

West Valley Mosquito and Vector Control District

Ontario, California

Annual Financial Report

For the Year Ended June 30, 2016



**West Valley Mosquito and Vector Control District
Annual Financial Report
For the Year Ended June 30, 2016**

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the West Valley Mosquito and Vector Control District (District) as of and for the year ended June 30, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 the general fund of the District, as of June 30, 2016, 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 Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California

Emphasis of Matter

Prior Period Adjustment

As part of our audit of the 2016 financial statements, we also audited the adjustment described in Note 9 that was applied to restate the District's June 30, 2015 net position. In our opinion, such adjustments are appropriate and have been properly applied. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 11 and the Budgetary Comparison Schedule – General Fund, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and the Schedule of the District's Contributions to the Pension Plan on pages 47 through 49, respectively, are presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2016, on our consideration of the 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 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.



Santa Ana, California
December 31, 2016



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

To the Board of Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the West Valley Mosquito and Vector Control District (District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 31, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weaknesses or significant deficiency 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 significant deficiencies. We did identify certain deficiencies in internal controls, described in our separately issued *Report on Internal Control Matters in an Audit* that we consider to be material weakness as items 2016-01.

Compliance and Other Matters

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

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To the Board of Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California

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 that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
December 31, 2016

West Valley Mosquito and Vector Control District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Finding 2016-01 – Prior Period Adjustments

Criteria:

Effective internal control over financial reporting provides reasonable assurance for the completeness and accuracy of accounting records and proper year-end closing.

Condition:

During the year ended June 30, 2016, the District recorded the following adjustments to beginning net position to adjust for differences in these account balances:

Prior period adjustments:

Difference between actual and proportionate share of employer contributions	\$70,125
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Cause:

The District's GASB No. 68 calculation for the year ended June 30, 2015 was incorrectly calculated and adjusted on the financial statements by the prior year auditor.

Effect:

The District's beginning net position was understated by \$70,125.

Recommendation:

District management should seek the opinion of a third-party professional to validate any disagreements in accounting valuations presented by the auditor so that disputes can be resolved prior to the financial statement issuance.

Management View and Corrective Action Plan:

Management agrees with the auditor's findings and will implement policies and procedures over its review of auditor proposed adjusting journal entries.

West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2016

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the West Valley Mosquito and Vector Control District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position increased 4.59%, or \$218,014 from the prior year's restated net position of \$4,749,121 to \$4,967,135, as a result of this year's operations.
- Total revenues from all sources increased by 13.03%, or \$335,528 from \$2,575,902 to \$2,911,430, from the prior year, primarily due to an increase of \$101,469 in property assessments and \$225,401 in contract services.
- Total expenses for the District's operations increased by 6.13% or \$155,670 from \$2,537,746 to \$2,693,416, from the prior year, primarily due to a \$68,507 increase in operations expense, a \$98,687 increase in depreciation expense and a \$59,123 cost of issuance charge for the refinance of the District's Certificates-of-Participation – Series 2005 RR.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

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

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

**West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2016**

Governmental Funds Financial Statements

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

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows resources of the District exceeded liabilities and deferred inflows of resources by \$4,967,135 as of June 30, 2016.

Condensed Statement of Net Position

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>
Assets:			
Current assets	\$ 3,067,892	\$ 3,065,046	\$ 2,846
Capital assets, net	<u>5,006,941</u>	<u>5,239,775</u>	<u>(232,834)</u>
Total assets	<u>8,074,833</u>	<u>8,304,821</u>	<u>(229,988)</u>
Deferred outflows of resources	<u>448,851</u>	<u>143,832</u>	<u>305,019</u>
Liabilities:			
Current liabilities	402,737	359,732	43,005
Non-current liabilities	<u>2,995,653</u>	<u>3,304,095</u>	<u>(308,442)</u>
Total liabilities	<u>3,398,390</u>	<u>3,663,827</u>	<u>(265,437)</u>
Deferred inflows of resources	<u>158,159</u>	<u>105,830</u>	<u>52,329</u>
Net position:			
Net investment in capital assets	2,123,177	2,082,487	40,690
Restricted	-	182,177	(182,177)
Unrestricted	<u>2,843,958</u>	<u>2,414,332</u>	<u>429,626</u>
Total net position	<u>\$ 4,967,135</u>	<u>\$ 4,678,996</u>	<u>\$ 288,139</u>

At the end of fiscal year 2016, the District shows a positive balance in its unrestricted net position of \$4,967,135 that may be utilized in future years.

