



Butte County Mosquito and Vector Control District

5117 Larkin Road • Oroville, CA 95965-9250
Phone: 530-533-6038 • Fax: 530-534-9916
www.BCMVCD.com

Matthew C. Ball
Manager

AGENDA

Regular Meeting of the Board of Trustees of the Butte County Mosquito and Vector Control District

(BCMVCD) Board Room, 444 Otterson Drive, Chico, CA 95928. The Board of Trustees is committed to making its proceedings accessible to all citizens. Individuals with special needs should call District staff at 530-533-6038 or 530-342-7350, Monday through Thursday, 6:00 a.m. to 4:30 p.m. to request disability-related modifications/accommodations or to request materials in alternate formats. All requests for special accommodations and/or alternative format documents must be made 48 hours prior to the meeting.

1. *Regular Board of Trustees Meeting Time: 4:00 PM Date: December 11, 2024*
2. *Call to Order – 4:00 PM (Call Roll)*
3. *Persons Wishing to Address the Board on Items Not on the Agenda (limit to 5 minutes):*
4. *Approval of Minutes of the Meeting of: November 13, 2024*
5. *Persons Wishing to Address the Board Pertaining to Closed Session Matters:*
6. *Closed Session Announcement (District Legal Counsel Present): None*
7. *Reports: (7.1 – 7.2)*
- 7.1 *BCMVCD Annual Audit Report by C.J. Brown & Company CPAs formally know as Fedak & Brown LLP*

A representative from C.J. Brown & Company CPAs will present a comprehensive summary and evaluation of the **District's annual audit for the Board.**
- 7.2 *District Manager's Report*

The District Manager will provide a brief report on current District business and activities. The Manager will also report on District employees, meetings attended, and current projects.
8. *Policy Matters: (8.1 – 8.2)*
- 8.1 *Consider Approving Transfer from Accumulated Capital Outlay Reserve, Aircraft Engine Fund Reserve, and Appropriation for Contingencies to Capital Outlay*

The Board will be asked to consider approving a transfer of \$750,000.00 from Accumulated Capital Outlay Reserve to Capital Outlay- Aircraft, a transfer of \$900,000.00 from Aircraft Engine Fund Reserve to Capital Outlay- Aircraft, and a transfer of \$400,000.00 from Appropriation for Contingencies to Capital Outlay-Aircraft to pay for the 2024

Thrush 510P2+ aircraft approved by the Board of Trustees during the November 13, 2024, Board Meeting and a deposit on the Grumman AG Cat also approved by the Board of Trustees, during the November 13, 2024, Board Meeting.

8.2 *Consider Approving Transfer from Appropriation for Contingencies to Services and Supplies*

The Board will be asked to consider approving a transfer of \$291,200.00 from Appropriation for Contingencies to Services and Supplies- Special Services for the contracted aerial larvicide and adulticide treatments during the 2024 mosquito spray season.

9. *Topic of the Month:*

The Board will hear a report from the District's Vector Ecologist on the ticks of Butte County.

10. *Approve Payment of The Bills:*

The Board will be asked to review the demands made upon the District for the past month and consider approving the payment of the bills.

11. *Personnel:*

Ed Parra commenced work with the District on December 9, 2024, as Pilot II.

12. *Correspondence: N/A*

13. *Other Business:*

The District offices will be closed the week of December 23rd and December 30th. The District will reopen on January 6th.

14. *Persons Wishing to Address the Board Pertaining to Closed Session Matters: N/A*

15. *Closed Session Matters (District Legal Counsel Not Present): N/A*

16. *Adjournment: (Next Regular Meeting of the BCMVCD Board of Trustees is January 8, 2025)*

Regular Minutes of the Board of Trustees of the Butte County Mosquito and Vector Control District Meeting held November 13, 2024

Members Present: Bruce Johnson, Darlene Fredericks, Andy Haymond, Dr. Larry Kirk, Steve Ostling, Secretary Melissa Schuster, Eric Smith, Carl Starkey, and President Bo Sheppard.

Members Excused: Philip LaRocca.

Members Absent: None.

Also Present: District Manager Matt Ball, Assistant Manager Aaron Lumsden, Administrative Manager Maritza Sandoval, and Entomologist Amanda Bradford.

1. The Regular Meeting of the Board of Trustees of the Butte County Mosquito and Vector Control District was held on November 13, 2024, at 444 Otterson Drive, Chico, CA 95928.
2. The November 13, 2024, Butte County Mosquito and Vector Control District regular meeting of the Board of Trustees was called to order at 4:00 PM by President Sheppard.
3. Seeing and hearing no persons wishing to address the Board on items not on the agenda, President Sheppard proceeded to request approval of the minutes.
4. After review, it was then moved by Member Starkey, seconded by Member Kirk, and passed unanimously with a vote of 9 ayes and 0 nays to approve the minutes of the Board of Trustees meeting held October 9, 2024, as written.
5. No persons wishing to address the Board on closed session matters.
6. No closed session matters needing legal counsel.
7. Reports (7.1 – 7.2)

- 7.1 Under item 7.1 of reports, District Manager's Report, the District Manager reported that on October 10, 2024, the District completed the monthly management meeting, staff meeting, and all vehicle inspections. The District's Safety Committee held their monthly meeting as well as management. Also on this date, District management attended the District's biannual management meeting to review the recent mosquito season, discuss employee evaluation, planned for the off-season projects, and reviewed important tasks that need to be accomplished prior to the 2025 mosquito season. The District Manager attended the MVCAC Fall Board meeting via Zoom. The meeting covered a few action items, plans for the future, and reports from MVCAC committees, districts, CDPH, and industry.

On October 11, 2024, the District Manager attended the biweekly Legislative Regulatory Committee call. MVCAC lobbyists and committee members reviewed legislation and current regulatory issues throughout the state.

On October 15, 2024, the District Manager attended a webinar on the Endangered Species Act presented by the Integrated Pest Management Institute.

On October 29, 2024, District management and the District's Pilot interviewed a candidate for the open Pilot position.

On October 30, 2024, the District Manager attended a webinar on Modified Insects for Pest Management Workshop presented by the Department of Pesticide Regulation and the California Environmental Protection Agency. The District's lab staff attended a webinar "Investigating the ecology of *Culicoides* biting midges: The big problem of tiny vectors" provided by AMCA which was free to members.

In recognition of Veterans Day, the District was closed on November 11, 2024.

On November 13, 2024, District management attended a training regarding new ADA standards for compliance with websites.

The District Manager provided a brief report on the status of the District's pilot job requisition.

- 7.2 Under item 7.2 of reports, the Assistant Manager reported that the District's New Jersey light traps and gravid traps continued catching mosquitoes until they were pulled. All mosquito populations have dropped towards the conclusion of the mosquito season, with the exception of *Aedes melanimon*, which has had a brief spike due to fall flood-up in wetland areas. Sentinel chickens sera samples have continued to be taken biweekly with the last samples

taken on 11/5/2024. With the weather change and the massive drop in mosquito abundance, the surveillance season ended the week of November 4th and all traps were pulled out of deployment.

West Nile virus (WNV) activity within the District's service area has concluded with a total of 12 positive humans, 4 dead birds, 70 positive pools, and 28 positive chickens. WNV has been identified in 107 humans, 507 dead birds, 1,996 mosquito pools, 157 chickens, and 7 horses in California to date, all of which are down from last year at this point.

The District's four indoor fish tanks are fully operational and continue to produce fry. Fry numbers continue to increase as the tanks and fish adjust. The District's outdoor fish ponds have continued to produce high amounts of fish as they begin to slow down for fall and winter.

Mosquito and Vector Control Specialists have continued with mosquito surveillance and treatments in rock pits, dredger pits, flood water areas, agricultural, ditches, drains and urban sources.

As of November 3rd, the District has treated 13,940 acres of wetlands; compared to 15,641 acres at this time last year. The District has treated 47,966 acres of rice this year, compared to 56,944 acres at this time last year. The District made 24 ULV adulticide treatments this mosquito season compared to 24 ULV adulticide treatments last year.

The Public Relations Department is reviewing and updating the District's website, brochures, photo and video files, and other informational documents. All public events for 2024 have ended as well as all advertising and public service announcements.

After this final item of reports, President Sheppard asked the District Manager to proceed to policy matters.

