Butte County Mosquito and Vector Control District

Annual Financial Report

For the Fiscal Year Ended June 30, 2022

Protecting the Public Health Since 1948

Butte County Mosquito and Vector Control District
Matthew C. Ball, District Manager
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Financial Section

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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, 2022, 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, 2022, 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 Opinions

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, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the District has adopted the provisions of GASB Statement No. 87 – *Leases.* As a result, the District restated its net position to reflect the effects of the change in accounting policy. Our opinions are not modified with respect to this matter.

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.

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 opinions. 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.

Independent Auditor's Report, continued

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 42 through 45 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, 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 46 and 47.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
December 14, 2022

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, 2022. 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 2022, the District's net position increased 6.79% or $450,259 to $7,079,887.
- In 2022, total revenues from all sources increased 12.20% or $627,461 to $5,770,206.
- In 2022, total expenses increased 27.60% or $1,207,297 to $5,582,123.

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 and the Oroville Mosquito Abatement District. 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 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.

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.

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 41.

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, 2022.

A large portion of the District's net position (45.17% or $3,198,158), 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 2022, the District reflected a positive balance in its unrestricted net position of $3,752,144 that may be utilized in future years. (See note 9 for further information)

Condensed Statements of Net Position

		2022	2021	Change
Assets:				
Current assets	$	8,879,269	7,295,271	1,583,998
Non-current assets		3,269,840	3,243,082	26,758
Total assets		12,149,109	10,538,353	1,610,756
Deferred outflows of resources		714,519	699,076	15,443
Liabilities:				
Current liabilities		221,732	217,151	4,581
Non-current liabilities		3,149,413	4,315,751	(1,166,338)
Total liabilities		3,371,145	4,532,902	(1,161,757)
Deferred inflows of resources		2,412,596	74,899	2,337,697
Net position:				
Net investment in capital assets		3,198,158	3,243,082	(44,924)
Restricted		129,585	-	129,585
Unrestricted		3,752,144	3,386,546	365,598
Total net position	$	7,079,887	6,629,628	450,259

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 6.79% or $450,259 to $7,079,887, of which increases of $188,083 was from ongoing operations and $267,435 was from the transfer in of assets from a dissolved organization; offset by a decrease of $5,259 was from the implementation of GASB 87.

The District's total revenues from all sources increased 12.20% or $627,461 to $5,770,206. Program revenues decreased $261,087 primarily due to decreases of $187,219 in charge for services and $79,600 in operating grants. General revenues increased $888,548 primarily due to increases of $1,116,473 in other revenues and $25,852 in property taxes; which were offset by a decrease of $253,777 in investment returns.

Government-wide Financial Analysis, continued

The District's total expenses increased 27.60% or $1,207,297 to $5,582,123, primarily due to increases of $1,127,234 in salaries and benefits and $185,160 in materials and supplies; which were offset by a decreases $106,993 in depreciation.

Condensed Statements of Activities

		2022	2021	Change
Expenses:				
Mosquito and vector control	$	5,582,123	4,374,826	1,207,297
Total expenses		5,582,123	4,374,826	1,207,297
Program revenues		1,030,514	1,291,601	(261,087)
General revenues		4,739,692	3,851,144	888,548
Total revenues		5,770,206	5,142,745	627,461
Changes in net position		188,083	767,919	(579,836)
Special item		267,435	-	267,435
Net position, beginning of year, as previously stated		6,629,628	5,861,709	767,919
Prior period adjustment		(5,259)	-	(5,259)
Net position, beginning of year, as restated		6,624,369	5,861,709	762,660
Net position, end of year	$	7,079,887	6,629,628	450,259

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, 2022, the District's General Fund reported a fund balance of $8,785,288. An amount of has been assigned for District operations. The amount of $7,405,774 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 $655,164 less than budgeted. The variance is due primarily to salaries and benefits of $491,739, materials and supplies of $121,037, and capital outlay of $41,588 being less than the anticipated budget. Actual revenues were greater than the anticipated budget by $1,173,845. (See Budgetary Comparison Schedule – General Fund under Required Supplementary Information section on page 42)

Capital Asset Administration

		Balance 2021	Additions	Deletions/ Transfers	Balance 2022
Non-depreciable assets	$	615,403	-	-	615,403
Depreciable assets		5,823,536	188,412	(81,153)	5,930,795
Accumulated depreciation		(3,127,130)	(230,381)	81,153	(3,276,358)
Total capital assets, net	$	3,311,809	(41,969)	-	3,269,840

At the end of fiscal year 2022, the District's investment in capital assets (net of accumulated depreciation) amounted to $3,269,840. 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 $188,412. See note 3 to the basic financial statements for further information.