**West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2016**

Condensed Statements of Activities

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>
Program revenues	\$ 2,826,083	\$ 2,499,213	\$ 326,870
Expenses	<u>(2,693,416)</u>	<u>(2,537,746)</u>	<u>(155,670)</u>
Net program expense	132,667	(38,533)	171,200
General revenues	<u>85,347</u>	<u>76,689</u>	<u>8,658</u>
Change in net position	218,014	38,156	179,858
Net position – beginning of period	4,678,996	4,874,142	(195,146)
Prior period adjustment	<u>70,125</u>	<u>(233,302)</u>	<u>303,427</u>
Net position – end of period	<u>\$ 4,967,135</u>	<u>\$ 4,678,996</u>	<u>\$ 288,139</u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, net position increased by \$218,014, during the fiscal year ended June 30, 2016. Also, a prior period adjustment of \$70,125 was recorded to increase the District's new position. See Note 9 for further information.

Total Revenues:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>
Program revenues:			
Property assessments	\$ 2,590,326	\$ 2,488,857	\$ 101,469
Contract services	<u>235,757</u>	<u>10,356</u>	<u>225,401</u>
Total program revenues	<u>2,826,083</u>	<u>2,499,213</u>	<u>326,870</u>
General revenues:			
Investment earnings	20,762	11,803	8,959
Other revenues	<u>64,585</u>	<u>64,886</u>	<u>(301)</u>
Total general revenues	<u>85,347</u>	<u>76,689</u>	<u>8,658</u>
Total revenues	<u>\$ 2,911,430</u>	<u>\$ 2,575,902</u>	<u>\$ 335,528</u>

Total revenues from all sources increased by 13.03%, or \$335,528 from \$2,575,902 to \$2,911,430, from the prior year, primarily due to an increase of \$101,469 in property assessments and \$225,401 in contract services.

Contract service revenues increased due to the IEUA contract work of \$217,057 in 2016.

**West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2016**

Total Expenses:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>
Expenses:			
Operations	\$ 2,303,916	\$ 2,235,409	\$ 68,507
Depreciation expense	246,457	147,770	98,687
Amortization	(25,972)	(1,316)	(24,656)
Cost of issuance	59,123	-	59,123
Interest expense	109,892	155,883	(45,991)
Total expenses	<u>\$ 2,693,416</u>	<u>\$ 2,537,746</u>	<u>\$ 155,670</u>

Total expenses for the District's operations increased by 6.13% or \$155,670 from \$2,693,416 to \$2,537,746, from the prior year, primarily due to a \$68,507 increase in operations expense, a \$98,687 increase in depreciation expense and a \$59,123 cost of issuance charge for the refinance of the District's Certificates-of-Participation – Series 2005 RR.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2016, the District reported a total fund balance of \$2,908,206. An amount of \$2,243,491 constitutes the District's *unassigned fund balance*, which is available for future expenditures.

General Fund Budgetary Highlights

The final budgeted expenditures for the District at year-end were \$78,715 more than actual. The variance is principally due to a decrease in expenditures for capital outlay than budgeted. Actual revenues were greater than the anticipated budget by \$79,380.

**West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2016**

Capital Asset Administration

Changes in capital assets for the year were as follows:

	Balance June 30, 2016	Balance June 30, 2015
Capital assets:		
Non-depreciable assets	\$ 330,875	\$ 2,734,807
Depreciable assets	6,175,628	3,770,807
Accumulated depreciation	(1,499,562)	(1,265,839)
Total capital assets, net	\$ 5,006,941	\$ 5,239,775

At the end of fiscal year 2016, the District's investment in capital assets amounted to \$5,006,941 (net of accumulated depreciation). This investment in capital assets includes structures and improvements, equipment and vehicles. Major capital asset additions during the year include various equipment purchases of \$12,298. Also, the District completed the \$2,405,257 renovation and improvement of the administration building's second floor and transferred this capital asset from construction-in-process to structures and improvements. This capital asset transfer from construction-in-process to structures and improvements resulted in depreciation expense increasing \$98,687 for the year ending June 30, 2016.

See Note 3 for further information on the District's capital assets.

Long-term Debt Administration

Changes in long-term debt for the year were as follows:

	Balance June 30, 2016	Balance June 30, 2015
Long-term debt:		
Certificates-of-participation	\$ -	\$ 3,155,972
Loan payable	2,883,764	-
Total long-term debt	\$ 2,883,764	\$ 3,155,972

On September 17, 2015, the District advanced refunded its Certificates-of-Participation – Series 2005 RR into a 15-year 2.85% Loan Payable to achieve a debt service cash savings of \$1,311,445 and a net present value savings of \$567,587.