8. Policy matters (8.1 – 8.4)

- 8.1 Under item 8.1 of policy matters, the Board was asked to consider renewing membership with the California Special Districts Association (CSDA). CSDA's dues structure is based on an agencies/district's operating revenue. The dues for operating revenue between \$2.0 million and \$5.0 million are \$9,073.00 annually. The District rejoined the CSDA in April of 2017. It was then moved by Member Schuster, seconded by Member Starkey, and passed unanimously with a vote of 9 ayes and 0 nays to approve renewing membership with the California Special Districts Association for an annual fee of \$9,073.00.
 - 8.2 Under item 8.2 of policy matters, the Board was asked to consider amendments to Personnel Policy, Sick Leave, Policy 7040. These amendments were negotiated with the current MOU between the District and the District employees. It was then moved by Member Kirk, seconded by Member Ostling, and passed unanimously with a vote of 9 ayes and 0 nays to approve amendments to Personnel Policy, Policy 7040, Sick Leave.
 - 8.3 Under item 8.3 of policy matters, the Board was asked to consider adopting Resolution No. 24-07, a Resolution Approving the Continuation of the Early Retirement Incentive Program. It was then moved by Member Johnson, seconded by Member Fredericks, and passed unanimously with a vote of 9 ayes and 0 nays to approve adopting Resolution No. 24-07, a Resolution Approving the Continuation of the Early Retirement Incentive Program.
 - 8.4 Under item 8.4 of policy matters, the Board was asked to consider a capital expenditure for a new airplane. The District Manager informed the Board of the District's future with aerial operations and the options of continuing the aerial operations in-house versus outsourcing. After some discussion, it was the Board's direction to continue with the aerial operations in-house and to shop for airplanes. The District Manager explained the airplane selection process and the options the airplane will need. In addition, the District Manager asked for the Board's direction on a second used airplane. After some discussion with the Board, it was then moved by Member Ostling, seconded by Member Schuster, and passed unanimously with a vote of 9 ayes and 0 nays to approve the purchase from Mid-Continent for a 2024 Thrusch 510P2+ with an allowance not to exceed \$2,000,000.00 plus applicable fees and taxes to include unforeseen upgrades and customizations. It was also the Board's direction to purchase a second used airplane. It was moved by Member Starkey and seconded by Member Johnson and passed unanimously with a vote of 9 ayes and 0 nays to approve the purchase of a used Grumman AG Cat with an allowance not to exceed \$1,500,000.00 plus applicable fees and taxes.
9. Under topic of the month, the District's Entomologist gave a presentation on Eastern Equine Encephalitis.

10. After reviewing the demands made upon the District for the past month, it was then moved by Member Johnson, seconded by Member Smith, and passed unanimously with a vote of 9 ayes 0 nays to authorize checks numbered 54607 through 54749 be signed and distributed. Expenditures for the month totaled \$527,024.29.
11. No personnel items to report.
12. No items of correspondence to report.
13. Under other business, the District Manager informed the Board that in December the District will be taking a picture of the Board of Trustees for the upcoming annual report.
14. No persons wishing to address the Board pertaining to closed session matters.
15. No closed session matters warranting legal counsel.
16. President Sheppard announced adjournment at 5:08 PM and concluded by stating that the next regular meeting of the BCMVCD Board of Trustees would meet at 4:00 PM on December 11, 2024, at the Chico Substation's Board Room at 444 Otterson Drive, Chico, CA 95928.

Respectfully submitted,

Melissa Schuster,
Secretary



2024 Audit Report Presentation

**Board of Directors Meeting
December 11, 2024**

C.J. Brown and Company, CPAs



Professional Guidance

- **The Audit Process is Governed by:**
 - **The AICPA's Statements of Auditing Standards**
 - **Federal and State Requirements**
- **GAAP (Generally Accepted Accounting Principles) is Established By The Governmental Accounting Standards Board (GASB)**

The Audit Process

- **Interim Fieldwork – Assess the District’s Internal Controls and Effectiveness**
 - **Gain and Understanding of the District’s Control Framework**
 - **Test of Controls Testing – Accounting Cycles**
- **Final Fieldwork**
 - **Agree Balance to Supporting Documentation**
 - **Perform Analysis of Key Account Relationships**
- **Consideration of Fraud per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”**
 - **Professional Skepticism**
 - **Interview of Board and Management**

Auditor's Report – Page 1

Independent Auditor's Report

► Unmodified “CLEAN” Opinion

- In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Butte County Mosquito and Vector Control District as of June 30, 2024....



Management Report

- ▶ **Our communication of control deficiencies:**
 - ▶ **No material weaknesses or significant deficiencies.**

Statements of Net Position – Page 6

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Assets:			
Current assets	\$ 9,897,838	9,627,017	270,821
Non-current assets	3,659,018	3,327,093	331,925
Total assets	<u>13,556,856</u>	<u>12,954,110</u>	<u>602,746</u>
Deferred outflows of resources	<u>2,343,108</u>	<u>2,452,548</u>	<u>(109,440)</u>
Liabilities:			
Current liabilities	119,544	160,296	(40,752)
Non-current liabilities	4,230,446	4,690,175	(459,729)
Total liabilities	<u>4,349,990</u>	<u>4,850,471</u>	<u>(500,481)</u>
Deferred inflows of resources	<u>642,982</u>	<u>526,947</u>	<u>116,035</u>
Net position:			
Net investment in capital assets	3,592,127	3,257,775	334,352
Restricted	471,359	250,785	220,574
Unrestricted	6,843,506	6,520,680	322,826
Total net position	<u>\$ 10,906,992</u>	<u>10,029,240</u>	<u>877,752</u>

Statements of Activities – Page 7

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Expenses:			
Mosquito and vector control	\$ 5,783,035	2,483,578	3,299,457
Total expenses	<u>5,783,035</u>	<u>2,483,578</u>	<u>3,299,457</u>
Program revenues	1,459,060	1,112,254	346,806
General revenues	<u>5,201,727</u>	<u>4,320,677</u>	<u>881,050</u>
Total revenues	<u>6,660,787</u>	<u>5,432,931</u>	<u>1,227,856</u>
Changes in net position	877,752	2,949,353	(2,071,601)
Net position, beginning of year	<u>10,029,240</u>	<u>7,079,887</u>	<u>2,949,353</u>
Net position, end of year	<u>\$ 10,906,992</u>	<u>10,029,240</u>	<u>877,752</u>

SUMMARY to FINANCIAL STATEMENTS

In 2024:

- 1. The District received an unmodified “CLEAN” opinion.**
- 2. Net position increased by \$877K as a result of ongoing operations, where total expenses exceeded total revenue by the same amount.**
- 3. Total revenues increased by \$1.2M primarily due to:**
 - a. increases in program revenues (property benefit assessments and charges for services);**
 - b. increases in general revenues (property taxes and investment returns).**
- 4. Total expenses increased by \$3.3M primarily due to:**
 - a. increases in salaries and benefits; and**
 - b. increases in materials and supplies.**

Budget to Actual as of June 30, 2024 – Page 36

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures/Expenses:					
Mosquito and vector control operations:					
Salaries and benefits	\$ 3,358,602	-	3,358,602	3,153,076	205,526
Materials and supplies	1,908,463	-	1,908,463	2,490,996	(582,533)
Capital outlay	315,000	476,346	791,346	746,911	44,435
Lease obligations:					
Lease rent	5,500	-	5,500	2,427	3,073
Interest expense	-	-	-	1,773	(1,773)
Total expenditures	5,587,565	476,346	6,063,911	6,395,183	(331,272)
Program revenues:					
Charges for services – property assessments	1,009,600	-	1,009,600	1,029,414	19,814
Charge for services	235,000	-	235,000	429,646	194,646
Total program revenues	1,244,600	-	1,244,600	1,459,060	214,460
General revenues:					
Property taxes	3,782,965	-	3,782,965	4,497,459	714,494
Investment income	40,000	-	40,000	636,963	596,963
Other	20,000	-	20,000	67,305	47,305
Total general revenues	3,842,965	-	3,842,965	5,201,727	1,358,762
Total revenues	5,087,565	-	5,087,565	6,660,787	1,573,222
Excess of revenues over expenditures	(500,000)	(476,346)	(976,346)	265,604	1,241,950
Fund balance – beginning of year	9,335,914		9,335,914	9,335,914	
Fund balance – end of year	\$ 8,835,914		8,359,568	9,601,518	



SUMMARY to BUDGET TO ACTUAL

In 2024:

