

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

INDEPENDENT AUDITOR'S REPORTS

AND

FINANCIAL STATEMENTS

JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Fresno Westside Mosquito Abatement District
Firebaugh, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Fresno Westside Mosquito Abatement District (the District), as of and for the year ended June 30, 2021 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic 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 of 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 financial position of the governmental activities of the Fresno Westside Mosquito Abatement District as of June 30, 2021, 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.

Other Matters

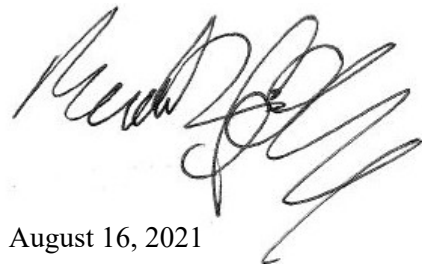
Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United State of America require that the District's Schedule of Proportionate Share of Net Pension Liability and Contributions, on pages 23 – 24 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2021, on our consideration of the Fresno Westside Mosquito Abatement District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

A handwritten signature in black ink, appearing to be "Meredith J. [unclear]", written in a cursive style.

August 16, 2021

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION JUNE 30, 2021

	<u>General Fund</u>	<u>Adjustments (Note 9)</u>	<u>Statement of Net Position</u>
Assets			
Cash and investments	\$ 2,413,182	\$ -	\$ 2,413,182
Interest receivable	14,913	-	14,913
Deposits	530,349	-	530,349
Accounts receivable	4,359	-	4,359
Capital assets, net of accumulated depreciation	-	2,465,583	2,465,583
Total assets	<u>2,962,803</u>	<u>2,465,583</u>	<u>5,428,386</u>
Deferred Outflows of Resources	<u>-</u>	<u>238,373</u>	<u>238,373</u>
Liabilities			
Accounts payable and other accrued liabilities	51,941	-	51,941
Compensated absences	57,949	-	57,949
Net pension liability	-	510,552	510,552
Long-term liabilities			
Due within one year	-	116,945	116,945
Due in more than one year	-	375,076	375,076
Total liabilities	<u>109,890</u>	<u>1,002,573</u>	<u>1,112,463</u>
Deferred Inflows of Resources	<u>-</u>	<u>134,279</u>	<u>134,279</u>
Fund Balances			
Unassigned	<u>2,852,913</u>	<u>(2,852,913)</u>	<u>-</u>
Total fund balances	<u>2,852,913</u>	<u>(2,852,913)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,962,803</u>	<u>\$ (1,716,061)</u>	1,246,742
Net Position			
Net investment in capital assets			
Unrestricted			<u>2,446,455</u>
Total net position			<u>\$ 4,420,017</u>

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Adjustments (Note 9)</u>	<u>Statement of Activities</u>
Revenue			
Property taxes	\$ 1,552,595	\$ -	\$ 1,552,595
Grant income	2,015	-	2,015
Interest	40,796	-	40,796
Other	66,491	-	66,491
Total revenue	<u>1,661,896</u>	<u>-</u>	<u>1,661,896</u>
Expenditures			
Salaries and wages	675,435	-	675,435
Employee benefits	219,354	95,545	314,899
Chemicals	82,692	-	82,692
Communications	6,735	-	6,735
Insurance	76,325	-	76,325
Repairs and maintenance	31,122	-	31,122
Memberships and publications	14,993	-	14,993
Office	982	-	982
Fees and assessments	3,805	-	3,805
Professional services	20,356	-	20,356
Special district expenditures	54,353	-	54,353
Materials and supplies	4,997	-	4,997
Travel and transportation	7,665	-	7,665
Gas and petroleum	23,599	-	23,599
Utilities	14,819	-	14,819
Debt service			
Principal	113,123	(113,123)	-
Interest	19,333	-	19,333
Depreciation	-	103,177	103,177
Total expenditures	<u>1,369,687</u>	<u>85,599</u>	<u>1,455,286</u>
Excess of revenue over expenditures	292,209	-	-
Change in net position	-	(85,599)	206,610
Fund Balances/Net Position			
Beginning of year	2,560,704	-	4,213,407
End of year	<u>\$ 2,852,913</u>	<u>\$ -</u>	<u>\$ 4,420,017</u>