The District used cash from the refunding of \$2,883,764 plus \$247,449 of debt service reserve funds for a total of \$3,131,213 to provide for a \$3,072,090 escrowed investment to refinance the certificates-of-participation and pay closing costs of \$59,123.

See Note 5 for further information on the District's long-term debt administration.

**West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2016**

Economic and Other Factors Effecting Next Year's Operations and Budget

Budget

The District's 2016-2017 budget continues to expand by the planned hiring of additional seasonal workers to take care of the District's expanded boundaries due to the potential annexation of the service areas in the City of Upland and 168 parcels in the City of Rancho Cucamonga.

Annexation of Upland

The District is planning for the potential annexation of the service areas in the City of Upland and 168 parcels in the City of Rancho Cucamonga by the County of San Bernardino Board of Supervisors.

West Nile Virus Outbreak

The California Department of Public Health (CDPH) is reporting increased West Nile virus activity across the state and is investigating numerous suspect cases in humans. The District continues to monitor the situation in its service area for any potential outbreaks.

Zika

The Zika virus is transmitted by *Aedes aegypti* mosquitoes (also known as yellow fever mosquitoes) and *Aedes albopictus* mosquitoes (also known as Asian tiger mosquitoes). These mosquitoes are not native to California. However, since 2011 they have been detected in several California counties. An *Aedes* mosquito can only transmit Zika virus after it bites a person who has this virus in their blood. Thus far in California, Zika virus infections have been documented only in people who were infected while traveling outside the United States or through sexual contact with an infected traveler. To date there has been no local mosquito-borne transmission of Zika virus in California. The District continues to monitor the situation in its service area for any potential outbreaks.

Contract Services

The District will continue to seek out vector control type contract services to service certain areas that are habitat for vectors and mosquitos.

Contacting the District's Financial Management Team

The financial report is designed to provide the District's present users with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact finance@wvmvcd.org or (909) 635-0307.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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West Valley Mosquito and Vector Control District
Statement of Net Position
June 30, 2016

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments (Note 2)	\$ 2,286,274
Accrued interest receivable	455
Property assessments receivable	31,957
Accounts receivable – other	185,756
Materials and supplies inventory	91,295
Deposits with Vector Control Joint Powers Agency (VCJPA) (Note 11)	465,905
Prepaid items	6,250
Total current assets	3,067,892
Non-current assets:	
Capital assets – not being depreciated (Note 3)	330,875
Capital assets – being depreciated, net (Note 3)	4,676,066
Total non-current assets	5,006,941
Total assets	8,074,833
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension contributions made after the measurement date (Note 6)	100,339
Difference between actual and proportionate share of employer contributions (Note 6)	124,114
Adjustment due to differences in proportions (Note 6)	215,178
Differences between expected and actual experience (Note 6)	9,220
Total deferred outflows of resources	448,851
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and accrued expenses	114,662
Accrued salaries and wages	45,024
Unearned revenue	6,944
Accrued interest payable	34,245
Long-term liabilities – due in one year:	
Compensated absences (Note 4)	35,443
Loan payable (Note 5)	166,419
Total current liabilities	402,737
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (Note 4)	65,822
Loan payable (Note 5)	2,717,345
Net pension liability (Note 6)	212,486
Total non-current liabilities	2,995,653
Total liabilities	3,398,390
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Differences between projected and actual earnings on pension plan investments (Note 6)	43,733
Adjustment due to differences in proportions (Note 6)	27,193
Changes in assumptions (Note 6)	87,233
Total deferred inflows of resources	158,159
<u>NET POSITION</u>	
Net investment in capital assets (Note 7)	2,123,177
Unrestricted	2,843,958
Total net position	\$ 4,967,135

See accompanying Notes to the Basic Financial Statements.

West Valley Mosquito and Vector Control District
Statement of Activities
For the Year Ended June 30, 2016

	Governmental Activities
EXPENSES:	
Mosquito and vector control:	
Operations	\$ 2,303,916
Depreciation expense	246,457
Amortization of certificates-of-participation premium	(25,972)
Cost of issuance of long-term debt	59,123
Interest expense	109,892
Total expenses	2,693,416
PROGRAM REVENUES:	
Charges for services:	
Property assessments	2,590,326
Contract services	235,757
Total program revenues	2,826,083
Net program expense	132,667
GENERAL REVENUES:	
Investment earnings	20,762
Other revenues	64,585
Total general revenues	85,347
CHANGE IN NET POSITION	218,014
NET POSITION:	
Beginning of year, as previously stated	4,678,996
Prior period adjustment (Note 9)	70,125
End of year	\$ 4,967,135