Lease Obligation

		2021	Additions	Principal Payment	2022
Lease obligation	$	73,986	-	(2,304)	71,682

At the end of fiscal year 2022, the District's lease obligation amounted to $71,682. 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

The COVID-19 outbreak in the United States has caused business disruption through labor shortages business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Consequently, the related financial impact on the District cannot be estimated at this time.

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, 2022
With comparative amounts for June 30, 2021

		2022	2021
Current assets:			
Cash and investments (note 2)	$	7,971,121	6,654,786
Cash and investments – restricted (note 2)		129,585	-
Accrued interest receivable		15,099	-
Accounts receivable – charges for services		41,471	25,571
Materials and supplies inventory		693,350	586,445
Prepaid expenses		28,643	28,469
Total current assets		8,879,269	7,295,271
Non-current assets:			
Capital assets, not being depreciated (note 3)		615,403	615,403
Capital assets, being depreciated (note 3)		2,654,437	2,627,679
Total non-current assets		3,269,840	3,243,082
Total assets		12,149,109	10,538,353
Deferred outflows of resources:			
Deferred pension outflows (note 7)		714,519	699,076
Total deferred outflows of resources		714,519	699,076
Current liabilities:			
Accounts payable and accrued expenses		56,248	79,922
Accrued salaries and benefits		37,733	26,579
Long-term liabilities – due within one year:			
Compensated absences (note 4)		105,587	110,650
Termination benefits (note 5)		19,800	-
Lease obligation (note 6)		2,364	-
Total current liabilities		221,732	217,151
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 4)		422,349	442,600
Termination benefits (note 5)		23,925	-
Lease obligation (note 6)		69,318	-
Net pension liability (note 7)		2,633,821	3,873,151
Total non-current liabilities		3,149,413	4,315,751
Total liabilities		3,371,145	4,532,902
Deferred inflows of resources:			
Deferred pension inflows (note 7)		2,412,596	74,899
Total deferred inflows of resources		2,412,596	74,899
Net position: (note 9)			
Net investment in capital assets		3,198,158	3,243,082
Restricted		129,585	-
Unrestricted		3,752,144	3,386,546
Total net position	$	7,079,887	6,629,628

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, 2022
With comparative amounts for June 30, 2021

		2022	2021
Expenses:			
Mosquito and vector control:			
Salaries and benefits	$	3,621,183	2,493,949
Materials and supplies		1,728,663	1,543,503
Interest expense		1,896	-
Depreciation		230,381	337,374
Total expenses		5,582,123	4,374,826
Program revenues:			
Charge for services – property benefit assessments		771,050	765,318
Charge for services		259,464	446,683
Operating grants		-	79,600
Total program revenues		1,030,514	1,291,601
Net program expense		(4,551,609)	(3,083,225)
General revenues:			
Property taxes		3,660,080	3,634,228
Investment return		(265,606)	(11,829)
Other		1,345,218	228,745
Total general revenues		4,739,692	3,851,144
Changes in net position		188,083	767,919
Special items:			
Transfer in of dissolve organization (note 13)		267,435	-
Net position, beginning of year, as previously stated		6,629,628	5,861,709
Prior period adjustment (note 10)		(5,259)	-
Net position, beginning of year, as restated		6,624,369	5,861,709
Net position, end of year	$	7,079,887	6,629,628

