using CalPERS’ Membership Data for all Funds

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2016.

The long-term expected rate of return on pension plan investments (7.5%) 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	51.0%	5.71%
Global Fixed Income	20.0%	2.43%
Inflation Sensitive	6.0%	3.36%
Private Equity	10.0%	6.95%
Real Estate	12.0%	5.13%
Liquidity	1.0%	(1.05)%

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) –  
(continued)**

**Actuarial Assumptions (continued)**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.5%	1% Increase 8.5%
District's proportionate share of the net pension plan liability	\$ 2,760,626	\$ 1,790,413	\$ 986,865

**NOTE 4: CAPITAL ASSETS**

The District's recorded capital asset balances changed during the year as follows:

	July 1, 2017	Additions	Disposals & Adjustments	June 30, 2018
Land	\$ 7,937	\$ -	\$ -	\$ 7,937
Structures and imp.	288,415	-	-	288,415
Motor vehicles	658,463	-	-	658,463
Office and lab equipment	127,689	-	-	127,689
Spray equipment	251,894	-	-	251,894
Operations and safety	19,912	-	-	19,912
	1,354,310	-	-	1,354,310
Less Accumulated Depreciation	(1,012,501)	(86,441)	-	(1,098,942)
Capital Assets, Net	\$ 341,809	\$ (86,441)	\$ -	\$ 255,368

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4: CAPITAL ASSETS (continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation expense was \$86,441 for the year ended June 30, 2018.

**NOTE 5: VECTOR CONTROL JOINT POWERS AGREEMENT**

The District is a signatory of a Vector Control Joint Powers Agency Agreement (VCJPA). This agreement is a joint power agreement as authorized by Section 6500 and following of the California Government Code. The VCJPA arranges for and provides insurance for its member districts; it is not a component unit of the District. This VCJPA is accountable for its own fiscal matters. The District had \$199,803 held in trust by the agency at June 30, 2018.

**NOTE 6: WORKERS' COMPENSATION**

The VCJPA provides workers' compensation coverage for the District in excess of the District's retained limit of \$25,000 up to \$500,000 per occurrence. The VCJPA is also a member of an excess risk-sharing pool (LAWCX) that provides coverage for losses that exceed the \$500,000 per occurrence limit up to the statutory limit.

**NOTE 7: RISK MANAGEMENT**

**Employment Practices Liability** – The VCJPA provides employment practices liability coverage to the District up to \$2,000,000 in coverage for employment practices liability type claims. The first \$25,000 is provided by the VCJPA with the District retaining its own self-insured retention of \$10,000. Coverage between \$25,000 and \$2,000,000 is provided by an excess risk-sharing pool (ERMP).

**Commercial General Liability, Auto Liability, Errors, and Omissions** – The VCJPA provides coverage to the District for bodily injury, property damage, personal injury, and public officials' liability through pooled sharing of losses. The VCJPA provides the District with \$1,000,000 per occurrence with the District retaining a portion of each loss at \$10,000. The VCJPA is also a member of an excess risk-sharing pool (CARMA) that provides coverage for losses that exceed the \$1,000,000 per occurrence limit up to \$14,000,000.

**Property** – The VCJPA provides coverage for real and personal property from the District's deductible of \$500, up to \$10,000 per loss. The excess provider (PEPIP) provides coverage in excess of \$10,000 up to \$1,000,000,000. This coverage provides replacement cost for the District's scheduled property.

**Boiler & Machinery** – The PEPIP portion of the program also provides coverage up to \$100,000,000 of repair or replacement cost with a deductible of \$2,500 and up for the sudden and accidental breakdown of boiler and machinery equipment.



**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 7: RISK MANAGEMENT (continued)**

**Auto Physical Damage** – The VCJPA also provides coverage for the District’s vehicles up to a maximum of \$35,000 per vehicle, unless otherwise declared. The District’s deductible is \$500 per accident, per vehicle.

**Group Fidelity** – The District, along with other VCJPA members, has purchased coverage up to \$1,000,000 with a \$15,000 deductible per loss.

**Business Travel Accident** – The District has purchased coverage up to \$150,000 per accident with no deductible.

**NOTE 8: LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2018, is shown below:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Compensated Absences	\$ 62,470	\$ -	\$ 514	\$ 61,956
Net OPEB liability	-	52,733	-	52,733
Net pension liability	1,536,175	254,238	-	1,790,413
Total	<u>\$ 1,598,645</u>	<u>\$ 306,971</u>	<u>\$ 514</u>	<u>\$ 1,905,102</u>

**NOTE 9: POST-RETIREMENT BENEFITS**

*Plan Description*

The District provides post-employment health care benefits to certain employees who are eligible to retire with CalPERS and have completed a minimum of 10 years of employment with the District.

For the year ended June 30, 2018, 5 retirees received health benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2018, expenditures of \$14,402 were recognized for post-employment health care benefits.