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND JUNE 30, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Property taxes	\$ 1,479,895	\$ 1,479,895	\$ 1,552,595	\$ 72,700
Grant income	2,700	2,700	2,015	(685)
Interest	18,000	18,000	40,796	22,796
Other	<u>47,500</u>	<u>47,500</u>	<u>66,491</u>	<u>18,991</u>
Total revenue	<u>1,548,095</u>	<u>1,548,095</u>	<u>1,661,896</u>	<u>113,801</u>
Expenditures				
Salaries and wages	664,318	664,318	675,435	(11,117)
Employee benefits	230,460	230,460	219,354	11,106
Chemicals	100,000	100,000	82,692	17,308
Communications	4,750	4,750	6,735	(1,985)
Insurance	73,700	73,700	76,325	(2,625)
Repairs and maintenance	49,685	49,685	31,122	18,563
Memberships and publications	17,000	17,000	14,993	2,007
Office	2,249	2,249	982	1,267
Fees and assessments	3,500	3,500	3,805	(305)
Professional services	19,500	19,500	20,356	(856)
Special district expenditures	57,800	57,800	54,353	3,447
Materials and supplies	6,150	6,150	4,997	1,153
Travel and transportation	23,400	23,400	7,665	15,735
Gas and petroleum	-	-	23,599	(23,599)
Utilities	13,500	13,500	14,819	(1,319)
Long-term debt	132,456	132,456	132,456	-
Capital outlay	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total expenditures	<u>1,458,468</u>	<u>1,458,468</u>	<u>1,369,687</u>	<u>88,781</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 89,627</u>	<u>\$ 89,627</u>	292,209	<u>\$ 202,582</u>
Fund Balance				
Beginning of year			<u>2,560,704</u>	
End of year			<u>\$ 2,852,913</u>	

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies

The accounting and reporting policies of the Fresno Westside Mosquito Abatement District (“District”) conform to accounting principles generally accepted in the United States of America as applicable to governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled "Audits of State and Local Governmental Units" and by the Financial Accounting Standards Board (when applicable). The following is a summary of the significant accounting policies:

Reporting Entity – The Fresno Westside Mosquito Abatement District is a California special district formed in 1959 for the control and eradication of mosquitoes in western Fresno County. The District is governed by a Board of Trustees, which consists of seven members.

Government-Wide and Fund Financial Statements – The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities or discretely presented component units and therefore, the statements reflect only activity from governmental activities.

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. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational and capital requirement of a particular function. Taxes and other items are reported as general revenue.

Fund financial statements display information about major funds individually and non-major funds in the aggregate for governmental funds. The District has only one governmental fund and reports it as a major governmental fund as follows:

Governmental Fund Type:

General Fund – The primary fund of the District is used to account for all revenue and expenditures of the District not legally restricted as to use.

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be collectible when it is collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers property taxes and other revenue to be available in the period for which levied if it is collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenue in the current period.

Cash and Investments – Cash deposits consist of demand deposits with financial institutions and cash held by fiscal agents.

Receivables and Payables – Billed but unpaid services provided to individuals or non-governmental entities are recorded as accounts receivable.

Fresno Westside is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is March 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The District considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

Capital Assets – Capital outlays are recorded as expenditures of the General Fund and as assets in the Statement of Net Position to the extent the District's capitalization threshold is met.

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets are included as part of the capitalized value of the assets constructed.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings, structures and improvements	40
Aircraft	15
Equipment and vehicles	7
Office equipment	5

Compensated Absences – Accumulated unpaid vacation is accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable. Sick leave does not vest to the employees and is not accrued.

Long-Term Liabilities – Long-term liabilities consist of a capital lease payable. In the Government-Wide Financial Statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt principal payments are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of Governmental Funds are recognized as expenditures when paid. The face amount of debt issued is reported as other financing sources.

Pension Plan – All full-time District employees are members of the State of California Public Employees' Retirement System. The District's policy is to fund all pension costs accrued; such costs to be funded are determined annually as of July 1 by the System's actuary. See Note 8 for further discussion.

