

**SUTTER-YUBA MOSQUITO & VECTOR
CONTROL DISTRICT,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

THIS PAGE INTENTIONALLY LEFT BLANK

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Annual Financial Report
For the Year Ended June 30, 2021

Table of Contents

	Page
INTRODUCTORY SECTION	
List of Officials	i
FINANCIAL SECTION	
Independent Auditor’s Report.....	1-2
Management’s Discussion and Analysis (Unaudited)	3-7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities.....	9
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet	10
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities.....	11
Statement of Revenues, Expenditures and Changes in Fund Balance	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Government-Wide Statement of Activities – Governmental Activities.....	13
Notes to Basic Financial Statements	14-30
Required Supplementary Information (Unaudited):	
District Pension Plan – Schedule of Changes in Net Pension Liability and Related Ratios	31
District Pension Plan – Schedule of Contributions	32
District Pension Plan – Notes to District Pension Plan	33
Budgetary Comparison Schedule – General Fund	34
Note to Budgetary Comparison Schedule	35
OTHER REPORT AND SCHEDULE	
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	36-37
Schedule of Prior Year Findings and Recommendations	38

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

- **List of Officials**

THIS PAGE INTENTIONALLY LEFT BLANK

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT

List of Officials

For the Year Ended June 30, 2021

Board of Trustees

Bill Harris	President
John Sanbrook	Trustee
David Schmidl	Trustee
Lakhvir Ghag	Trustee
Justin Guzman	Trustee
Wade Kirchner	Trustee
John Link	Trustee

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Sutter-Yuba Mosquito & Vector Control District
Yuba City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Sutter-Yuba Mosquito & Vector Control District, California (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Trustees
Sutter-Yuba Mosquito & Vector Control District
Yuba City, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, District Pension Plan information and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2021, 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 the District's 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.



Smith & Newell CPAs
Yuba City, California
November 3, 2021

**Management's Discussion and Analysis
(Unaudited)**

THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Sutter-Yuba Mosquito & Vector Control District was formed in 1946 to conduct field surveillance to facilitate the detection and control of mosquitos in order to suppress their population and prevent the transmission of mosquito borne diseases. The District's Board consists of six trustees. The District is a special district within Sutter and Yuba Counties.

As management of the District, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods. (i.e., earned but unused vacation leave).

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between the governmental fund and government-wide statements. The fund financial statements can be found on pages 10 through 13 of this report.

The District adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with the budget and can be found on page 34 of this report.

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 14 through 30 of this report.

Required Supplementary Information. In accordance with generally accepted accounting principles, the District presents required supplementary information other than the Management’s Discussion and Analysis, including District pension information and the budgetary comparison information. The District adopts an annual appropriated budget for its General fund. The budgetary comparison schedule demonstrates compliance with the budget. Required Supplementary Information can be found on pages 31 through 35 of this report.

Government-Wide Financial Analysis

The District presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management’s Discussion and Analysis (MD&A) – for State and Local Governments*. A comparative analysis of government-wide data is included with the prior fiscal year.

Net position may serve over time as useful indicator of a government’s financial position. In the case of the District, assets exceed liabilities by \$7,406,448 at the close of the most recent fiscal year. The most significant portion of the District’s net position is its cash in the amount of \$5,483,945.

The District’s net position increased overall by approximately 10.4 percent during the current fiscal year. This increase is explained in the government financial analysis, which follows.

Governmental Activities:

Table 1
Governmental Net Position at June 30

	2021	2020
Cash and investments	\$ 5,483,945	\$ 5,096,280
Other assets	1,099,983	787,708
Capital assets	1,063,698	1,017,582
Total Assets	7,647,626	6,901,570
Deferred Outflows of Resources	362,889	425,023
Current liabilities	115,352	96,319
Long-term debt	98,515	521,812
Total Liabilities	213,867	618,131
Deferred Inflows of Resources	390,200	-
Net Position:		
Net investment in Capital assets	1,063,698	1,017,582
Restricted for:		
Public health	4,634,311	3,521,743
Unrestricted	1,708,439	2,169,137
Total Net Position	\$ 7,406,448	\$ 6,708,462