- 1. Actual expenditures were \$331K more than the approved District budget for the year.**
- 2. Actual revenues were \$1.6M greater than the approved budget for the year.**



Questions





**Butte County Mosquito and
Vector Control District
Annual Financial Report
For the Fiscal Year Ended June 30, 2024**



Protecting the Public Health Since 1948

Board of Trustees as of June 30, 2024

<u>Name</u>	<u>Area Represented</u>	<u>Title</u>	<u>Term Expiration</u>
James Bo Sheppard	City of Biggs	President	12/31/26
Dr. Larry Kirk	City of Chico	Vice President	12/31/25
Melissa Schuster	Town of Paradise	Secretary	12/31/26
Bruce Johnson	City of Gridley	Assistant Secretary	12/31/27
Andrew Haymond	County at Large	Trustee	12/31/25
Carl Starkey	County at Large	Trustee	12/31/24
Phil LaRocca	County at Large	Trustee	12/31/26
Darlene Fredericks	County at Large	Trustee	12/31/25
Steve Ostling	County at Large	Trustee	12/31/27
Eric Smith	City of Oroville	Trustee	12/31/25

Butte County Mosquito and Vector Control District
Matthew C. Ball, District Manager
5117 Larkin Road
Oroville, CA 95965 • (530) 533-6038
www.ButteMosquito.com

Butte County Mosquito and Vector Control District

Annual Financial Report

For the Fiscal Year Ended June 30, 2024

**Butte County Mosquito and Vector Control District
Annual Financial Report
For the Fiscal Year Ended June 30, 2024**

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Financial Section

Independent Auditor's Report

Board of Trustees
Butte County Mosquito and Vector Control District
Oroville, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Butte County Mosquito and Vector Control District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the required supplementary information on pages 36 through 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Independent Auditor's Report, continued

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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. That report can be found on pages 40 and 41.

C.J. Brown & Company, CPAs

Cypress, California

December 11, 2024

Butte County Mosquito and Vector Control District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2024 and 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Butte County Mosquito and Vector Control District (District), provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2024, the District's net position increased 8.75% or \$877,752 to \$10,906,992.
- In 2024, total revenues from all sources increased 22.60% or \$1,227,856 to \$6,660,787.
- In 2024, total expenses increased 132.85% or \$3,299,457 to \$5,783,035.

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), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. They also provide 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 year's revenues 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 net operating reserves and credit worthiness.

District Activities

The District was organized in June 1948, as the Butte County Mosquito Abatement District. The District covers 1,600 square miles, and includes all of Butte County, except for small areas served by the Durham, which was formed earlier. The District also includes the Hamilton City area of Glenn County. In April of 1994, "Vector Control" was added to the District name to reflect the additional disease surveillance and information provided. The District utilizes an Integrated Vector Management approach consisting of vector surveillance, source reduction and/or elimination, public education, biological control, and chemical control. The District also provides public education as an important part in the success of combating diseases such as West Nile virus and Lyme disease. The District's education program consists of, but is not limited to, public appearances at local city and county fairs, participation in the state Mosquito and Vector Awareness week, and presentations to schools and local civic groups.

The District's mission is primarily to suppress mosquito-transmitted disease and to also reduce the annoyance levels of mosquitoes and diseases associated with ticks, fleas, and other vectors through environmentally compatible control practices and public education.

Butte County Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

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

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

Governmental Fund Financial Statements

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

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

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

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position

The District is the trustee, or fiduciary, for its Underground Storage Tank Trust Account Fund (Fiduciary Fund). The Fiduciary Fund is to be used solely for the purpose of paying for corrective action and for compensating third parties for bodily injury and property damage caused by accidental release of rising petroleum from District owned underground storage tanks.

All of the District's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 15 and 16. The District excludes these activities from its other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Butte County Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17 through 35.

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 of resources exceeded liabilities and deferred inflows of resources by as of June 30, 2024.

A large portion of the District's net position (32.93% or \$3,592,127), reflects its investment in capital assets (net of accumulated depreciation) less any debt used to acquire those assets that are still outstanding. The District uses these capital assets for operations; consequently, these assets are *not* available for future spending. At the end of fiscal year 2024, the District reflected a positive balance in its unrestricted net position of \$6,843,506 that may be utilized in future years. (See note 9 for further information)

Condensed Statements of Net Position

	2024	2023	Change
Assets:			
Current assets	\$ 9,897,838	9,627,017	270,821
Non-current assets	3,659,018	3,327,093	331,925
Total assets	13,556,856	12,954,110	602,746
Deferred outflows of resources	2,343,108	2,452,548	(109,440)
Liabilities:			
Current liabilities	119,544	160,296	(40,752)
Non-current liabilities	4,230,446	4,690,175	(459,729)
Total liabilities	4,349,990	4,850,471	(500,481)
Deferred inflows of resources	642,982	526,947	116,035
Net position:			
Net investment in capital assets	3,592,127	3,257,775	334,352
Restricted	471,359	250,785	220,574
Unrestricted	6,843,506	6,520,680	322,826
Total net position	\$ 10,906,992	10,029,240	877,752

The statement of activities (see next page) shows how the District's net position changed during the fiscal year. In the case of the District, net position increased 8.75% or \$877,752 to \$10,906,992, as a result of ongoing operations.

The District's total revenues from all sources increased 22.60% or \$1,227,856 to \$6,660,787. Program revenues increased \$346,806 primarily due to an increases of \$158,664 in property benefit assessments, and \$188,142 in charge for services. General revenues increased \$881,050 primarily due to increases of \$414,164 in property taxes, and \$495,435 in investment returns; which were offset by a decrease of \$28,549 in other revenue.

Butte County Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Government-wide Financial Analysis, continued

The District's total expenses increased 132.85% or \$3,299,457 to \$5,783,035, primarily due to increases of \$1,741,254 in salaries and benefits, which includes a decrease of \$870,851 in non-cash pension actuarial credit adjustments (based from the CalPERS Miscellaneous Risk Pool Defined Benefit Plan as of the June 30, 2023 measurement date), and \$667,115 in additional unfunded accrued liability payments to CalPERS, \$1,445,412 in materials and supplies, and \$112,854 in depreciation.

Condensed Statements of Activities

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Expenses:			
Mosquito and vector control	\$ 5,783,035	2,483,578	3,299,457
Total expenses	<u>5,783,035</u>	<u>2,483,578</u>	<u>3,299,457</u>
Program revenues	1,459,060	1,112,254	346,806
General revenues	<u>5,201,727</u>	<u>4,320,677</u>	<u>881,050</u>
Total revenues	<u>6,660,787</u>	<u>5,432,931</u>	<u>1,227,856</u>
Changes in net position	877,752	2,949,353	(2,071,601)
Net position, beginning of year	<u>10,029,240</u>	<u>7,079,887</u>	<u>2,949,353</u>
Net position, end of year	<u>\$ 10,906,992</u>	<u>10,029,240</u>	<u>877,752</u>

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balance 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 resource for spending at the end of the fiscal year.

As of June 30, 2024, the District's General Fund reported a fund balance of \$9,601,518. An amount of has been assigned for District operations. The amount of \$7,890,288 constitutes unassigned fund balance which is available for future District operations. The remaining fund balance of is not available for future spending because it has already been used to pay for chemical and supplies inventory, and prepaid expenses.

General Fund Budgetary Highlights

The final actual expenditures for the General Fund at year-end were \$331,272 more than budgeted. The variance is due primarily to materials and supplies of \$582,533 being more than the anticipated budget; which was offset by salaries and benefits of \$205,526 being less than the anticipated budget. Actual revenues were greater than the anticipated budget by \$1,573,222. The variance is primarily due to property taxes of \$714,494, investment income of \$596,963, and charges for services of \$194,646 being more than anticipated budget. (See Budgetary Comparison Schedule – General Fund under Required Supplementary Information section on page 36)

Butte County Mosquito and Vector Control District
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2024 and 2023

Capital Asset Administration

	<u>Balance 2023</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets	\$ 615,403	-	-	615,403
Depreciable assets	6,287,450	746,911	(164,727)	6,869,634
Accumulated depreciation	<u>(3,575,760)</u>	<u>(414,986)</u>	<u>164,727</u>	<u>(3,826,019)</u>
Total capital assets, net	<u>\$ 3,327,093</u>	<u>331,925</u>	<u>-</u>	<u>3,659,018</u>

At the end of fiscal year 2024, the District's investment in capital assets (net of accumulated depreciation) amounted to \$3,659,018. This investment in capital assets includes buildings and improvements, vehicles, equipment, machinery, and furniture and fixtures. Capital asset additions during the year included District equipment and vehicle purchases totaling \$746,911. See note 3 to the basic financial statements for further information.