Fund Balance – In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.
- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.
- Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District Board. The District Board has the authority establish, modify, or rescind a fund balance commitment.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

- Assigned fund balance are amounts designated by the District Board for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the District's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Net Position – The fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions on net position imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

Budgetary Information – The District budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The District Manager is required to prepare and submit to the District Board the annual budget of the District and administer it after adoption. District Board approval is required for budget revisions that affect the total appropriations of the District.

Use of Estimates – 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Pension – 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 Employee Retirement System (CalPERS) plan and additions to/deduction from the Plan’s 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.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	<u>\$ 2,413,182</u>
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Cash and investments as of June 30, 2021 consist of the following:

County of Fresno's Pooled Cash	\$ 2,353,977
Deposits with Financial Institution	59,028
Petty Cash	<u>177</u>
Total Cash and Investments	<u>\$ 2,413,182</u>

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 2 – Cash and Investments (continued)

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District is considered to be an involuntary participant in an external investment pool, which is under the direct authority of the Fresno County Treasurer and Tax Collector and governed by the California Government Code. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The District's only investments, which are allocated at fair value, are in the County of Fresno Treasurer's Investment Pool. The County invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, it is not an investment type that can be categorized in any particular level in the fair value hierarchy.

Investments Authorized by the California Government Code

The District is authorized under the California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investments Authorized by the California Government Code

Limitations as they related to interest rate risk, credit risk, and concentration of credit risk are described below:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptances	180 days
Commercial Paper	270 days
Money Market Mutual Funds	N/A
Investment Contracts	30 years

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 2 – Cash and Investments (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Central California Vector Control Joint Powers Authority.

Disclosures Relating to Credit Risk

Generally, 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.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in external investment pools and are therefore exempt.

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 do 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. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Custodial Credit Risk

The custodial risk for investments is the risk that, in the event of the failure of the counterparty 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 California Government Code and the District's investment policy do not contain legal or 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.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 3 – Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance			Balance
	July 1, 2020	Additions	Retirements	June 30, 2021
Capital assets, not being depreciated				
Land	\$ 252,291	\$ -	\$ -	\$ 252,291
Total capital assets, not being depreciated	<u>252,291</u>	<u>-</u>	<u>-</u>	<u>252,291</u>
Capital assets, being depreciated				
Buildings and improvements	2,545,576	-	-	2,545,576
Machinery and equipment	679,013	-	-	679,013
Total capital assets, being depreciated	<u>3,224,589</u>	<u>-</u>	<u>-</u>	<u>3,224,589</u>
Less accumulated depreciation for:				
Buildings and improvements	(444,734)	(62,316)	-	(507,050)
Machinery and equipment	(463,386)	(40,860)	-	(504,246)
Total accumulated depreciation	<u>(908,120)</u>	<u>(103,177)</u>	<u>-</u>	<u>(1,011,297)</u>
Total capital assets, being depreciated, net	<u>2,316,469</u>	<u>(103,177)</u>	<u>-</u>	<u>2,213,292</u>
Governmental activities capital assets, net	<u>\$ 2,568,760</u>	<u>\$ (103,177)</u>	<u>\$ -</u>	<u>\$ 2,465,583</u>

Note 4 – Central California Vector Control JPA

The District participates as a member of the Central California Vector Control JPA (JPA). The JPA is comprised of seven districts located throughout central California and is organized under the joint powers agreement pursuant to the California Government Code. The purpose of the JPA is to provide dental and vision insurance to the District's employees. The JPA members are represented in the governance of the agency through an elected Board of Directors which consists of one member from each member district. The District's share of the JPA Members Deposit at June 30, 2021 was \$530,349.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 5 – Long-Term Liability

Long-term debt at June 30, 2021, consisted of the following:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>
Capital Lease	\$ 605,144	\$ -	\$ (113,123)	\$ 492,021	\$ 116,945
Compensated absences	42,748	-	-	57,949	-
Net pension liability	411,141	99,411	-	510,552	-
Total Business-Type Activity Debt	<u>\$ 1,059,033</u>	<u>\$ 99,411</u>	<u>\$ (113,123)</u>	<u>\$ 1,060,522</u>	<u>\$ 116,945</u>

Capital Lease Obligation – On April 1, 2013, the District entered into a “Lease with Option to Purchase Agreement” with Municipal Finance Corporation for the construction of a new building. The lease bears an interest rate of 3.35% and terminates on May 14, 2025. Upon full payment of the lease, ownership transfers to the District.