See accompanying notes to the basic financial statements

Butte County Mosquito and Vector Control District
Balance Sheet
June 30, 2022

	General Fund	Reclassifications & Eliminations	Statements of Net Position
Current assets:			
Cash and invetments (note 2)	$ 7,971,121	-	7,971,121
Cash and investments (note 2)	129,585	-	129,585
Accrued interest receivable	15,099	-	15,099
Accounts receivable – charge for services	41,471	-	41,471
Materials and supplies inventory	693,350	-	693,350
Prepaid expenses	28,643	-	28,643
Total current assets	8,879,269	-	8,879,269
Non-current assets:			
Capital assets, not being depreciated (note 3)	-	615,403	615,403
Capital assets, being depreciated (note 3)	-	2,654,437	2,654,437
Total non-current assets	-	3,269,840	3,269,840
Total assets	8,879,269	3,269,840	12,149,109
Deferred outflows of resources:			
Deferred pension outflows (note 7)	-	714,519	714,519
Total deferred outflows of resources	-	714,519	714,519
Current liabilities:			
Accounts payable and accrued expenses	56,248	-	56,248
Accrued salaries and benefits	37,733	-	37,733
Long-term liabilities – due within one year:			
Compensated absences (note 4)	-	105,587	105,587
Termination benefits (note 5)	-	19,800	19,800
Lease obligation (note 6)	-	2,364	2,364
Total current liabilities	93,981	127,751	221,732
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 4)	-	422,349	422,349
Termination benefits (note 5)	-	23,925	23,925
Lease obligation (note 6)	-	69,318	69,318
Net pension liability (note 7)	-	2,633,821	2,633,821
Total non-current liabilities	-	3,149,413	3,149,413
Total liabilities	93,981	3,277,164	3,371,145
Deferred inflows of resources:			
Deferred pension inflows (note 7)	-	2,412,596	2,412,596
Total deferred inflows of resources	-	2,412,596	2,412,596
Fund balance: (note 8)			
Restricted	129,585	(129,585)	-
Non-spendable	721,993	(721,993)	-
Assigned	527,936	(527,936)	-
Unassigned	7,405,774	(7,405,774)	-
Total fund balance	8,785,288	(8,785,288)	-
Total liabilities and fund balance	$ 8,879,269		
Net position: (note 9)			
Net investment in capital assets		3,198,158	3,198,158
Restricted		129,585	129,585
Unrestricted		3,752,144	3,752,144
Total net position		7,079,887	7,079,887

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, 2022

Reconciliation:

Fund balance of governmental funds	$	8,785,288
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		3,269,840
Deferred outflows of resources		714,519
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:		
Compensated absences		(527,936)
Termination benefits		(43,725)
Lease obligation		(71,682)
Net pension liability		(2,633,821)
Deferred inflows of resources		(2,412,596)
Net position of governmental activities	$	7,079,887

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, 2022

		General Fund	Reclassifications & Eliminations	Statements of Activities
Expenditures/Expenses:				
Mosquito and vector control operations:				
Salaries and benefits	$	2,519,848	1,101,335	3,621,183
Materials and supplies		1,728,663	-	1,728,663
Capital outlay		188,412	(188,412)	-
Depreciation expense		-	230,381	230,381
Lease obligations:				
Lease rent		2,304	(2,304)	-
Interest expense		1,896	-	1,896
Total expenditures/expenses		4,441,123	1,141,000	5,582,123
Program revenues:				
Charge for services – property assessments		771,050	-	771,050
Charge for services		259,464	-	259,464
Total program revenues		1,030,514	-	1,030,514
Net program expense				4,551,609
General revenues:				
Property taxes		3,660,080	-	3,660,080
Interest return		(265,606)	-	(265,606)
Other		1,345,218	-	1,345,218
Total general revenues		4,739,692	-	4,739,692
Total revenues		5,770,206	-	5,770,206
Excess of revenues over expenditures		1,329,083	(1,141,000)	-
Changes in net position		-	1,141,000	188,083
Special item:				
Transfer in of dissolved organization		267,435	-	267,435
Fund balance/Net position, beginning of period, as previously stated		7,188,770	-	6,629,628
Prior period adjustment		-	(5,259)	(5,259)
Fund balance/Net position, beginning of period, as restated		7,188,770	(5,259)	6,624,369
Fund balance/Net position, end of period	$	8,785,288	(1,146,259)	7,079,887

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, 2022

Reconciliation:

Net change in fund balance of governmental fund	$ 1,329,083
Amounts reported for governmental activities in the statements of activities is different because:	
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:	
Capital outlay	188,412
Depreciation expense	(230,381)
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:	
Change in compensated absences	25,314
Change in termination benefits	(43,725)
Lease rent payment	2,304
Change is net pension liability	(1,082,924)
Changes in net position of governmental activities	$ 188,083

See accompanying notes to the basic financial statements

Butte County Mosquito and Vector Control District
Statements of Fiduciary Net Position
June 30, 2022
With comparative amounts for June 30, 2021

		2022	2021
Current assets:			
Cash and cash equivalents (note 2)	$	5,000	5,000
Total assets		5,000	5,000
Net position:			
Held in trust for underground storage tank facility		5,000	5,000
Total net position	$	5,000	5,000

See accompanying notes to the basic financial statements

Butte County Mosquito and Vector Control District
Statements of Changes in Fiduciary Net Position
June 30, 2022
With comparative amounts for June 30, 2021

		2022	2021
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

(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

(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.