FUND FINANCIAL STATEMENTS

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West Valley Mosquito and Vector Control District
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund
<u>ASSETS</u>	
Assets:	
Cash and investments	\$ 2,286,274
Accrued interest receivable	455
Property assessments receivable	31,957
Accounts receivable – other	185,756
Materials and supplies inventory	91,295
Deposits with Vector Control Joint Powers Agency	465,905
Prepaid items	6,250
Total assets	\$ 3,067,892
<u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable and accrued expenses	\$ 114,662
Accrued salaries and wages	45,024
Total liabilities	159,686
Fund Balances: (Note 8)	
Nonspendable	563,450
Assigned	101,265
Unassigned	2,243,491
Total fund balance	2,908,206
Total liabilities and fund balance	\$ 3,067,892

West Valley Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental Funds to the
Government-Wide Statement of Net Position
June 30, 2016

Fund Balances – Governmental Funds	<u>\$ 2,908,206</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	5,006,941
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	448,851
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the statement of net position as follows:	
Unearned revenue	(6,944)
Accrued interest payable	(34,245)
Compensated absences	(101,265)
Loan payable	(2,883,764)
Net pension liability	(212,486)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(158,159)</u>
Total adjustments	<u>2,058,929</u>
Net Position of Governmental Activities	<u><u>\$ 4,967,135</u></u>

West Valley Mosquito and Vector Control District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	General Fund
REVENUES:	
Charges for services:	
Property assessments	\$ 2,590,326
Contract services	235,757
Investment earnings	20,762
Other revenues	64,585
	2,911,430
Total revenues	2,911,430
EXPENDITURES:	
Current:	
Salaries and benefits	1,620,160
Materials and services	695,129
Contract service costs	166,033
Capital outlay	13,623
Debt service:	
Principal	90,000
Interest	108,390
	2,693,335
Total expenditures	2,693,335
REVENUES OVER(UNDER) EXPENDITURES	218,095
OTHER FINANCING SOURCES(USES):	
Loan payable issuance proceeds	2,883,764
Proceeds used to refund certificates-of-participation	(3,072,090)
Cost of issuance of long-term debt	(59,123)
	(247,449)
Total other financing sources(uses)	(247,449)
NET CHANGES IN FUND BALANCE	(29,354)
FUND BALANCE:	
Beginning of year	2,937,560
End of year	\$ 2,908,206

West Valley Mosquito and Vector Control District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances – Governmental Funds	<u>\$ (29,354)</u>
Amounts reported for governmental activities in the statement of activities is different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:	
Net change in compensated absences	(12,045)
Net change in pension liability	159,131
Net change in accrued interest	(1,502)
Net change in unearned revenue	30,320
Amortization of certificates-of-participation premium	25,972
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	13,623
Depreciation expense	(246,457)
Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.	
	90,000
Loan payable issuance proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.	
	(2,883,764)
Proceeds used to refund certificates-of-participation are reported as other financing uses in the governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, refunding debt decreases long-term liabilities in the statement of net position and does not affect the statement of activities.	
	<u>3,072,090</u>
Total adjustments	<u>247,368</u>
Change in Net Position of Governmental Activities	<u><u>\$ 218,014</u></u>

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The West Valley Mosquito and Vector Control District (District) is located in Ontario, California. The District was formed pursuant to Section 2200 et. Seq., of the Health and Safety Code and incorporated in the State of California in 1983. The District covers a wide area of San Bernardino County and includes the cities of Chino, Ontario, Chino Hills, Rancho Cucamonga, Montclair and portions of the areas of unincorporated territory in San Bernardino County. The purpose of the District is to provide mosquito and other vector control to protect the residents within the District's service area from mosquito-borne disease and from other vectors. The District is governed by a six-member Board of Trustees.

Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. The effect of inter-fund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

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 the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues 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.

Governmental fund financial statements are reported using the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The primary revenue sources susceptible to accrual are property taxes, charges for services, and interests associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major funds:

Governmental Funds:

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

Use of Estimates

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

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Investments

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

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

Materials and Supplies Inventory

Inventories consist of expendable chemicals and supplies and are valued at cost using a first-in first-out basis.

Prepaid Items

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets is equipment used at the District. District policy has set the capitalization threshold for reporting capital assets at \$3,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District’s capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Class	Useful Lives
Structures and improvements	7-50 years
Equipment and Vehicles	5-15 years
Office equipment	3-5 years

Compensated Absences

Accrued Vacation – Upon completion of 1 through 4 years of employment, 80 vacation hours are earned, from year 5 through year 10, 120 vacation hours are earned, after 10 years, 160 vacation hours are earned per year.