Lease Obligation

	<u>2023</u>	<u>Additions</u>	<u>Principal Payment</u>	<u>2024</u>
Lease obligation	\$ <u>69,318</u>	<u>-</u>	<u>(2,427)</u>	<u>66,891</u>

At the end of fiscal year 2024, the District's lease obligation amounted to \$66,891. This lease obligation includes the District's lease to use and occupy property from the City of Oroville. See note 6 to the basic financial statements for more information.

Conditions Affecting Current Financial Position

Management is unaware of any other conditions, which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

The financial report is designed to provide the District's present users with a general overview of the District's basic finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact the District Manager, Matthew Ball, at the Butte County Mosquito and Vector Control District, 5117 Larkin Road, Oroville, California 95965 or (530) 533-6038.

Basic Financial Statements

Butte County Mosquito and Vector Control District
Statements of Net Position
June 30, 2024
With comparative amounts for June 30, 2023

	2024	2023
Current assets:		
Cash and investments (note 2)	\$ 8,315,783	7,666,071
Cash and investments – restricted (note 2)	471,359	250,785
Accrued interest receivable	-	39,778
Accounts receivable – charges for services	102,723	81,753
Materials and supplies inventory	954,813	1,553,942
Prepaid expenses	53,160	34,688
Total current assets	9,897,838	9,627,017
Non-current assets:		
Capital assets, not being depreciated (note 3)	615,403	615,403
Capital assets, being depreciated (note 3)	3,043,615	2,711,690
Total non-current assets	3,659,018	3,327,093
Total assets	13,556,856	12,954,110
Deferred outflows of resources:		
Deferred pension outflows (note 7)	2,343,108	2,452,548
Total deferred outflows of resources	2,343,108	2,452,548
Current liabilities:		
Accounts payable and accrued expenses	-	38,622
Accrued salaries and benefits	64,422	39,097
Long-term liabilities – due within one year:		
Compensated absences (note 4)	46,380	42,677
Termination benefits (note 5)	6,252	37,473
Lease obligation (note 6)	2,490	2,427
Total current liabilities	119,544	160,296
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	185,518	170,707
Termination benefits (note 5)	-	6,252
Lease obligation (note 6)	64,401	66,891
Net pension liability (note 7)	3,980,527	4,446,325
Total non-current liabilities	4,230,446	4,690,175
Total liabilities	4,349,990	4,850,471
Deferred inflows of resources:		
Deferred pension inflows (note 7)	642,982	526,947
Total deferred inflows of resources	642,982	526,947
Net position: (note 9)		
Net investment in capital assets	3,592,127	3,257,775
Restricted	471,359	250,785
Unrestricted	6,843,506	6,520,680
Total net position	\$ 10,906,992	10,029,240

See accompanying notes to the basic financial statements

Butte County Mosquito and Vector Control District
Statements of Activities
For the Fiscal Year Ended June 30, 2024
With comparative amounts for June 30, 2023

	2024	2023
Expenses:		
Mosquito and vector control:		
Salaries and benefits	\$ 2,875,280	1,134,026
Materials and supplies	2,490,996	1,045,584
Interest expense	1,773	1,836
Depreciation	414,986	302,132
Total expenses	5,783,035	2,483,578
Program revenues:		
Charge for services – property benefit assessments	1,029,414	870,750
Charge for services	429,646	241,504
Total program revenues	1,459,060	1,112,254
Net program expense	(4,323,975)	(1,371,324)
General revenues:		
Property taxes	4,497,459	4,083,295
Investment return	636,963	141,528
Other	67,305	95,854
Total general revenues	5,201,727	4,320,677
Changes in net position	877,752	2,949,353
Net position, beginning of year	10,029,240	7,079,887
Net position, end of year	\$ 10,906,992	10,029,240

See accompanying notes to the basic financial statements

Butte County Mosquito and Vector Control District
Balance Sheet
June 30, 2024

	<u>General Fund</u>	<u>Reclassifications & Eliminations</u>	<u>Statements of Net Position</u>
Current assets:			
Cash and investments (note 2)	\$ 8,315,783	-	8,315,783
Cash and investments (note 2)	471,359	-	471,359
Accrued interest receivable	-	-	-
Accounts receivable – charge for services	102,723	-	102,723
Materials and supplies inventory	954,813	-	954,813
Prepaid expenses	53,160	-	53,160
Total current assets	<u>9,897,838</u>	<u>-</u>	<u>9,897,838</u>
Non-current assets:			
Capital assets, not being depreciated (note 3)	-	615,403	615,403
Capital assets, being depreciated (note 3)	-	3,043,615	3,043,615
Total non-current assets	<u>-</u>	<u>3,659,018</u>	<u>3,659,018</u>
Total assets	<u>9,897,838</u>	<u>3,659,018</u>	<u>13,556,856</u>
Deferred outflows of resources:			
Deferred pension outflows (note 7)	-	2,343,108	2,343,108
Total deferred outflows of resources	<u>-</u>	<u>2,343,108</u>	<u>2,343,108</u>
Current liabilities:			
Accounts payable and accrued expenses	-	-	-
Accrued salaries and benefits	64,422	-	64,422
Long-term liabilities – due within one year:			
Compensated absences (note 4)	46,380	-	46,380
Termination benefits (note 5)	-	6,252	6,252
Lease obligation (note 6)	-	2,490	2,490
Total current liabilities	<u>110,802</u>	<u>8,742</u>	<u>119,544</u>
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 4)	185,518	-	185,518
Lease obligation (note 6)	-	64,401	64,401
Net pension liability (note 7)	-	3,980,527	3,980,527
Total non-current liabilities	<u>185,518</u>	<u>4,044,928</u>	<u>4,230,446</u>
Total liabilities	<u>296,320</u>	<u>4,053,670</u>	<u>4,349,990</u>
Deferred inflows of resources:			
Deferred pension inflows (note 7)	-	642,982	642,982
Total deferred inflows of resources	<u>-</u>	<u>642,982</u>	<u>642,982</u>
Fund balance: (note 8)			
Restricted	471,359	(471,359)	-
Non-spendable	1,007,973	(1,007,973)	-
Assigned	231,898	(231,898)	-
Unassigned	7,890,288	(7,890,288)	-
Total fund balance	<u>9,601,518</u>	<u>(9,601,518)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 9,897,838</u>		
Net position: (note 9)			
Net investment in capital assets		3,592,127	3,592,127
Restricted		471,359	471,359
Unrestricted		6,843,506	6,843,506
Total net position		<u>10,906,992</u>	<u>10,906,992</u>

Continued on next page

See accompanying notes to the basic financial statements

Butte County Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental Type Funds
to the Statements of Net Position
June 30, 2024

Reconciliation:

Fund balance of governmental funds	\$	9,601,518
Amounts reported for governmental activities in the statements 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 fund balance sheet.		
Capital assets, net		3,659,018
Deferred outflows of resources		2,343,108
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 statements of net position as follows:		
Termination benefits		(6,252)
Lease obligation		(66,891)
Net pension liability		(3,980,527)
Deferred inflows of resources		<u>(642,982)</u>
Net position of governmental activities	\$	<u>10,906,992</u>

See accompanying notes to the basic financial statements

Butte County Mosquito and Vector Control District
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2024

	General Fund	Reclassifications & Eliminations	Statements of Activities
Expenditures/Expenses:			
Mosquito and vector control operations:			
Salaries and benefits	\$ 3,153,076	(277,796)	2,875,280
Materials and supplies	2,490,996	-	2,490,996
Capital outlay	746,911	(746,911)	-
Depreciation expense	-	414,986	414,986
Lease obligations:			
Lease rent	2,427	(2,427)	-
Interest expense	1,773	-	1,773
Total expenditures/expenses	6,395,183	(612,148)	5,783,035
Program revenues:			
Charge for services – property assessments	1,029,414	-	1,029,414
Charge for services	429,646	-	429,646
Total program revenues	1,459,060	-	1,459,060
Net program expense			4,323,975
General revenues:			
Property taxes	4,497,459	-	4,497,459
Interest return	636,963	-	636,963
Other	67,305	-	67,305
Total general revenues	5,201,727	-	5,201,727
Total revenues	6,660,787	-	6,660,787
Excess of revenues over expenditures	265,604	612,148	-
Changes in net position	-	(612,148)	877,752
Fund balance/Net position, beginning of period,	9,335,914	-	10,029,240
Fund balance/Net position, end of period	\$ 9,601,518	(612,148)	10,906,992