Table 2
Changes in Governmental Net Position at June 30

	<u>2121</u>	<u>2020</u>
Revenues:		
Program revenues:		
Charges for service	\$ 63,686	\$ 77,528
Operating grants and contributions	26,627	33,301
General Revenues:		
Property taxes	3,873,330	3,711,399
Interest and investment earnings	59,153	146,752
Other general revenues	31,732	56,681
Total Revenues	<u>4,054,528</u>	<u>4,025,661</u>
Expenses:		
Public health	<u>3,356,542</u>	<u>3,215,162</u>
Total Expenses	<u>3,356,542</u>	<u>3,215,162</u>
Change in Net Position	697,986	810,499
Net Position - Beginning	<u>6,708,462</u>	<u>5,897,963</u>
Net Position - Ending	<u>\$ 7,406,448</u>	<u>\$ 6,708,462</u>

Financial Analysis of the District's Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

For the year ended June 30, 2021, the District reported an ending fund balance of \$6,079,698, an increase of \$292,029 from the prior year. This increase represents the amount of revenues in excess of expenditures for the year ended June 30, 2021. This was primarily due to an increase in revenues.

Sutter-Yuba Mosquito & Vector Control District Comparison

	<u>FY 2020-2021</u>	<u>FY 2019-2020</u>
Total revenue	\$ 4,024,531	\$ 4,004,764
Total expenditures	<u>3,762,499</u>	<u>3,219,601</u>
Excess of revenue over expenditures	262,032	785,163
Other financing sources (uses)	29,997	20,897
Fund Balance - Beginning	<u>5,787,669</u>	<u>4,981,609</u>
Fund Balance - Ending	<u>\$ 6,079,698</u>	<u>\$ 5,787,669</u>

Total expenditures increased from \$3,219,601 to \$3,762,499, an increase of \$542,898 from the prior year.

Capital Assets and Debt Administration

Capital Assets

At the end of the current fiscal year, the District had net capital assets totaling \$1,063,698.

Debt Administration

At the end of the current fiscal year, the District's debt consisted of accrued compensated absences.

Economic Factors and Next Year's Budget

The operating budget for the fiscal year ending (FYE) June 30, 2021 is \$3,600,932 with an overall budget including Fixed Assets of \$3,793,782. The District's total revenues will exceed the budgeted amount by approximately \$278,250. Some significant Fixed Asset expenditures include replacement of the carpeting at the main office, replacement of three vehicles, purchasing specialized mosquito control equipment, and vehicle maintenance equipment.

The District's Benefit Assessment for the Meridian area is in its 27th year. We are approaching the \$45 per parcel cap as outlined in Resolution 08-08-96, setting the benefit assessment. Successfully passing an additional assessment under the rules of California Proposition 208 would be expensive and initially generate only a relatively small amount of revenue. Until the \$45 cap is reached and the service level has had to be significantly reduced, undertaking the steps to increase revenue through an assessment does not appear practical.

The operating budget for the fiscal year ending (FYE) June 30, 2022 is \$3,779,590 with an overall budget including Fixed Assets of \$4,049,590. Revenues for the 2021-2022 fiscal year are expected to exceed the budgeted amount.

The following factors were considered in preparing the District's budget for the FYE June 30, 2021:

- Continued need to effectively identify and respond to the occurrence of West Nile virus and other vector-borne diseases within the District.
- Continued need to effectively prevent adult mosquitoes through the use of Integrated Vector Management; which includes public education and outreach programs, source reduction measures, biological control and appropriate use of mosquito larvicides, as well as the ability to quickly respond to high adult mosquito populations with appropriate adult mosquito control measures.
- Increase in costs or changes in availability of some mosquito control products and application equipment.
- Need to evaluate efficacy of mosquito control techniques and products, and continually assess for pesticide resistance in the mosquito populations.
- Need to evaluate and protect against risk of new or emerging vectors and vector-borne disease in the District.
- Need to properly staff the District to provide a consistent service level.