Accrued Sick Leave – shall accumulate at the rate of 3.69 hours per pay-period, 96 hours per year to a maximum accrual amount of 1,040 hours.

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Property Assessments

Property assessments determined by the District are included on property tax bills of San Bernardino County within the District's service area. Property assessments are recorded as revenue when received, in the fiscal year of receipt, because of the adoption of the *alternate method of property tax distribution* known as the Teeter Plan, by the District and San Bernardino County. San Bernardino County remits the property assessments to the District throughout the fiscal year.

Net Position

Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District has no restricted net position as of June 30, 2016.

Unrestricted – This component of net position consists of net amount of assets that are not included in the determination of *restricted* or *net investment in capital assets*.

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.

Committed – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Trustees) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.

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

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

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

Fund Balance Policy

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

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising assessments and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Accounting Changes

Statement No. 72, *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements. Application of this statement is effective for fiscal year ending June 30, 2016.

Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by GASB Statements 67 and 68). Application of this statement is effective for District’s fiscal year ending June 30, 2016, except those provisions that address employers and governmental non-employer contributing entities that are not within the scope of GASB Statement 68, which are effective for financial statements for fiscal year ending June 30, 2017.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the generally accepted accounting principles (GAAP) hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. Application of this statement is effective for fiscal year ending June 30, 2016.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2016 consisted of the following:

Description	Balance
Cash on hand	\$ 193
Deposits with financial institutions	1,730,136
Investments	555,945
Total cash and investments	\$ 2,286,274

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. At June 30, 2016, the District had no deposits with financial institutions subject to custodial credit risk.

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The District’s investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. There were no investments in any one non-governmental issuer that represent 5% or more of the District’s total investments as of June 30, 2016.

Investments	Measurement Input	Fair Value June 30, 2016	Maturity 12 Months or Less
External Investment Pools:			
California Local Agency Investment Fund (LAIF)	Level 2	\$ 100,779	\$ 100,779
Investment Trust of California – CalTrust	Level 2	455,166	455,166
Total investments		\$ 555,945	\$ 555,945

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions.

Investments are to be made in the following areas:

External Investment Pools:

- California Local Agency Investment Fund (LAIF)
- Investment Trust of California – CalTrust
- Non-negotiable certificates-of-deposit
- Governmental agency securities

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

Investment Trust of California – CalTrust

The Investment Trust of California, doing business as CalTrust, is a California joint powers agency which provides California public agencies with investment management services for surplus funds to consolidate investment activities of its participants and thereby reduces duplication, achieves economies of scale and carries out coherent and consolidated investment strategies through the issuance of shares of beneficial interest in investments purchased by CalTrust. CalTrust currently offers three accounts or series as a means for Public Agencies to invest their funds. The District participates in the CalTrust Short-Term & Medium-Term Fund Series.

Investment in California – Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The District's investments with LAIF at June 30, 2016, included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District has \$100,779 invested in LAIF, which had invested 2.81% of the pooled investment funds as of June 30, 2016 in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 1.000621222 was used to calculate the fair value of the investments in LAIF as of June 30, 2016.

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Capital Assets

Changes in capital assets for the year were as follows:

	<u>Balance July 1, 2015</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2016</u>
Non-depreciable capital assets:				
Land	\$ 330,875	\$ -	\$ -	\$ 330,875
Construction-in-process	2,403,932	9,209	(2,413,141)	-
Total non-depreciable capital assets	<u>2,734,807</u>	<u>9,209</u>	<u>(2,413,141)</u>	<u>330,875</u>
Depreciable capital assets:				
Structures and improvements	2,925,868	2,413,141	(12,734)	5,326,275
Equipment and vehicles	844,939	4,414	-	849,353
Total depreciable capital assets	<u>3,770,807</u>	<u>2,417,555</u>	<u>(12,734)</u>	<u>6,175,628</u>
Accumulated depreciation:				
Structures and improvements	(731,311)	(156,581)	-	(887,892)
Equipment and vehicles	(534,528)	(89,876)	12,734	(611,670)
Total accumulated depreciation	<u>(1,265,839)</u>	<u>(246,457)</u>	<u>12,734</u>	<u>(1,499,562)</u>
Total depreciable capital assets, net	<u>2,504,968</u>	<u>2,171,098</u>	<u>-</u>	<u>4,676,066</u>
Total capital assets, net	<u>\$ 5,239,775</u>	<u>\$ 2,180,307</u>	<u>\$ (2,413,141)</u>	<u>\$ 5,006,941</u>

Note 4 – Compensated Absences

Compensated absences comprise unpaid vacation leave time off which is accrued as earned. The District's liability for compensated absences is determined annually.