Continued on next page

See accompanying notes to the basic financial statements

**Butte County Mosquito and Vector Control District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Type Funds to the Statements of Activities
 For the Fiscal Year Ended June 30, 2024**

Reconciliation:

Net change in fund balance of governmental fund	\$	265,604
<p>Amounts reported for governmental activities in the statements of activities is different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the statements of activities, the cost of those assets are included as capital assets and allocated over their estimated useful lives as depreciation expense; and gain and losses resulting from the disposal of the capital assets are recognized. The effects of capital assets to the governmental funds are as follows:</p>		
Loss on disposal of fixed assets		
Capital outlay		746,911
Depreciation expense		(414,986)
<p>Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenses in the governmental funds as follows:</p>		
Lease rent payment		39,900
Change in net pension liability		<u>240,323</u>
Changes in net position of governmental activities	\$	<u>877,752</u>

See accompanying notes to the basic financial statements

Butte County Mosquito and Vector Control District
Statements of Fiduciary Net Position
June 30, 2024
With comparative amounts for June 30, 2023

	2024	2023
Current assets:		
Cash and cash equivalents (note 2)	\$ <u>5,000</u>	<u>5,000</u>
Total assets	<u>5,000</u>	<u>5,000</u>
Net position:		
Held in trust for underground storage tank facility	<u>5,000</u>	<u>5,000</u>
Total net position	<u><u>\$ 5,000</u></u>	<u><u>5,000</u></u>

See accompanying notes to the basic financial statements

Butte County Mosquito and Vector Control District
Statements of Changes in Fiduciary Net Position
June 30, 2024
With comparative amounts for June 30, 2023

	2024	2023
Additions:		
Total additions	\$ -	-
Deductions:		
Total deductions	-	-
Changes in net position	-	-
Net position, beginning of period	5,000	5,000
Net position, end of period	\$ 5,000	5,000

See accompanying notes to the basic financial statements

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Butte County Mosquito and Vector Control District (District) was formed by Resolution on May 7, 1948, and provides pest abatement for Butte County and Hamilton City in Glenn County, except for areas covered by Durham Mosquito Abatement District.

The District is an autonomous Special District of the State of California, formed in accordance with the Health and Safety Codes, Chapter 5, Article 2, Division 3, and is governed by an 11 member Board of Trustees. The Board of Trustees is comprised of five trustees representing Butte County, one trustee from each of the five incorporated Butte County cities, and one trustee representing the Hamilton City area of Glenn County. The trustees are appointed by the agency they represent.

The District's financial statements include all transactions for which the District is financially accountable. Financial accountability is defined as appointment of a majority of a component unit's Board and either the ability to impose the will of the District or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. Based on these criteria, the District has determined that there are no component units that come under the criteria for inclusion. The District is not a component unit of any other government entity.

The Oroville Mosquito Abatement District (OMAD) was organized in 1917. On August 17, 2021, OMAD was dissolved and annexed with the District. Pursuant to Government Code Section 57200, a certificate is issued by the Executive Officer of the Local Agency Formation Commission (LAFCO) of Butte County, California to complete the reorganization between OMAD and the District. The reorganization between OMAD and the District was approved by the Local Agency Formation Commission (LAFCO) on August 2020, under LAFCO Resolution No. 01 2020/21. Please see note 13 for a detailed discussion of the transfer of operations between OMAD and the District.

The criteria used in determining the transfer of operations is based on the provisions of Governmental Accounting Statements No. 69 (GASB 69), *Government Combinations and Disposals of Government Operations*. The effective transfer date of operations is August 17, 2021, which is the date the District obtains 12 square miles, or 8,142 parcels, of service area to the District and thus transferred the responsibility of mosquito abatement services in that area to the District. The transfer received or assumed by the District should be reported as a special item in the statement of revenues, expenditures and changes in fund balances in the period in which the transfer occurs.

B. Basis of Accounting and Measurement Focus

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

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

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

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

B. Basis of Accounting and Measurement Focus, continued

Government-wide Financial Statements

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

Governmental Fund Financial Statements

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

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

The District reports the following major governmental fund:

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

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

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

Fiduciary Fund Financial Statements

These statements include the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position for all funds held by a governmental unit in a trustee or agent capacity for others. Fiduciary funds should be used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government's own programs. Fiduciary activities, whose resources are not available to finance the government's programs, should be excluded from the Government-wide Financial Statements. The District has presented its Trust Fund, as its major fund to account for resources legally held in trust by the District in a trustee capacity, in these statements to meet the qualifications of GASB Statement No. 34. The District's trust fund was established to account for the underground tank facility pursuant to 40 CFR 280.93.

Fiduciary funds are accounted for on an *economic resources* measurement focus and the accrual basis of accounting. *Fiduciary fund* reporting focuses on net position and changes in net position. Fiduciary fund financial statements should include information of all fiduciary funds of the primary government, as well as component units that are fiduciary in nature.

C. Financial Reporting

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

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

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

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

C. Financial Reporting, continued

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position/Fund Balance

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

3. Investments and Investment Policy

The District has adopted a formal investment policy as required by Section 53600, et al. seq., of the California Government Code. The District's investments are as follows:

- Checking and savings account held with financial institutions
- Butte County Treasurer investment pool
- CalPERS 115 Trust

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

4. Property Taxes and Assessments

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

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

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

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

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

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

5. Materials and Supplies Inventory

Materials and supplies inventory consists primarily of pesticides and chemicals used to eradicate certain vectors. Inventory is valued at cost using the first-in, first-out (FIFO) cost method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

6. Prepaid Expenses

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

7. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, structures, improvements, equipment, and vehicles. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Structures and improvements – 30 years
- Equipment and vehicles – 5 to 20 years

8. Deferred Outflows of Resources

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

9. Compensated Absences

The District's compensated leave policy allow full-time employees to accumulate vacation and sick leave. Vacation leave may be accumulated to a maximum of 400 hours. Vacation is accrued at varying rates depending on the employee's years of service. At termination, an employee shall only be paid for that portion of accumulated vacation time which the employee has not been given an opportunity to use. Payment for unused vacation will be based on salary rate at the time of the employee's termination. The outstanding liability for compensated absences is reported as a long-term liability in the statements of net position. Sick leave, for full-time employees, may be accumulated on an unlimited basis. Upon termination of employment, full-time employees with more than 240 hours of accrued sick leave may be compensated for the portion of time in excess of 240 hours at the current rate of pay, up to a maximum of \$3,000. At the time of retirement, accumulated sick leave shall be determined and the hours of sick leave shall be multiplied by the employees' then existing straight-time wage rate. The balance, net of withheld taxes, will represent a fund to be held and paid out by the District to the retired employee, in equal annual installments with a maximum annual payment of no more than \$5,000, until the calculated amount is paid or the employee becomes eligible for Medicare, whichever comes sooner. Sick leave not exchanged for cash credit under this option, may be used under the final option, in which employees may convert any remaining sick leave into PERS service time credit according to a PERS formula.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

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

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

10. Lease Obligations

The District's lease obligation is measured at the present value of payments expected to be paid during the lease term.

11. Deferred Inflows of Resources

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

12. Pension

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

GASB 68 requires that the reported results must pertain to the liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation date: June 30, 2022
- Measurement date: June 30, 2023
- Measurement period: July 1, 2022 to June 30, 2023

13. Net Position

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

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

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

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

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

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

14. Fund Balance

The governmental fund financial statements report fund balance as non-spendable, 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. In the fund financial statements, the District has implemented the requirements of *GASB No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions*. The Board of Trustees formally adopted the following fund balance classifications:

- **Non-spendable** – 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 or 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. This is also the classification for residual funds in the District’s special revenue funds.
- **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.

Fund Balance Policy

The Board of Trustees establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

The District believes that sound financial management principles require sufficient funds to be retained by the District, to provide a stable financial base at all time. To retain this stable financial base, the District needs to maintain an unrestricted fund balance 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 balance classifications are considered unrestricted.