- Need for public outreach and education that addresses immediate and long-term issues relevant to the District's ability to provide services, and to advise the public about vector risks and personal protective measures.
- Need to collaborate with neighboring vector control agencies, other local and state agencies, private property landowners/land managers, and state associations to address issues affecting vectors and vector control on a regional and state-wide basis.
- Continued need for maintenance of facility, vehicle fleet, field data collection and database systems, laboratory certifications, and equipment.
- Continued need to comply with the NPDES Vector Control General Permit.
- Continued need to fund requirements and procedures required by current and new legislative and regulatory measures.

Future Events that will Financially Impact the District

- Expected need to comply with current and future legislation and regulations.
- Continued and/or increased West Nile virus activity.
- The need to expand monitoring, surveillance, and control efforts to detect and control a possible reemergence of St. Louis encephalitis.
- The need of surveillance and control after invasive *Aedes* mosquito detection(s).
- Expected need to add staff after invasive *Aedes* mosquito detection(s).
- Increasing costs for mosquito control materials, including for use on organic crops and those that current mosquito populations show resistance/tolerance to.
- Need to address invasive mosquito species and/or new mosquito-borne disease (e.g. *Aedes notoscriptus*, *Aedes aegypti*, *Aedes albopictus*, chikungunya virus, Zika virus, dengue fever, yellow fever).

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Steve Abshier, District Manager, of Sutter-Yuba Mosquito & Vector Control District, 701 Bogue Road, Yuba City, California 95992.

THIS PAGE INTENTIONALLY LEFT BLANK

Basic Financial Statements

- **Government-Wide Financial Statements**

THIS PAGE INTENTIONALLY LEFT BLANK

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Statement of Net Position
June 30, 2021

	<u>Total Governmental Activities</u>
ASSETS	
Cash and investments	\$ 5,483,945
Receivables:	
Taxes	663
Interest	9,286
Inventory	334,146
Prepaid insurance	367,010
Net pension asset	388,878
Capital assets:	
Non-depreciable	143,812
Depreciable, net	919,886
Total capital assets	<u>1,063,698</u>
Total Assets	<u>7,647,626</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension adjustments	<u>362,889</u>
Total Deferred Outflows of Resources	<u>362,889</u>
LIABILITIES	
Accounts payable	115,352
Long-term liabilities:	
Due within one year	92,636
Due in more than one year	<u>5,879</u>
Total Liabilities	<u>213,867</u>
DEFERRED INFLOWS OF RESOURCES	
Pension adjustments	<u>390,200</u>
NET POSITION	
Investment in capital assets	1,063,698
Restricted for:	
Public health	4,634,311
Unrestricted	<u>1,708,439</u>
Total Net Position	<u><u>\$ 7,406,448</u></u>

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Fund Financial Statements**

THIS PAGE INTENTIONALLY LEFT BLANK

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Balance Sheet
Governmental Fund
June 30, 2021

	General
ASSETS	
Cash and investments	\$ 5,483,945
Receivables:	
Taxes	663
Interest	9,286
Inventory	334,146
Prepaid insurance	367,010
Total Assets	\$ 6,195,050
LIABILITIES	
Accounts payable	\$ 115,352
Total Liabilities	115,352
FUND BALANCE	
Nonspendable	701,156
Committed	2,795,000
Assigned	1,839,311
Unassigned	744,231
Total Fund Balance	6,079,698
Total Liabilities and Fund Balance	\$ 6,195,050

The notes to the basic financial statements are an integral part of this statement.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position - Governmental Activities
June 30, 2021

Total Fund Balance - Total Governmental Fund	\$ 6,079,698
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balance sheet.	1,063,698
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the governmental fund.	
Net pension asset	388,878
Deferred outflows of resources related to pension are not reported in the governmental fund.	362,889
Deferred inflows of resources related to pension are not reported in the governmental fund.	(390,200)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.	
Compensated absences	(98,515)
Net Position of Governmental Activities	<u><u>\$ 7,406,448</u></u>

The notes to the basic financial statements are an integral part of this statement.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2021