*Funding Policy*

The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2018, the District contributed the annual required contribution in the amount of \$19,555. For reporting purposes, this amount is capitalized as a deferred outflow of resource as the measurement period for the liability is June 30, 2017.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 9: POST-RETIREMENT BENEFITS (continued)**

*Employees Covered by Benefit Terms*

AT the OPEB liability measurement date of June 30, 2018, the following employees were covered by the benefit terms:

- Active employees – 12
- Retirees - 5

*Total OPEB liability*

The District’s total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs*

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

Inflation	3.00%
Salary increases	3.25%
Medical cost trend	5-7% increases annually
Discount rate	6.12%

*2018 Fiscal Year OPEB expense breakdown*

	2018
Total OPEB liability- 6/30/2017	\$ 89,893
Investment earnings	(21,396)
Amortization of deferred outflows	(12,875)
Change of assumptions	(12,527)
Service Cost	15,763
Interest	27,474
Experience change	(33,599)
Net change in total OPEB liability	(37,160)
Total OPEB liability - ending	\$ 52,733

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 9: POST-RETIREMENT BENEFITS (continued)**

*Sensitivity of the District's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate*

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

	1% Decrease 5.12%	Discount Rate 6.12%	1% Increase 7.12%
District's proportionate share of the net OPEB plan liability	\$ 101,325	\$ 52,733	\$ 11,411

*Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net pension plan liability	\$ 4,579	\$ 52,733	\$ 110,493

*OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2018 the District recognized OPEB expense of \$14,402. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss and actuarial assumptions. At June 30, 2018 the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings	\$ 5,570	\$ -
Change in assumptions	-	10,558
Differences between projected and actual experience	-	33,699
Contributions subsequent to measurement date	-	-
	<u>\$ 5,570</u>	<u>\$ 44,257</u>

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 9: POST-RETIREMENT BENEFITS (continued)**

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

Year Ending June 30,	Amount
2019	\$ (7,620)
2020	(7,620)
2021	(7,620)
2022	(7,622)
2023	(8,205)
Total	\$ (38,687)

**NOTE 10: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Pursuant to GASB Statement No. 63, the District recognized deferred outflows of resources in the government-wide and proprietary fund statements. These items are a consumption of net position by the District that is applicable to a future reporting period.

The District has one item that is reportable on the Government-Wide Statement of Net Position as Deferred Outflows of Resources which is related to pensions that are the PERS premiums for the 2018 fiscal year which will be recognized in a subsequent reporting period. The total for this is \$142,931. These were the employer contributions for the 2018 fiscal year.

The District is also reporting deferred outflows of resources relating to differences between projected and actual investment earnings, change in employer proportions and differences between the employer’s contributions and their proportionate share of contributions. The sum total of these amounts at year-end were \$368,851 and they will be amortized over a 3.8 year period.

The District also recognized deferral inflows of resources in the government-wide financial statements. These are related to differences between expected and actual experience, changes of assumptions, and differences between employer’s contributions and the District’s proportionate share of contributions. This amount total \$225,711 and will be amortized over a 3.8 year period.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include deferred inflows of resources for amounts that have been earned but are not available to finance expenditures in the current period.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (43,007)
2020	143,431
2021	82,237
2022	<u>(39,522)</u>
Total	<u>\$ 143,139</u>

**NOTE 11: PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was recorded to reflect the newly implemented GASB statement 75.

**NOTE 11: SUBSEQUENT EVENTS**

The date of management review is through November 15, 2018. No events occurred outside the ordinary scope of operations that materially impacted the District's financial statements that would require adjustment or recognition at June 30, 2018.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Property taxes and assessments	\$ 2,274,807	\$ 2,274,807	\$ 2,307,614	\$ 32,807
Other governmental revenues	20,000	20,000	118,841	98,841
Interest income	12,000	12,000	13,987	1,987
Miscellaneous	151,000	151,000	226,367	75,367
	<u>2,457,807</u>	<u>2,457,807</u>	<u>2,666,809</u>	<u>209,002</u>
<b>EXPENDITURES</b>				
Current:				
Salaries and benefits	1,288,460	1,288,460	1,296,863	(8,403)
Services and supplies	1,130,300	1,130,300	999,995	130,305
Capital outlay	-	-	-	-
	<u>2,418,760</u>	<u>2,418,760</u>	<u>2,296,858</u>	<u>121,902</u>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<u>39,047</u>	<u>39,047</u>	<u>\$ 369,951</u>	

See notes to required supplementary information.

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 1: Budgetary Basis of Accounting**

Budgets for the operating fund are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.



**TURLOCK MOSQUITO ABATEMENT DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
POST EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>
Total OPEB liability- 6/30/2017	\$ 89,893
Investment earnings	(21,396)
Amortization of deferred outflows	(12,875)
Change of assumptions	(12,527)
Service Cost	15,763
Interest	27,474
Experience change	<u>(33,599)</u>
Net change in total OPEB liability	<u>(37,160)</u>
Investment earnings	<u>\$ 52,733</u>
Covered-employee payroll	\$ 801,777
Total OPEB liability as a percentage of covered payroll	6.577%
Plan fiduciary net position as a percentage of the total OPEB liability	87.34%
Measurement date	6/30/2017

**TURLOCK MOSQUITO ABATEMENT DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSION  
FOR THE YEAR ENDED JUNE 30, 2018**

Turlock Mosquito Abatement District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years\*:

	FY 2014	FY 2015	FY 2016	FY 2017
District’s proportion of the net pension liability	Varies by plan	Varies by plan	.04422%	.04542%
District’s proportionate share of the net pension liability	\$ 1,100,310	\$ 971,914	\$ 1,536,174	\$1,790,413
District’s covered employee payroll	731,429	731,429	804,699	801,344
District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	150.43%	132.88%	190.90%	223.43%
Plan Fiduciary net position as a percentage of the total pension liability	83.03%	84.64%	76.55%	74.62%

\*Amounts presented above were determined as of 6/30.  
Additional years will be presented as they become available.

**CALPERS - Schedule of District contributions**

Last 10 Fiscal Years\*:

	FY 2014	FY 2015	FY 2016	FY 2017
Actuarially determined contribution	\$ 82,444	\$ 75,357	\$ 108,772	\$ 121,571
Total actual contributions	(82,444)	(75,357)	(108,772)	(121,571)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District’s covered-employee payroll	\$ 731,429	\$ 731,429	\$ 804,699	\$ 801,344
Contributions as a percentage of covered employee payroll	11.27%	10.30%	13.52%	15.17%