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2021 were as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 116,945	\$ 15,511	\$ 132,456
2023	120,896	11,561	132,457
2024	124,980	7,477	132,457
2025	129,200	3,255	132,455
	<u>\$ 492,021</u>	<u>\$ 37,804</u>	<u>\$ 529,825</u>

Note 6 - Deferred Compensation Plans

The District offers its employees deferred compensation plans created in accordance with IRC Section 457. The plan is available to all District employees and permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or an unforeseeable emergency. The District does not match employee contributions. In accordance with Small Business Job Protection Act of 1996, all deferred compensation plan assets are held in trust for the exclusive benefit of participating employees and are not accessible by the District or its creditors. Accordingly, these assets have been removed from the District’s financial statements.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 7 – Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows or resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports \$238,373 in deferred outflows related to net pension liability in the Statement of Net Position. See Note 8 for further details.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports \$134,279 in deferred inflows related to net pension in the Statement of Net Position. See Note 8 for further details.

Note 8 – Defined Benefit Pension Plan

Plan Description – The District contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS 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 PERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy – Participants are required to contribute seven percent of their annual covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rate for fiscal year ended June 30, 2021 was 7.732 – 10.484%. The contribution requirements of plan members and the District are established and may be amended by PERS.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 8 – Defined Benefit Pension Plan (Continued)

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.

The Plans’ provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Classic	PEPRA
	Prior to January 1, 2013	After January 1, 2013
Hire Date		
Benefit Formula	2.0% at 55; maximum 2% COLA	2.0% at 62; maximum 2% COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	62
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	6.25%
Required Employer Contribution Rates	10.484%	7.732%

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 the notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, the contributions recognized as part of the pension expense is as follows:

Contributions – employer	\$ 86,530
Contributions – employee	\$ 43,098

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 8 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Total Net Pension Liability	\$510,552

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of each Plan is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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 plans 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, 2020 and 2021 was as follows:

	<u>Miscellaneous</u>
Proportion – June 30, 2020	0.01027%
Proportion – June 30, 2021	0.01210%
Change – Increase/(Decrease)	0.00184%

For the year ended June 30, 2021, the District recognized pension expense of \$182,074. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 86,530	\$ -
Changes of assumptions	-	(3,641)
Differences between expected and actual experience	26,310	-
Differences between projected and actual investment earnings	15,167	-
Differences between employer's contributions and proportionate share of contributions	-	(130,638)
Change in employer's proportion	<u>110,366</u>	<u>-</u>
Total	<u>\$ 238,373</u>	<u>\$ (134,279)</u>

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 8 – Defined Benefit Pension Plan (Continued)

\$86,530 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		
2022	\$	6,655
2023		(1,122)
2024		4,757
2025		7,274

Actuarial Methods and Assumptions – The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The collective total pension liability was based on the following assumptions:

Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' ¹ Membership Date for all Funds
Post Retirem Benefit	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 8 – Defined Benefit Pension Plan (Continued)

All other actuarial assumptions used in the June 30, 2018 valuation was based on the results of an December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015), including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website.

Change of Assumption – No changes in assumptinos

Discount rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected rate of returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 8 – Defined Benefit Pension Plan (Continued)

The table below reflects long-term expected real rates 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. The geometric rates of return are net of administrative expenses.