	General
REVENUES	
Taxes and assessments	\$ 3,911,296
Intergovernmental revenues	26,627
Use of money and property	59,153
Charges for services	25,720
Other revenues	1,735
	<u>4,024,531</u>
Total Revenues	<u>4,024,531</u>
EXPENDITURES	
Current public health:	
Salaries and benefits	1,965,321
Chemicals	996,269
Clothing and personal supplies	18,111
Communications	11,816
Household expenses	1,350
Insurance	51,308
Repairs and maintenance	37,673
Memberships	11,575
Office expenses	13,811
Professional services	369,214
Publications and legal notices	9,124
Rents and leases	13,553
Small tools and supplies	2,046
Special department expense	7,616
Biological control	9,166
Entomology lab	22,328
Transportation and travel	36,193
Utilities	9,396
Miscellaneous	4,801
Capital Outlay	171,828
	<u>3,762,499</u>
Total Expenditures	<u>3,762,499</u>
Excess of Revenues Over (Under) Expenditures	<u>262,032</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from sale of capital assets	29,997
	<u>29,997</u>
Total Other Financing Sources (Uses)	<u>29,997</u>
Net Change in Fund Balance	292,029
Fund Balance - Beginning	<u>5,787,669</u>
Fund Balance - Ending	<u>\$ 6,079,698</u>

The notes to the basic financial statements are an integral part of this statement.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of the Governmental Fund to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2021

Net Change in Fund Balance - Total Governmental Fund	\$ 292,029
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	171,828
Less current year depreciation	(125,712)
Certain changes in deferred outflows and deferred inflows of resources reported in the statement of activities are related to long-term liabilities and are not reported in the governmental fund.	
Change in deferred outflows of resources related to pension	(62,134)
Change in deferred inflows of resources related to pension	(390,200)
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.	
Change in compensated absences	(5,614)
Change in net pension asset	817,789
	817,789
Change in Net Position of Governmental Activities	\$ 697,986

The notes to the basic financial statements are an integral part of this statement.

Basic Financial Statements

- **Notes to Basic Financial Statements**

THIS PAGE INTENTIONALLY LEFT BLANK

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Sutter-Yuba Mosquito & Vector Control District is a special district within Sutter and Yuba Counties governed by an independent seven-member Board of Trustees. The District was formed in 1946 with the primary goal to conduct field surveillance to facilitate the detection and control of mosquitos in order to suppress their populations and prevent the transmission of mosquito borne diseases. The basic operations of the District are supported by ad valorem property taxes.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

Joint Agencies

The District is a member of the Vector Control Joint Powers Authority (VCJPA). 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. Complete audited financial statements can be obtained at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833. The District is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards of Board.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all of the activities of the District. These statements include the financial activities of the overall District. These statements report the governmental activities of the District, which are normally supported by taxes, assessments and intergovernmental revenues. The District had no business-type activities at June 30, 2021.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements of the District are organized into one fund, which is considered to be a separate accounting entity. The fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The fund of the District is organized into the governmental category and is treated as a major fund.

The District reports the following major governmental fund:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District.

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, assessments, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes and assessments is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes, assessments, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within thirty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments

The District pools all cash and investments with the County of Sutter. The Sutter County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The District's share in this pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants.

F. Receivables

Receivables for governmental activities consist mainly of taxes, assessments and interest. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

G. Other Assets

Inventory

Inventory is stated at cost using the first-in, first-out method of accounting. Inventory consists of chemicals. The cost of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Investments in JPA

The District's cash reserve in the Vector Control Joint Powers Authority is recorded as Prepaid Insurance on the government-wide and fund financial statements. The net change is shown as an income or expense item.

H. Capital Assets

Capital assets are defined by the District as assets with a cost of \$2,500 or more and a useful life of 5 years or more. Capital assets, including public domain infrastructure, are recorded at historical or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Structures and improvements	30 years
Equipment	7-15 years
Office furniture and equipment	5 years

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

I. Compensated Absences

The District's policy regarding compensated absences is to permit employees to accumulate earned but unused vacation and sick leave. In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. The District includes its share of Social Security and Medicare taxes payable on behalf of the employees in the accrual for compensated absences.

J. Pension

The Sutter-Yuba Mosquito & Vector Control District is the sole plan sponsor and contributor of a defined benefit pension plan administered by the Sutter-Yuba Mosquito & Vector Control District for the benefit of District employees.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. The item relates to the outflows from changes in the net pension liability and is reportable on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2021, the District did not have any deferred inflows of resources.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Property Tax

Sutter and Yuba Counties are responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Sutter and County of Yuba up to 1 percent of the full cash value of taxable property, plus other increases approved by the voter and distributed in accordance with statutory formulas.