(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 June 2017, the GASB issued Statement No. 87 – *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

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

C. Financial Reporting, continued

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

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

C. Financial Reporting, continued

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report.* This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur.

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. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Consequently, the related financial impact on the District cannot be estimated at this time.

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

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

3. 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.

4. 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.

5. 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

6. 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.

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

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

7. 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.

8. 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

9. Deferred Outflows of Resources

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

10. 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.

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

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

11. Lease Obligations

The District's lease obligation is measured at the present value of payments expected to be paid during the lease term. The District elected not to restate the prior period financial statements.

12. Deferred Inflows of Resources

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

13. 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, 2020
- Measurement date: June 30, 2021
- Measurement period: July 1, 2020 to June 30, 2021

14. 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.

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

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

15. 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.

(2) Cash and Investments

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

		2022
Statements of Net Position:		
Cash and investments	$	7,971,121
Cash and investments - restricted		129,585
Statements of Fiduciary Net Position:		
Cash and investments		5,000
Total cash and investments	$	8,105,706

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

		2022
Statements of Net Position:		
Deposits held with financial institutions	$	2,500
Deposits held with Butte County Treasury		7,968,621
Deposits held with CalPERS 115 Trust		129,585
Statements of Net Position:		
Held in trust for underground storage tank facility		5,000
Total cash and cash equivalents	$	8,105,706

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).

(2) Cash and Cash Equivalents, continued

Custodial Credit Risk, continued

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.

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 523 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, 2022.

(3) Capital Assets

	Balance 2021	Additions	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land	$ 615,403	-	-	615,403
Total non-depreciable assets	615,403	-	-	615,403
Depreciable assets:				
Right-to-use asset	87,426	-	-	87,426
Structures and improvements	2,734,642	16,888	(10,575)	2,740,955
Equipment and vehicles	3,001,468	171,524	(70,578)	3,102,414
Total depreciable assets	5,823,536	188,412	(81,153)	5,930,795
Less accumulated depreciation:				
Right-to-use asset	(18,699)	(2,914)	-	(21,613)
Structures and improvements	(1,235,360)	(90,918)	10,575	(1,315,703)
Equipment and vehicles	(1,873,071)	(136,549)	70,578	(1,939,042)
Total accumulated depreciation	(3,127,130)	(230,381)	81,153	(3,276,358)
Total depreciable assets, net	2,696,406	(41,969)	-	2,654,437
Total capital assets, net	$ 3,311,809			3,269,840

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

(4) Compensated Absences

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

Balance 2021	Additions	Deletions	Balance 2022	Due Within One Year	Due in more than one year
$ 553,250	169,997	(195,311)	527,936	105,587	422,349

(5) Termination Benefits

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

Balance 2021	Additions	Deletions	Balance 2022	Due Within One Year	Due in more than one year
$ -	48,675	(4,950)	43,725	19,800	23,925

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 a 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.

(5) Termination Benefits, continued

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 $825 per month per employee and the insurance premium payments are scheduled through December 2024.

(6) Operating Lease

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

2021	Additions	Principal Payment	2022	Current	Non-current
$ 73,986	-	(2,304)	71,682	2,364	69,318

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, 2022, the District paid the City of Oroville rent totaling $4,200.

Principal and interest requirements to maturity are as follows:

Year	Principal	Interest	Total
2023	$ 2,364	1,836	4,200
2024	2,427	1,773	4,200
2025	2,490	1,710	4,200
2026	2,556	1,644	4,200
2027	2,623	1,577	4,200
2028-2032	14,188	6,812	21,000
2033-2037	16,155	4,845	21,000
2038-2042	18,396	2,604	21,000
2043-2045	10,483	367	10,850
Total	71,682	23,168	94,850
Current	(2,364)		
Non-current	$ 69,318		

(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.