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

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(2) Cash and Investments

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

	2024
Statements of Net Position:	
Cash and investments	\$ 8,315,783
Cash and investments - restricted	471,359
Statements of Fiduciary Net Position:	
Cash and investments	5,000
Total cash and investments	\$ 8,792,142

Cash and investments as of June 30, consist of the following:

	2024
Statements of Net Position:	
Deposits held with financial institutions	\$ 2,500
Deposits held with Butte County Treasury	8,313,283
Deposits held with CalPERS 115 Trust	471,359
Statements of Net Position:	
Held in trust for underground storage tank facility	5,000
Total cash and cash equivalents	\$ 8,792,142

Authorized Deposits and Investments

Under the provision of the District’s investment policy, and in accordance with Section 53601 of the California Government Code, the District invests in certain types of investments as listed in Note 1(D)(4) to the financial statements.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of 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 custodial credit risk for *investments* is the risk that, in the event of 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision: The California Government Code requires that a financial institution secures 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 public agencies. Of the District’s bank balance, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District’s name.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(2) Cash and Cash Equivalents, continued

Interest Rate Risk

Interest rate risk is the risk that the change 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 the change 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. The District's investment in the Butte County Treasurer investment pool had an average maturity of 546 days.

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 risk is measured by an assignment of a rating by a nationally recognized statistical rating organization. The investments of the District do not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amounts that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and/or external investment pools) that represent 5% or more of the District's total investments as of June 30, 2024.

(3) Capital Assets

	<u>Balance 2023</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets:				
Land	\$ 615,403	-	-	615,403
Total non-depreciable assets	<u>615,403</u>	<u>-</u>	<u>-</u>	<u>615,403</u>
Depreciable assets:				
Right-to-use asset	87,426	-	-	87,426
Structures and improvements	2,793,917	118,407	(5,189)	2,907,135
Equipment and vehicles	<u>3,406,107</u>	<u>628,504</u>	<u>(159,538)</u>	<u>3,875,073</u>
Total depreciable assets	<u>6,287,450</u>	<u>746,911</u>	<u>(164,727)</u>	<u>6,869,634</u>
Less accumulated depreciation:				
Right-to-use asset	(24,527)	(2,914)	-	(27,441)
Structures and improvements	(1,406,450)	(135,532)	5,189	(1,536,793)
Equipment and vehicles	<u>(2,144,783)</u>	<u>(276,540)</u>	<u>159,538</u>	<u>(2,261,785)</u>
Total accumulated depreciation	<u>(3,575,760)</u>	<u>(414,986)</u>	<u>164,727</u>	<u>(3,826,019)</u>
Total depreciable assets, net	<u>2,711,690</u>	<u>331,925</u>	<u>-</u>	<u>3,043,615</u>
Total capital assets, net	<u>\$ 3,327,093</u>			<u>3,659,018</u>

Major capital asset additions during the year include structures and improvements and equipment and vehicles.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(4) Compensated Absences

The change to compensated absence balances at June 30 was as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2024</u>	<u>Due Within One Year</u>	<u>Due in more than one year</u>
\$	213,384	101,462	(82,948)	231,898	46,380	185,518

(5) Termination Benefits

The change in termination benefits at June 30 was as follows:

	<u>Balance 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 2024</u>	<u>Due Within One Year</u>	<u>Due in more than one year</u>
\$	43,725	-	(37,473)	6,252	6,252	-

On November 2021, the District’s Board of Trustees passed a resolution to revise the District’s early retirement incentive program (Incentive Program) in order to affect cost savings to the District by encouraging the retirement of eligible employees. The Incentive Program provides continued health insurance for early retirees for a period of up to three years, or until the employee becomes eligible for Medicare, whichever comes first.

An employee becomes eligible for the Incentive Program when the employee is eligible for retirement for service under the District’s CalPERS retirement plan; at the time of retirement, be at least 55 years of age; must not be eligible for Medicare at the time of retirement; and there is cost savings to the District over the period of covered benefit. There are two employees that participate in the Incentive Program. Health insurance premiums are estimated at \$903 per month per employee and the insurance premium payments are scheduled through December 2024. One of the employees ends in May 2024 and another employee in December 2024.

(6) Operating Lease

The change in operating lease obligation at June 30 was as follows:

	<u>2023</u>	<u>Additions</u>	<u>Principal Payment</u>	<u>2024</u>	<u>Current</u>	<u>Non-current</u>
\$	69,318	-	(2,427)	66,891	2,490	64,401

The District’s main headquarters and facilities are located on real property leased from the City of Oroville. The lease term and payment provisions of the original lease agreement were amended on February 17, 2015, as follows:

1. The term of the lease shall be for a period of thirty (30) years, commencing February 17, 2015, and ending February 17, 2045.
2. The District shall pay \$350 per month rent to the City.

During the fiscal year ended June 30, 2024, the District paid the City of Oroville rent totaling \$4,200.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(6) Operating Lease, continued

Principal and interest requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,490	1,710	4,200
2026	2,556	1,644	4,200
2027	2,623	1,577	4,200
2028	2,692	1,508	4,200
2029	2,763	1,437	4,200
2030-2034	14,945	6,055	21,000
2035-2039	17,017	3,983	21,000
2040-2044	19,377	1,623	21,000
2045	2,428	21	2,449
Total	66,891	19,558	86,449
Current	(2,490)		
Non-current	\$ 64,401		

(7) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous plan and safety plan, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information and can be found on the CalPERS website.

Benefits Provided

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

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.5% at 55 Miscellaneous Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Miscellaneous Risk Pool Retirement Plan under PEPRA.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(7) Defined Benefit Pension Plan, continued

Benefits Provided, continued

The District participates in the Plan’s miscellaneous risk pool. The Plan’s provision and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous Pool	
	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2013	2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	
Benefit payments	monthly for life	
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.96%	7.75%
Required employer contribution rates	13.34%	7.68%

Contributions

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

For the year ended June 30, 2024, contributions to the Plan were as follows:

	2024
Contributions – employer	\$ 813,375

Net Pension Liability

As of the fiscal year ended June 30, 2024, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2024
Proportionate share of net pension liability	\$ 3,980,527

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023 (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 (the valuation date), rolled forward to June 30, 2023, using standard update procedures. The District’s proportion of the fiduciary net position was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(7) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2023, was as follows:

	Miscellaneous
Proportion – June 30, 2022	0.03849%
Changes in proportion	-0.00659%
Proportion – June 30, 2023	0.03191%

Deferred Pension Outflows(Inflows) of Resources

For the fiscal year ended June 30, 2024, the District recognized pension credit of \$579,940.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 813,375	-
Differences between actual and expected experience	171,803	-
Change in assumptions	240,322	-
Net difference between projected and actual earnings on plan investments	644,483	-
Differences between actual contribution and proportionate share of contribution	473,125	-
Adjustment due to differences in proportions of net pension liability	-	(642,982)
Total	\$ 2,343,108	(642,982)

For the year ended June 30, 2024, the District's deferred outflows of resources related to contributions subsequent to the measurement date totaled \$813,375 and other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2025	\$ 185,550
2026	154,038
2027	528,669
2028	18,494

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(7) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2022, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data
Period upon which actuarial Experience survey assumptions were based	1997 – 2015
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies

* The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This discount rate is not adjusted for administrative expenses.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(7) Defined Benefit Pension Plan, continued

Discount Rate, continued

The table below reflects the expected real rates of return by asset class.

<u>Asset Class</u>	<u>Assumed Asset Classification</u>	<u>Real Return 1-10^{1,2}</u>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management Study.

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

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

As of June 30, 2024, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	<u>Discount Rate - 1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate + 1%</u>
	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
District's net pension liability	\$ <u>5,987,153</u>	<u>3,980,527</u>	<u>2,328,902</u>

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 37 through 39 for the Required Supplementary Information.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(8) Fund Balance

Fund balance is presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned.