The valuation/lien date for all taxes is January 1. Secured property tax is due in two installments, the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property tax is due on March 1, and becomes delinquent if unpaid on August 31.

The Counties use the alternative method of property tax apportionment known as the “Teeter Plan”. Under this method of property tax apportionment, the Counties remit the entire amount levied and handle all delinquencies, retaining interest and penalties.

M. Assessments

The District levies special assessments on the property owners within the District boundaries. An assessment of \$42.92 was levied upon taxable parcels of land within the Meridian area of the District. The special assessments are collected along with property taxes by Sutter and Yuba Counties.

Sutter and Yuba Counties assess properties, bill, collect, and distribute the assessments to the District.

Assessments are due in two installments (secured roll) on November 1 and February 1 and become delinquent after December 10 and April 10, respectively.

N. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 84, Fiduciary Activities. This statement enhances consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Implementation of Governmental Accounting Standards Board (GASB) Statements (Continued)

Statement No. 90, Majority Equity Interests. This statement improves financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit.

P. Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements:

Statement No. 87 “Leases”	The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)
Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period”	The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)
Statement No. 91 “Conduit Debt Obligations”	The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)
Statement No. 92 “Omnibus 2020”	The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)
Statement No. 93 “Replacement of Interbank Offered Rates”	The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)
Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”	The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
Statement No. 96 “Subscription-Based Information Technology Arrangements”	The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)
Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”	The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 2: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2021, the District's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ <u>200</u>
Total Cash	<u>200</u>
Investments:	
Sutter County Treasurer's Pool	<u>5,483,745</u>
Total Investments	<u>5,483,745</u>
Total Cash and Investments	<u>\$ 5,483,945</u>

B. Investments

The District has an investment policy, the purpose of which is to provide the basis for the management of a prudent conservative investment program. At June 30, 2021, all investments of the District were in the County of Sutter investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- U.S. Treasury Notes, Bonds, Bills
- U.S. Government Agencies
- Medium-Term Notes
- Commercial Paper of Prime Quality
- Negotiable Certificates of Deposit
- Local Agency Investment Fund (LAIF)
- California Asset Management Program (CAMP)
- Banker's Acceptances
- Repurchase Agreements
- Certificates of Deposit
- Money Market Mutual Funds
- State or Local Agency Obligations

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The District's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District's investment in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2021, the District had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pool				
Sutter County Treasurer's Pool	<u>5,483,745</u>			
Total Investments	<u>\$ 5,483,745</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2021, the District's investments were all held in the County of Sutter Investment Pool which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. All investments of the District were in the Sutter County investment pool which contains a diversification of investments.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

C. Investments in External Pool

The Sutter County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Sutter County Pooled Investment Fund are highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Sutter's financial statements may be obtained by contacting the County of Sutter Auditor Controller's office at 463 Second Street, Suite 124, Yuba City, CA 95991.

NOTE 3: CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Capital Assets, Not Being Depreciated				
Land	\$ 143,812	\$ -	\$ -	\$ 143,812
Total Capital Assets, Not Being Depreciated	<u>143,812</u>	<u>-</u>	<u>-</u>	<u>143,812</u>
Capital Assets, Being Depreciated				
Structures and improvements	967,468	5,067	-	972,535
Machinery and equipment	1,307,748	166,761	(73,255)	1,401,254
Total Capital Assets, Being Depreciated	<u>2,275,216</u>	<u>171,828</u>	<u>(73,255)</u>	<u>2,373,789</u>
Less Accumulated Depreciation For:				
Structures and improvements	(460,514)	(38,732)	-	(499,246)
Machinery and equipment	(940,932)	(86,980)	73,255	(954,657)
Total Accumulated Depreciation	<u>(1,401,446)</u>	<u>(125,712)</u>	<u>73,255</u>	<u>(1,453,903)</u>
Total Capital Assets, Being Depreciated, Net	<u>873,770</u>	<u>46,116</u>	<u>-</u>	<u>919,886</u>
Total Capital Assets, Net	<u>\$ 1,017,582</u>	<u>\$ 46,116</u>	<u>\$ -</u>	<u>\$ 1,063,698</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

Public Health	\$ <u>125,712</u>
Total Depreciation Expense	\$ <u><u>125,712</u></u>

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 4: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 92,901	\$ 102,109	(\$ 96,495)	\$ 98,515	\$ 92,636
Total	<u>\$ 92,901</u>	<u>\$ 102,109</u>	<u>(\$ 96,495)</u>	<u>\$ 98,515</u>	<u>\$ 92,636</u>

NOTE 5: LEASES

Operating Leases

The District is committed under various cancellable and noncancellable operating leases for real property. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the District's government-wide financial statements.