The changes to the compensated absences balance at June 30, 2016 were as follows:

<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 89,220	\$ 71,638	\$ (59,593)	\$ 101,265	\$ 35,443	\$ 65,822

Note 5 – Long-term Debt

Changes in long-term debt amounts for the year ended June 30, 2016 were as follows:

<u>Long-term Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2016</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Certificate-of-participation	\$ 3,155,972	\$ -	\$ (3,155,972)	\$ -	\$ -	\$ -
Loan Payable	-	2,883,764	-	2,883,764	166,419	2,717,345
Total	<u>\$ 3,155,972</u>	<u>\$ 2,883,764</u>	<u>\$ (3,155,972)</u>	<u>\$ 2,883,764</u>	<u>\$ 166,419</u>	<u>\$ 2,717,345</u>

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Long-term Debt (Continued)

Certificates-of-Participation

On March 30, 2005, the California Special District Association Finance Corporation (Corporation) issued \$3,745,000 in Certificates-of-Participation Series 2005 RR, evidencing proportionate undivided interests in payments to be made by the District to the Corporation pursuant to an agreement dated April 1, 2005. In accordance with the agreement, the District is required to pay to the Trustee specified amounts which are designated to be sufficient, in both time and amount, to pay, when due, the principal and interest with respect to the Certificates. The proceeds of the Certificates were used for the acquisition, construction and equipping of a new administration building for the District located in Ontario, California. The issuance of the Certificates resulted in a premium of \$39,460, which was being amortized over the life of the issue using the straight-line method. Interest rates vary from 3.0% to 5.0%, and interest is payable on February 1st and August 1st of each year.

On September 17, 2015, the District advanced refunded its Certificates-of-Participation – Series 2005 RR into a 15-year 2.85% Loan Payable to achieve a debt service cash savings of \$1,311,445 and a net present value savings of \$567,587.

The District used cash from the refunding of \$2,883,764 plus \$247,449 of debt service reserve funds for a total of \$3,131,213 to provide for a \$3,072,090 escrowed investment to refinance the certificates-of-participation and pay closing costs of \$59,123.

Loan Payable

On September 17, 2015, the District received principal proceeds of \$2,883,764 to advance refund its Certificates-of-Participation – Series 2005 RR into a 15-year 2.85% Loan Payable. Principal is payable annually on August 1, and interest is payable semi-annually on August 1 and February 1 at 2.85%. Annual debt service requirements for the loan payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 166,419	\$ 79,816	\$ 246,235
2018	160,659	75,155	235,814
2019	165,238	70,511	235,749
2020	169,947	65,734	235,681
2021	174,791	60,822	235,613
2022-2026	951,578	225,380	1,176,958
2027-2031	1,095,132	79,782	1,174,914
Total	2,883,764	<u>\$ 657,200</u>	<u>\$ 3,540,964</u>
Current	<u>(166,419)</u>		
Long-term	<u>\$ 2,717,345</u>		

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Net Pension Liability and Defined Benefit Pension Plan

Summary

Type of Account	Balance as of July 1, 2015 (As Restated)	Additions	Deletions	Balance as of June 30, 2016
Deferred Outflows of Resources:				
Pension contributions made after the measurement date:				
CalPERS – Miscellaneous Plan	\$ 143,832	\$ 100,339	\$ (143,832)	\$ 100,339
Difference between actual and proportionate share of employer contributions:				
CalPERS – Miscellaneous Plan	70,125	107,258	(53,269)	124,114
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	-	249,727	(34,549)	215,178
Differences between expected and actual experience:				
CalPERS – Miscellaneous Plan	-	12,513	(3,293)	9,220
Total deferred outflows of resources	\$ 213,957	\$ 469,837	\$ (234,943)	\$ 448,851
Net Pension Liability:				
CalPERS – Miscellaneous Plan	\$ 189,052	\$ 171,406	\$ (147,972)	\$ 212,486
Deferred Inflows of Resources:				
Differences between projected and actual earnings on pension plan investments:				
CalPERS – Miscellaneous Plan	\$ 63,530	\$ 8,337	\$ (28,134)	\$ 43,733
Adjustment due to differences in proportions:				
CalPERS – Miscellaneous Plan	42,300	-	(15,107)	27,193
Changes in assumptions:				
CalPERS – Miscellaneous Plan	-	118,388	(31,155)	87,233
Total deferred inflows of resources	\$ 105,830	\$ 126,725	\$ (74,396)	\$ 158,159