Asset Class ¹	New Strategic Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Infrastructure and Forestland	0.0%	0.00%	0.00%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

¹ In the System’s CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District’s proportionate share of the net pension liability for each Plan, calculating using the discount rate of each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability	\$ 1,082,103	\$ 510,552	\$ (38,296)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2021, the District has no reported outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2021.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 9 – Reconciliation of Government-Wide and Fund Financial Statements

A) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Amounts reported for governmental activities in the Statement of Net Position are different from the fund balance of the General Fund because:

Governmental long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	\$ (492,021)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the General Fund	2,465,583
Net pension liability applicable to governmental activities are not due and payable in the current period and accordingly is not reported in the General Fund	(510,552)
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	86,530
Deferred outflows of resources related to net pension liability, represent an consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time	151,843
Deferred inflows of resources related to net pension liability, represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time	<u>(134,279)</u>
Net adjustment to increase net change in fund balances to arrive at net position of governmental activities	<u>\$ 1,567,104</u>

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

Note 9 – Reconciliation of Government-Wide and Fund Financial Statements (Continued)

B) Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

Amounts reported for governmental activities in the Statement of Activities are different from the governmental fund statement of revenues, expenditures, and changes in fund balances because:

Depreciation expense on capital assets is reported in the Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not required as expenditures in the General Fund	\$ (103,177)
Pension expenses reported in the Statement of Activities do no require the use of current financial resources an, therefore are not reported as expenditures in the General Fund	(95,545)
Principal from long-term debt is an expense in governmental funds, but the expense is not included in the statement of net position	<u>113,123</u>
Net adjustment to decrease net change in fund balances total governmental funds to arrive at change in net position of governmental activities	<u>\$ (85,599)</u>

Note 10 – Subsequent Events

The District evaluated subsequent events for recognition and disclosure through August 16, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in such financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST 10 YEARS* AS OF JUNE 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Proportion of the net pension liability	0.000140%	0.000120%	0.007060%	0.008850%	0.86200%	0.01027%	0.01210%
Proportionate share of the net pension liability	\$ 346,074	\$ 3,299	\$ 510,552	\$ 348,751	\$ 324,820	\$ 411,141	\$ 510,552
Covered - employee payroll	\$ 446,099	\$ 575,424	\$ 604,092	\$ 627,350	\$ 589,014	\$ 600,660	\$ 607,860
Proportionate share of the net pension liability as percentage of covered-employee payroll	77.58%	0.57%	84.52%	55.59%	55.15%	68.45%	83.99%
Plan's fiduciary net position	\$ 2,725,701	\$ 3,169,112	\$ 3,070,589	\$ 3,427,950	\$ 3,536,498	\$ 3,664,076	\$ 3,784,388
Plan's fiduciary net position as a percentage of the Total Pension Liability	88.73%	99.45%	92.61%	90.77%	91.59%	89.91%	88.11%

*Fiscal year 2014-15 was the first year of implementation, therefore only seven years are shown.

FRESNO WESTSIDE MOSQUITO ABATEMENT DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION SCHEDULE OF CONTRIBUTIONS LAST 10 YEARS* AS OF JUNE 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution (actuarially determined)	\$ 36,312	\$ 39,951	\$ 35,067	\$ 45,353	\$ 54,846	\$ 61,897	\$ 72,420
Contributions in relation to the actuarially determined contributions	(36,312)	(39,951)	(35,067)	(45,353)	(54,846)	(61,897)	(72,420)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 446,099	\$ 575,424	\$ 604,092	\$ 627,350	\$ 589,014	\$ 600,660	\$ 607,860
Contributions as a percentage of covered-employee payroll	8.14%	6.94%	5.80%	7.23%	9.31%	10.30%	11.91%

*Fiscal year 2014-15 was the first year of implementation, therefore only seven years are shown.

**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 *GOVERNMENTAL AUDITING STANDARDS***

To the Board of Trustees
Fresno Westside Mosquito Abatement District

We have audited, 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, the financial statements and governmental activities of the Fresno Westside Mosquito Abatement District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fresno Westside Mosquito Abatement District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

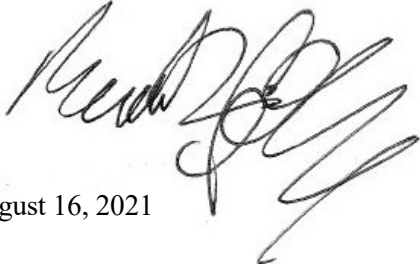
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Fresno Westside Mosquito Abatement 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 the financial statements. 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*.

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.

A handwritten signature in black ink, appearing to be "Michael J. [unclear]", written in a cursive style.

August 16, 2021