Aggregate rental expenses for all operating leases was \$12,299, for the fiscal year ended June 30, 2021. The future minimum lease payments are as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2022	\$ 12,299
Total Minimum Lease Payments	<u>\$ 12,299</u>

NOTE 6: RENTAL INCOME FROM LEASE

The District leases property under a commercial operating lease. The following is a schedule of future minimum lease payments:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2022	\$ 26,152
Total Rental Income from Leases	<u>\$ 26,152</u>

NOTE 7: NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 7: NET POSITION (CONTINUED)

- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

NOTE 8: FUND BALANCE

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2021, fund balance for the governmental fund is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the District’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the District’s General fund that includes all amounts not contained in the other classifications.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 8: FUND BALANCE (CONTINUED)

The fund balance for the governmental fund as of June 30, 2021, was distributed as follows:

	General Fund
Nonspendable:	
Inventory	\$ 334,146
Prepaid insurance	367,010
Subtotal	701,156
Committed to:	
Special district projects	2,000,000
Capital outlay	795,000
Subtotal	2,795,000
Assigned to:	
Research	45,000
Emergency	1,500,000
Vehicle replacement	70,000
Drone aircraft	29,311
Invasive Aedes Detection Response	125,000
Adulticide fogger	70,000
Subtotal	1,839,311
Unassigned	
Total	\$ 6,079,698

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The Board of Trustees has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures. The policy also provides for a measure of financial protection for the District against unforeseen circumstances and to comply with GASB 54. The minimum unrestricted fund balance may be recognized within the committed, assigned, or unassigned classifications.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified employees of the District are eligible to participate in the District's single-employer defined benefit pension plan administered by the District. Benefit provisions under the Plan are established by State statute and District resolution.

Effective January 1, 2013, the District added retirement tiers for the Miscellaneous Rate Tier for new employees as required under the Public Employee Pension Reform Act (PEPRA). New employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the District's retirement costs. As of the valuation date there were no Miscellaneous PEPRA employees.

Summary of Rate Tiers and Eligible Participants

Closed to New Enrollment
 Miscellaneous

Miscellaneous members hired before January 1, 2013

Benefits Provided

All employees who meet the eligibility requirements of 6 months of service and age 18 enter the plan on July 1st of the plan year in which the employee completes the requirements. Participants who retire at or after age 62 are entitled to an annual retirement benefit in the amount of 2.00 percent of their average compensation of the highest five consecutive years of participation in the last ten years.

Each Rate Tier's specific provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous	2.0% @ 62	62	2.0%

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Inactive Employees or Beneficiaries Currently Receiving Benefits</u>	<u>Inactive Employees Entitled to But Not Yet Receiving Benefits</u>	<u>Active Employees</u>
Miscellaneous	0	0	3

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by a certified actuary. 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.

	Employer Contribution Rates	Employee Contribution Rates	Employer Paid Member Contribution Rates
Miscellaneous	20.000%	0.000%	0.000%

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

	Contributions-Employer	Contributions-Employee (Paid by Employer)
Miscellaneous	\$ 371,282	\$ -

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2021. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

B. Net Pension Liability

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost (level percent of pay)
Actuarial Assumptions:	
Expected Long-Term Return on Assets	5.00%
Discount Rate	5.00%
Salary Increase	4.50%
General Inflation Rate	2.50%

Changes of Assumptions

During 2020-21, there were no changes assumptions.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00 percent for the Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in the Net Pension Liability