General Information about the Pension Plans

The Plans Description Schedule

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0 @ 62
Benefit vesting schedule	5-years or service monthly for life	5-years or service monthly for life
Benefits payments	50 - 67 & up	52 - 67 & up
Retirement age	2.0% to 2.5%	1.0% to 2.5%
Monthly benefits, as a % of eligible compensation	8.000%	6.250%
Required member contribution rates	15.135%	6.250%
Required employer contribution rates		

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2014 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Members Covered by Benefit Terms

At June 30, 2014 (Valuation Date), the following members were covered by the benefit terms:

<u>Plan Members</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>	
Active members	14	2	16
Transferred and terminated members	10	2	12
Retired members and beneficiaries	-	-	-
Total plan members	24	4	28

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members’ accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ended June 30, 2015 (Measurement Date), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRM Miscellaneous Plan are based above in the Plans Description schedule.

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement period ended June 30, 2015 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Both the June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Investment Type	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100.00%</u>		

¹ An expected inflation rate-of-return of 2.5% is used for years 1 – 10.

² An expected inflation rate-of-return of 3.0% is used for years 11+.

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Sensitivity of the District's 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 of the Plan as of the measurement date, calculated using the discount rate of 7.65%, 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 (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1% 6.65%</u>	<u>Current Discount Rate 7.650%</u>	<u>Discount Rate + 1% 8.65%</u>
CalPERS – Miscellaneous Plan	\$ 385,422	\$ 212,486	\$ 69,709

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2014 (Valuation Date)	\$ 1,113,953	\$ 924,901	\$ 189,052
Balance as of June 30, 2015 (Measurement Date)	\$ 1,269,837	\$ 1,057,351	\$ 212,486
Change in Plan Net Pension Liability	<u>\$ 155,884</u>	<u>\$ 132,450</u>	<u>\$ 23,434</u>

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2014). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2015). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15 fiscal year).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The District's proportionate share of the net pension liability was as follows:

	<u>Percentage Share of Risk Pool</u>		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2016	June 30, 2015	
Measurement Date	June 30, 2015	June 30, 2014	
Percentage of Risk Pool Net Pension Liability	0.007745.%	0.007649.%	0.000096%
Percentage of Plan (PERF C) Net Pension Liability	0.003096.%	0.003038.%	0.000057%

For the year ended June 30, 2016, the District recognized pension expense/(credit) in the amounts of \$(159,131) for the CalPERS Miscellaneous Plan.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2014-15 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired).

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 100,339	\$ -
Difference between actual and proportionate share of employer contributions	124,114	-
Adjustment due to differences in proportions	215,178	-
Differences between expected and actual experience	9,220	-
Differences between projected and actual earnings on pension plan investments	-	43,733
Adjustment due to differences in proportions	-	27,193
Changes in assumptions	-	87,233
Total Deferred Outflows/(Inflows) of Resources	\$ 448,851	\$ 158,159

The District will recognize \$100,339 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2017, as noted above.

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

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

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2017	\$ 233,750	\$ 79,473
2018	128,404	76,452
2019	86,697	58,134
2020	-	(55,900)
Total	\$ 448,851	\$ 158,159

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 7 – Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2016 consisted of the following:

Description	Balance
Capital assets – not being depreciated	\$ 330,875
Capital assets – being depreciated, net	4,676,066
Loan payable – current portion	(166,419)
Loan payable – noncurrent portion	(2,717,345)
Total net investment in capital assets	\$ 2,123,177

Note 8 – Fund Balance

A detailed schedule of fund balances and their funding composition at June 30, 2016 is as follows:

Description	Balance
Nonspendable:	
Materials and supplies inventory	\$ 91,295
Deposits with Vector Control Joint Powers Agency (VCJPA)	465,905
Prepaid items	6,250
Total nonspendable	563,450
Assigned:	
Compensated absences	101,265
Unassigned:	
Unassigned	2,243,491
Total fund balances	\$ 2,908,206

Note 9 – Prior Period Adjustment

Description	Balance
Beginning net position as of July 1, 2015 – as previously reported	\$ 4,678,996
Difference between actual and proportionate share of employer contributions	70,125
Beginning net position as of July 1, 2015 – as restated	\$ 4,749,121

As part of the implementation of GASB Statements No. 68 in the fiscal year ending June 30, 2015, the District was required to calculate and establish a “Difference Between Actual and Proportionate Share of Employer Contributions” of \$70,125 as a deferred outflows of resources. (See Note 6 for further information on the net pension liability).