The District participates in the Plan's miscellaneous risk pool. The Plan's provision and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous Pool	
	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years 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%	6.75%
Required employer contribution rates	11.59%	7.59%

(7) Defined Benefit Pension Plan, continued

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, 2022, contributions to the Plan were as follows:

		2022
Contributions – employer	$	419,164

Net Pension Liability

As of the fiscal year ended June 30, 2022, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

		2022
Proportionate share of net pension liability	$	2,633,821

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, 2021 (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, 2020 (the valuation date), rolled forward to June 30, 2021, 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.

The District's proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2021, was as follows:

	Miscellaneous
Proportion – June 30, 2020	0.03560%
Changes in proportion	0.01310%
Proportion – June 30, 2021	0.04870%

(7) Defined Benefit Pension Plan, continued

Deferred Pension Outflows(Inflows) of Resources

For the fiscal year ended June 30, 2022, the District recognized pension expense of $1,502,088.

At June 30, 2022, 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	$ 419,164	-
Differences between actual and expected experience	295,355	-
Change in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	(2,299,186)
Adjustment due to differences in proportions of net pension liability	-	(113,410)
Total	$ 714,519	(2,412,596)

For the year ended June 30, 2022, the District's deferred outflows of resources related to contributions subsequent to the measurement date totaled $419,164 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
2023	$ (460,547)
2024	(486,114)
2025	(535,204)
2026	(635,376)

(7) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2020, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
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 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter

* The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2021, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C 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 for those pension plan's investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

(7) Defined Benefit Pension Plan, continued

Discount Rate, continued

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

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00	1.00	2.62
Inflation assets	0.00	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)
	100.00 %		

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, 2022, 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:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's net pension liability	$ 4,369,063	2,633,821	1,199,322

(7) Defined Benefit Pension Plan, continued

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 43 through 45 for the Required Supplementary Information.

(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:

		2022
Restricted:		
Investment in CalPERS 115 Trust	$	129,585
Non-spendable:		
Materials and supplies inventory		693,350
Prepaid expenses		28,643
Total non-spendable		721,993
Assigned:		
Compensated absences		527,936
Unassigned		7,405,774
Total fund balance	$	8,785,288

(9) Unrestricted Net Position

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

		2022
Restricted:		
Investment in CalPERS 115 Trust	$	129,585
Net investment in capital assets:		
Non-depreciable assets		615,403
Depreciable assets, net		2,654,437
Lease obligation		(71,682)
Total net investment in capital assets		3,198,158
Unrestricted net position		3,752,144
Net position	$	7,079,887

(10) Restatement

In 2022, the District adopted the provisions of GASB Statement No. 87 – *Leases.* The nature, justification, and an explanation of the change are included in note 1.C. The amount of the change and its effect on beginning net position are as follows:

		2022
Net position at July 1, 2021, as previously stated	$	6,629,628
Effect of adjustment to record:		
Right-to-use asset		68,727
Lease obligation		(73,986)
Total adjustments to net position		(5,259)
Net position beginning, as restated at July 1, 2021	$	6,624,369

(11) 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, 2022, was $417,449.

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.

(12) 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.

(13) Government Combination

Under the Local Agency Formation Commission (LAFCO) Resolution No. 01 2020/21, the Oroville Mosquito Abatement District (OMAD) was dissolved and annexed by the District. OMAD maintained no assets or liabilities upon its dissolution. The property taxes and assessments collected by the County of Butte (County) on behalf of OMAD became the property of the District. As a result, the County transferred $267,435 in property taxes and assessments and the District's service area has been expanded to include OMAD's service area.

(14) 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 Authority (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 35 mosquito abatement and/or vector control districts in the State of California.

At June 30, 2022, the District participated in the liability and property programs of the VCJPA as follows:

- Commercial general and automobile liability, public officials and employees' errors and omission insurance
- Property insurance
- Fidelity insurance
- Workers' compensation insurance

Commercial General and Automobile Liability, Public Officials and Employees' Errors and Omission Insurance: Annual deposits are paid by member agencies and are adjusted retrospectively to cover costs. There is a $25,000 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 $14 million in excess liability coverage and $2 million in employment practice liability coverage.