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

	2024
Restricted:	
Investment in CalPERS 115 Trust	\$ <u>471,359</u>
Non-spendable:	
Materials and supplies inventory	954,813
Prepaid expenses	<u>53,160</u>
Total non-spendable	<u>1,007,973</u>
Assigned:	
Compensated absences	<u>231,898</u>
Unassigned	<u>7,890,288</u>
Total fund balance	<u>\$ 9,601,518</u>

(9) Unrestricted Net Position

Calculation of the unrestricted net position as of June 30 was as follows:

	2024
Restricted:	
Investment in CalPERS 115 Trust	\$ <u>471,359</u>
Net investment in capital assets:	
Non-depreciable assets	615,403
Depreciable assets, net	3,043,615
Lease obligation	<u>(66,891)</u>
Total net investment in capital assets	<u>3,592,127</u>
Unrestricted net position	<u>6,843,506</u>
Net position	<u>\$ 10,906,992</u>

(10) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust at June 30, 2024, was \$264,187.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(10) Deferred Compensation Savings Plan, continued

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 statements of net position.

(11) Section 115 Trust

In fiscal year 2022, the District’s Board approved the creation of a Section 115 Trust Agreement with CalPERS, the Trustee and Trust Administrator. The Section 115 Trust was established to set aside monies to fund the District’s pension plan obligation. Contributions to the Section 115 Trust are irrevocable as the assets are dedicated to provide benefits to plan members and are protected from creditors of the District. The purpose of the Section 115 Trust was to address the District’s pension obligations by accumulating assets in consideration of its defined benefit pension plan. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are, therefore, considered restricted assets of the District rather than pension plan assets. Accordingly, the Section 115 Trust’s assets are recorded as restricted for pension benefits in the District’s net position and fund balance rather than assets of the pension plan during the measurement date of the net pension liability. The assets held in trust will be considered pension plan asset at the time they are transferred out of the Trust into the pension plan.

(12) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, as a member of the Vector Control Joint Powers Agency (VCJPA), has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources. The VCJPA was established in 1979, for the purpose of funding and developing programs to provide various insurance coverages for its member mosquito abatement and vector control districts in California. The VCJPA is a public entity risk pool operating a common risk management insurance program and organized pursuant to the provisions of the California Government Code for the purpose of providing insurance coverage for member districts. VCJPA is a Joint Powers Agency of 34 mosquito abatement and/or vector control districts in the State of California. At June 30, 2024, the District participated in programs of the VCJPA as follows:

- General and automobile liability; public officials errors and omissions; employment practices liability insurance
- Property, including cyber and boiler & machinery insurance
- Auto physical damage insurance
- Fidelity (crime) insurance
- Workers’ compensation insurance
- Business travel accident

General and Automobile Liability, Public Officials Errors and Omissions, and Employment Practices Liability Coverage: Annual deposits are paid by member agencies and are adjusted retrospectively to cover costs. The District has a \$10,000 self-insured retention under this program. The first \$1 million in coverage is pooled in a risk sharing plan with other agencies in the VCJPA. Additional coverage purchased by the VCJPA includes an additional \$28.5 million in excess liability coverage and \$3 million in employment practice liability coverage.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

(12) Risk Management, continued

Property including Cyber, and Boiler and Machinery Insurance Coverage: Property including cyber, and boiler & machinery coverage: The District has a \$500 deductible for all risk property insurance coverage up to \$25,000 through VCJPA. Excess property insurance is purchased through the Alliant Property Insurance Program, which provides limits up to \$400 million; some sublimits apply.

Auto Physical Damage Insurance Coverage. The District has a \$1,000 deductible for auto physical damage coverage provided through VCJPA with limits of up to \$50,000 per vehicle, trailer, watercraft and drones, unless additional limits are purchased for certain vehicles.. The District purchases airplane liability and property coverage directly through an independent insurance agent. The District also purchases a difference in conditions, including earthquake, policy on a standalone basis.

Fidelity (Crime) Insurance Coverage: The District has a \$2,500 deductible and \$1 million limit for each loss for crime insurance, which includes coverage for loss of money, securities, or other property resulting from the dishonest acts of an employee or failure of an employee to perform duties as prescribed by law. Coverage for elected/appointed officials, treasurer/tax collector and other employees required to be bonded is also included.

Worker's Compensation Insurance Coverage: Annual deposits are paid by member agencies and are adjusted retrospectively to cover costs. The District has a \$25,000 self-insured retention in this program. The first \$500,000 in coverage is pooled under a risk sharing plan with other agencies in the VCJPA. Additional statutory coverage is purchased by the VCJPA.

Business Travel Accident Insurance Coverage: This is a benefit program providing accidental death, dismemberment, and paralysis coverage for key and designated employees and trustees for business related travel. This is no deductible and the policy has a \$150,000 limit and \$750,000 in the aggregate per accident, with a reduced scale for anyone age 70 and over.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the year ended June 30, 2024. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There was no IBNR claims payable as of June 30, 2024.

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

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

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

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

Governmental Accounting Standards Board Statement No. 101, continued

Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Butte County Mosquito and Vector Control District
Notes to the Basic Financial Statements, continued
For the Fiscal Year Ended June 30, 2024

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

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – Disclosure of Certain Capital Assets. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

(14) Contingencies

Litigation

The District accounts for material liability claims and judgments in accordance with GASB standards. When it is probable that a claim liability has been incurred at year end, and the amount of the loss can be reasonably estimated, the District records the estimated loss net of insurance coverage. The District had no material claims that would require loss provision in the financial statements during this reporting period.

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

(15) Subsequent Event

Events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure as of December 11, 2024, which is the date the financial statements were available to be issued.

Required Supplementary Information

**Butte County Mosquito and Vector Control District
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2024**

	<u>Adopted Original Budget</u>	<u>Board Approved Changes</u>	<u>Revised Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Expenditures/Expenses:					
Mosquito and vector control operations:					
Salaries and benefits	\$ 3,358,602	-	3,358,602	3,153,076	205,526
Materials and supplies	1,908,463	-	1,908,463	2,490,996	(582,533)
Capital outlay	315,000	476,346	791,346	746,911	44,435
Lease obligations:					
Lease rent	5,500	-	5,500	2,427	3,073
Interest expense	-	-	-	1,773	(1,773)
Total expenditures	<u>5,587,565</u>	<u>476,346</u>	<u>6,063,911</u>	<u>6,395,183</u>	<u>(331,272)</u>
Program revenues:					
Charges for services – property assessments	1,009,600	-	1,009,600	1,029,414	19,814
Charge for services	235,000	-	235,000	429,646	194,646
Total program revenues	<u>1,244,600</u>	<u>-</u>	<u>1,244,600</u>	<u>1,459,060</u>	<u>214,460</u>
General revenues:					
Property taxes	3,782,965	-	3,782,965	4,497,459	714,494
Investment income	40,000	-	40,000	636,963	596,963
Other	20,000	-	20,000	67,305	47,305
Total general revenues	<u>3,842,965</u>	<u>-</u>	<u>3,842,965</u>	<u>5,201,727</u>	<u>1,358,762</u>
Total revenues	<u>5,087,565</u>	<u>-</u>	<u>5,087,565</u>	<u>6,660,787</u>	<u>1,573,222</u>
Excess of revenues over expenditures	(500,000)	<u>(476,346)</u>	(976,346)	265,604	<u>1,241,950</u>
Fund balance – beginning of year	<u>9,335,914</u>		<u>9,335,914</u>	<u>9,335,914</u>	
Fund balance – end of year	<u>\$ 8,835,914</u>		<u>8,359,568</u>	<u>9,601,518</u>	

Notes to Required Supplementary Information

(1) Budgets and Budgetary Data

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

The District presents a comparison of the annual budget to actual results for the General Fund at the functional expenditure-type major object level for financial reporting purposes. The budgeted expenditure amounts represent the adopted budget plus supplemental appropriations, if any.

Butte County Mosquito and Vector Control District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2024
Last Ten Years

Description	Measurement Dates									
	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
District's proportion of the net pension liability (asset)	0.03191%	0.03849%	0.04870%	0.03560%	0.03529%	0.03485%	0.03437%	0.03440%	0.03483%	0.02971%
District's proportionate share of the net pension liability (asset)	\$ 3,980,527	4,446,325	2,633,821	3,873,151	3,616,550	3,358,334	3,408,628	2,977,019	2,390,965	1,803,155
District's covered-employee payroll	\$ 1,405,367	1,323,382	1,317,158	1,264,768	1,223,709	1,238,109	1,132,447	1,079,612	1,004,604	1,142,950
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	283.24%	335.98%	199.96%	306.23%	295.54%	271.25%	301.00%	275.75%	238.00%	157.76%
Plan's fiduciary net position as a percentage of the total pension liability	76.21%	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	80.43%

Notes to the Schedules of the District's Proportionate Share of the Net Pension Liability

Changes in Benefit Terms

Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

In fiscal year 2023, there were no changes to actuarial assumptions or methods.