West Valley Mosquito and Vector Control District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

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

Note 11 – Risk Management

Self-Insurance and Joint Powers Agency

The District participates with other districts in a joint venture under a joint powers agreement, which established the Vector Control Joint Powers Agency (VCJPA). The relationship between the District and the VCJPA is such that the VCJPA is not a component unit of the District for financial reporting purposes.

The VCJPA is a consortium of thirty-four districts located throughout California. It was established under the provisions of California Government Code Section 6500 et seq. The VCJPA is governed by a Board of Directors, which meets 4-5 times per year, consisting of one member from each of the four regions (Coastal, Sacramento Valley, San Joaquin Valley, and Southern California) and two members from the Trustee Advisory Council.

The District is covered for the first \$1,000,000 of each general liability claim and \$350,000 of each workers' compensation claim through the VCJPA. The District has the right to receive dividends or the obligation to pay assessments based on a formula, which, among other expenses, charges the District's account for liability losses and workers' compensation losses under their individual self-insured retention (SIR). The VCJPA participates in an excess pool, which provides general liability coverage above \$1,000,000 for each occurrence up to \$14,000,000.

The VCJPA also participates in an excess pool, which provides workers' compensation coverage from \$350,000 to \$150,000,000.

The District's share of the VCJPA's Members Trust Fund and Property Contingency Fund balance as of June 30, 2016 totaled \$465,905. The balance includes interest earnings and may be withdrawn upon leaving the plan with a sixty-day notice. At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the districts in accordance with its governing documents.

Note 12 – Contingencies

Litigation

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

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REQUIRED SUPPLEMENTARY INFORMATION

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West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2016

	<u>Adopted Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Charges for services:				
Property assessments	\$ 2,567,700	\$ 2,567,700	\$ 2,590,326	\$ 22,626
Contract services	206,850	206,850	235,757	28,907
Investment earnings	6,500	6,500	20,762	14,262
Other revenues	51,000	51,000	64,585	13,585
Total revenues	<u>2,832,050</u>	<u>2,832,050</u>	<u>2,911,430</u>	<u>79,380</u>
EXPENDITURES:				
Current:				
Salaries and benefits	1,647,858	1,647,858	1,620,160	27,698
Materials and services	693,547	693,547	695,129	(1,582)
Contract service costs	195,000	195,000	166,033	28,967
Capital outlay	60,645	60,645	13,623	47,022
Debt service:				
Principal	90,000	90,000	90,000	-
Interest	85,000	85,000	108,390	(23,390)
Total expenditures	<u>2,772,050</u>	<u>2,772,050</u>	<u>2,693,335</u>	<u>78,715</u>
REVENUES OVER(UNDER)EXPENDITURES	60,000	60,000	218,095	158,095
OTHER FINANCING SOURCES(USES):				
Loan payable issuance proceeds	-	-	2,883,764	(2,883,764)
Proceeds used to refund certificates-of-participation	-	-	(3,072,090)	3,072,090
Cost of issuance of long-term debt	(60,000)	(60,000)	(59,123)	877
Total other financing sources(uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(247,449)</u>	<u>189,203</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	(29,354)	<u>\$ 347,298</u>
FUND BALANCES:				
Beginning of year			<u>2,937,560</u>	
End of year			<u>\$ 2,908,206</u>	

Notes to the Budgetary Comparison Schedule:

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District prepares and submits an operating budget to the Board of Trustees no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Trustees must approve all supplemental appropriations to the budget and transfers between major accounts.

West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date:	<u>June 30, 2015¹</u>	<u>June 30, 2014¹</u>
District's Proportion of the Net Pension Liability	0.003096%	0.003038%
District's Proportionate Share of the Net Pension Liability	<u>\$ 212,486</u>	<u>\$ 189,052</u>
District's Covered-Employee Payroll	<u>\$ 991,030</u>	<u>\$ 820,280</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	<u>21.44%</u>	<u>23.05%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>83.26%</u>	<u>83.03%</u>

¹ Historical information is required only for measurement periods for which GASB No. 68 is applicable.

West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2016

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	2015-16¹	2014-15¹	2013-14¹
Actuarially Determined Contribution ²	\$ 100,339	\$ 143,832	\$ 120,180
Contribution in Relation to the Actuarially Determined Contribution ²	(100,339)	(143,832)	(120,180)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered-Employee Payroll ³	\$ 1,033,071	\$ 991,030	\$ 820,280
Contributions as a Percentage of Covered-Employee Payroll	9.71%	14.51%	14.65%

¹ Historical information is required only for measurement periods for which GASB No. 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to the Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)