Property Insurance: The District has a $500 deductible for personal property, $2,500 to $350,000 deductible for boiler and machinery coverage, a $10,000 deductible for all-risk property insurance coverage, and a $500 deductible for auto physical damage coverage. The following insurance limits apply: personal property - $10,000 for any one loss; boiler and machinery - $100 million per occurrence limit; all-risk property - $1 billion per occurrence; and auto physical damage - $35,000 per accident. The District purchases airplane liability and property coverage directly through an independent insurance agent.

Fidelity Insurance: The District has a $2,500 deductible for public employees' fidelity insurance coverage. The coverage limit is $1 million for each loss.

Worker's Compensation Insurance: Annual deposits are paid by member agencies and are adjusted retrospectively to cover costs. 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.

(14) Risk Management, continued

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, 2022. 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, 2022.

(15) 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. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

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

Governmental Accounting Standards Board Statement No. 94, continued

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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

Governmental Accounting Standards Board Statement No. 97, continued

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

Governmental Accounting Standards Board Statement No. 99

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 that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

Governmental Accounting Standards Board Statement No. 100

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.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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.

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

(16) 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.

(17) Subsequent Event

Events occurring after June 30, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of December 14, 2022, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

Butte County Mosquito and Vector Control District
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2022

	Adopted Original Budget	Board Approved Changes	Revised Budget	Actual Budgetary Basis	Variance Positive (Negative)
Expenditures/Expenses:					
Mosquito and vector control operations:					
Salaries and benefits	$ 3,086,587	(75,000)	3,011,587	2,519,848	491,739
Materials and supplies	1,774,700	75,000	1,849,700	1,728,663	121,037
Capital outlay	230,000	-	230,000	188,412	41,588
Lease obligations:					
Lease rent	5,000		5,000	2,304	2,696
Interest expense	-		-	1,896	(1,896)
Total expenditures	5,096,287	-	5,096,287	4,441,123	655,164
Program revenues:					
Charges for services – property assessments	799,000	-	799,000	771,050	(27,950)
Charge for services	420,000	-	420,000	259,464	(160,536)
Total program revenues	1,219,000	-	1,219,000	1,030,514	(188,486)
General revenues(expenses):					
Property taxes	3,357,361	-	3,357,361	3,660,080	302,719
Investment losses	-	-	-	(265,606)	(265,606)
Other	20,000	-	20,000	1,345,218	1,325,218
Total general revenues	3,377,361	-	3,377,361	4,739,692	1,362,331
Total revenues	4,596,361	-	4,596,361	5,770,206	1,173,845
Excess of revenues over expenditures	(499,926)	-	(499,926)	1,329,083	1,829,009
Fund balance – beginning of year	7,188,770		7,188,770	7,188,770	
Fund balance – end of year	$ 6,688,844		6,688,844	8,517,853	

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, 2022
Last Ten Years*

Description		Measurement Dates							
		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)		0.04870%	0.03560%	0.03529%	0.03485%	0.03437%	0.03440%	0.03483%	0.02898%
District's proportionate share of the net pension liability (asset)	$	2,633,821	3,873,151	3,616,550	3,358,334	3,408,628	2,390,965	2,390,965	1,803,155
District's covered-employee payroll	$	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		199.96%	306.23%	295.54%	271.25%	301.00%	221.47%	238.00%	157.76%
Plan's fiduciary net position as a percentage of the total pension liability		88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

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 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. 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%.

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

Change of Assumptions and Methods, continued

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% to7.375%, 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, 2022
Last Ten Years*

Description		Fiscal Years 6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
Actuarially determined contribution	$	419,164	384,422	345,724	302,194	272,334	239,072	210,560	147,809
Contributions in relation to the actuarially determined contribution		(419,164)	(384,422)	(345,724)	(302,194)	(272,334)	(240,340)	(154,620)	(147,809)
Contribution deficiency (excess)	$	-	-	-	-	-	(1,268)	55,940	-
District's covered payroll	$	1,317,158	1,264,768	1,223,709	1,238,109	1,132,447	1,079,612	1,004,604	1,142,950
Contribution's as a percentage of covered payroll		31.82%	30.39%	28.25%	24.41%	24.05%	22.26%	15.39%	12.93%

Notes to the Schedules of Pension Plan Contributions

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

Report on Internal Controls and Compliance

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

Board of Trustees
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, 2022, 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 14, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
December 14, 2022