In fiscal year 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term.

The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

In fiscal year 2021, there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses.

Butte County Mosquito and Vector Control District
Schedules of the District's Proportionate Share of the Net Pension Liability, continued
As of June 30, 2024
Last Ten Years

Notes to the Schedules of the District's Proportionate Share of the Net Pension Liability, continued

Change of Assumptions and Methods, continued

These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

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

Butte County Mosquito and Vector Control District
Schedules of Pension Plan Contributions
As of June 30, 2024
Last Ten Years

Pension Liability 12,475,350,582 11,550,804,975 5,408,288,388 10,880,429,552 10,247,039,422 9,636,265,805 9,917,252,956 8,653,095,333 6,863,911,531
red Supplementary Schedule #2

Description	Fiscal Years Ended									
	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	
Actuarially determined contribution	\$ 813,375	1,152,993	419,164	384,422	345,724	302,194	272,334	239,072	210,560	
Contributions in relation to the actuarially determined contribution	(813,375)	(1,152,993)	(419,164)	(384,422)	(345,724)	(302,194)	(272,334)	(240,340)	(154,620)	
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	(1,268)	55,940	
District's covered payroll	\$ 1,405,367	1,323,382	1,317,158	1,264,768	1,223,709	1,238,109	1,132,447	1,079,612	1,004,604	

Report on Internal Controls and Compliance

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

Board of Trustees
Butte County Mosquito and Vector Control District
Oroville, 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 Butte County Mosquito and Vector Control (District) as of and for the year ended June 30, 2024, 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 11, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

C.J. Brown & Company, CPAs
Cypress, California
December 11, 2024

Butte County Mosquito and Vector Control District

Management Report

June 30, 2024

Butte County Mosquito and Vector Control District

Management Report

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CONFIDENTIAL

Board of Trustees
Butte County Mosquito and Vector Control District
Oroville, California

Dear Members of the Board:

In planning and performing our audit of the basic financial statements of the Butte County Mosquito and Vector Control District (District) as of and for the year ended June 30, 2024, 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, we considered District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control over financial reporting.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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

Current Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America.

Current Year Comment and Recommendation, continued

Disclosure of Audit Adjustments and Reclassifications, continued

For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system as of June 30, 2024.

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

C.J. Brown & Company, CPAs
Cypress, California
December 11, 2024

APPENDIX

Butte County Mosquito and Vector Control District

Audit/Finance Committee Letter

June 30, 2024

Board of Trustees
Butte County Mosquito and Vector Control District
Oroville, California

We have audited the financial statements of the Butte County Mosquito and Vector Control District (District) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 11, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 24, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, if any, and other matters noted during our audit in a separate letter to you dated December 11, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards

As auditors of the District, we are required per AU-C Section 240, “Consideration of Fraud in a Financial Statement Audit”, to “ordinarily” presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no other changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

- Management’s estimate of the fair value of cash and investments which is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of capital assets depreciation which is based on historical estimates of each capitalized item’s useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculation in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the defined benefit pension plan’s net pension liability, deferred outflows of resources, net and deferred inflows of resources, and pension expense which are based on an actuarial valuation conducted by a third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary to calculate these amounts for the District to determine that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District’s financial statements relate to:

- The disclosure of fair value of cash and investments in Note 2 to the basic financial statements which represents amounts susceptible to market fluctuations.
- The disclosure of capital assets, net of accumulated depreciation in Note 3 to the basic financial statements which is based on historical information which could differ from actual useful lives of each capitalized item.

Qualitative Aspects of the Entity's Significant Accounting Practices, continued

Financial Statement Disclosures, continued

- The disclosure of the District's defined benefit pension plan in Note 7 to the basic financial statements which is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The adjusting journal entries were to convert the District's governmental fund financial statements to the government-wide financial statements. Such adjusting journal entries were based on information provided by the District. The attached schedule on pages 5 and 6 discloses all such converting journal entries.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated December 11, 2024.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District’s auditors.

We appreciate the cooperation extended us by Matthew Ball, General Manager, and Maritza Sandoval, Administrative Manager in the performance of our audit testwork.

This report is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

C.J. Brown & Company, CPAs
Cypress, California
December 11, 2024

**Butte County Mosquito and Vector Control District
Audit Adjusting and Reclassifying Journal Entries
June 30, 2024**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
	To account for changes in PERS 115 Trust at year-end.	\$	
1031	FMV Adjustment CEPPT 115 Trust	35,524.52	
4411	FMV Adj-Uunrealized Gain (Loss)	1,904.00	
4411	FMV Adj-Uunrealized Gain (Loss)	3,443.74	
5199	PERS- 115 Trust (Audit)	300,000.00	
5199	PERS- 115 Trust (Audit)	21,360.00	
3199	Equity Accrual- Audit		300,000.00
3199	Equity Accrual- Audit		3,443.74
4411	FMV Adj-Uunrealized Gain (Loss)		35,524.52
4411	FMV Adj-Uunrealized Gain (Loss)		23,264.00
Adjusting Journal Entries JE # 2			
	To reverse duplicate amount of charges for services		
4625	Charges for Current Services	102,723.38	
1101	Accounts Receivable- Audit		102,723.38
Adjusting Journal Entries JE # 3			
	To adjust inventory based on count sheet at year-end.		
5299	Pesticides, Gas, Oil & Grease - Audit	600,621.12	
1200	Inventory		599,129.05
5299	Pesticides, Gas, Oil & Grease - Audit		1,492.07
Adjusting Journal Entries JE # 4			
	To adjust for capital assets at year-end		
1800	Depreciable Fixed Assets	746,912.50	
1900	Accumulated Depreciation	164,727.25	
5400	Depreciation Expense	2,914.19	
5400	Depreciation Expense	412,071.66	
1800	Depreciable Fixed Assets		164,727.25
1900	Accumulated Depreciation		412,071.66
1900	Accumulated Depreciation		2,914.19
FB5399	Capitalized Capital Outlay	\$	746,912.50

**Butte County Mosquito and Vector Control District
Audit Adjusting and Reclassifying Journal Entries, continued
June 30, 2024**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 5			
To record FMV adjustment at June 30, 2024.			
1029	FMV Adjustment	\$ 131,934.81	
4411	FMV Adj-Unrealized Gain (Loss)		131,934.81
Adjusting Journal Entries JE # 6			
To adjust net pension liability at year-end			
2800	Net Pension Liability	465,798.00	
5170	GASB 68 Pension Expense Contra Account		240,323.00
1500	Deferred Pension Outflows		109,440.00
2500	Deferred Pension Inflows		116,035.00
Adjusting Journal Entries JE # 7			
To adjust lease obligation per GASB 87			
2775	Lease Obligation	2,426.52	
FB 5410	Interest Expense	1,773.48	
5255	Rent		4,200.00
Adjusting Journal Entries JE # 8			
To adjust compensated absences at year-end.			
5145	Compensated Absences	18,514.62	
2600	Compensated Absences Payable		18,514.62
Adjusting Journal Entries JE # 9			
To adjust health benefit liability at year-end to remove expired portion.			
2875	Health Benefit Liability	43,725.00	
5140	Health Insurance	6,252.00	
2875	Health Benefit Liability		6,252.00
5140	Health Insurance	\$	43,725.00

On November 14, 2024, the District completed the monthly management meeting, staff meeting, and all vehicle inspections. The District Manager also hosted his 16th Annual Employee Appreciation Luncheon. Food is purchased, provided, and cooked by the District Manager at no District expense.

Commencing on November 18, 2024, and continuing throughout the winter, District employees started attending continuing education webinars to gain continuing education hours and to learn different aspects of the industry.

On November 19, 2024, District management met and offered the position of Pilot II to Ed Parra who started work on December 9, 2024.

On November 20, 2024, District management attended a webinar to learn about ADA compliance with the District's website and things linked to the District's website.

On November 22, 2024, the District Manager attended the biweekly Legislative Regulatory Committee call. MVCAC lobbyists and committee members reviewed legislation and current regulatory issues throughout the state.

On December 3, 2024, District management and the District's Pilot interviewed a candidate for the open Pilot I position. The position was conditionally offered to a candidate of Pilot I. Also on this date, Butte Environmental Health conducted the District's annual UST inspections.

As a reminder, the District was closed for the week of November 25th for Thanksgiving closure.