As of June 30, 2021, the changes in the net pension liability of the single-employer defined benefit pension plan is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous:			
Balance at June 30, 2020	\$ 2,552,824	\$ 2,123,913	\$ 428,911
Changes in the year:			
Service cost	88,847	-	88,847
Interest cost	111,750	-	111,750
Expected investment income	-	113,343	(113,343)
Employer contributions	-	371,282	(371,282)
Benefit payments	(488,007)	(488,007)	-
Change of assumptions	(19,488)	-	(19,488)
Plan experience	(20,370)	-	(20,370)
Investment experience	-	493,903	(493,903)
Net changes	(327,268)	490,521	(817,789)
Balance at June 30, 2021	\$ 2,225,556	\$ 2,614,434	(\$ 388,878)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability for the Plan as of the measurement date, calculated using the discount rate for the Plan, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 4.00%	Discount Rate 5.00%	1% Increase 6.00%
Miscellaneous	\$ 30,812	(\$ 388,878)	(\$ 653,640)

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: PENSION PLAN (CONTINUED)

C. Changes in the Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued Actuarial Valuation Report prepared by MacLeod Watts.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2021, the District recognized pension expense of \$371,282. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 216,500	(\$ 18,692)
Changes of assumptions	146,389	(17,883)
Differences between projected and actual earnings on pension plan investments	-	(353,625)
Total	\$ 362,889	(\$ 390,200)

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

Year Ended <u>June 30</u>	
2022	(\$ 47,332)
2023	(35,969)
2024	(15,617)
2025	(47,823)
2026	40,879
Thereafter	78,551
Total	(\$ 27,311)

NOTE 10: DEFINED CONTRIBUTION RETIREMENT PLAN

During the year ended June 30, 2014, Sutter-Yuba Mosquito & Vector Control District established a defined contribution pension plan. All permanent employees are eligible to participate in the plan. The plan is funded on a pay-as-you-go (cash) basis. During the year ended June 30, 2021, 16 employees participated in the program at a cost to the District of \$83,815.

NOTE 11: 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.

There is no claims liability to be reported on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: RISK MANAGEMENT (CONTINUED)

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

The District is a member of Vector Control Joint Powers Agency (VCJPA), a joint powers agency which provides the District with a shared risk layer of coverage above the self-insured required retentions for liability and workers' compensation. The VCJPA is composed of 35 member districts and is governed by a board of directors. The governing board has authority over budgeting and financing. The District pays an annual premium to VCJPA for its insurance coverage.

VCJPA is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The District provides claims processing administrative services, risk management services, and actuarial studies. The District trustees do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other districts. However, ultimate liability for payment of claims and insurance premiums resides with member districts. The Agency is empowered to make supplemental assessments as needed to eliminate deficit positions of member districts. If the VCJPA becomes insolvent, the District is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the VCJPA agreement, all property of the Agency will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Agency. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

The District's investment in the VCJPA of \$367,010 is recorded in the General fund as prepaid insurance. The net change is shown as an income or expense item in the General fund.

NOTE 12: OTHER INFORMATION

A. Subsequent Events

Management has evaluated events subsequent to June 30, 2021 through November 3, 2021, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

THIS PAGE INTENTIONALLY LEFT BLANK

**Required Supplementary Information
(Unaudited)**

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Required Supplementary Information
District Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2021
Last 10 Years*

Measurement Date	2016/17	2017/18	2018/19	2019/20
Miscellaneous				
Total Pension Liability				
Service Cost	\$ 92,375	\$ 95,146	\$ 100,760	\$ 64,039
Interest	205,872	190,720	176,095	137,004
Change of assumptions	-	-	-	181,327
Plan experience	9,096	-	189,459	121,826
Benefit payments, including refunds of employee contributions	(1,226,305)	-	(1,167,969)	(1,254,833)
Net Change in Total Pension Liability	(918,962)	285,866	(701,655)	(750,637)
Total Pension Liability - Beginning	4,638,212	3,719,250	4,005,116	3,303,461
Total Pension Liability - Ending (a)	<u>\$ 3,719,250</u>	<u>\$ 4,005,116</u>	<u>\$ 3,303,461</u>	<u>\$ 2,552,824</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 339,987	\$ 241,000	\$ 189,861	\$ 91,027
Net investment income	180,965	182,404	175,937	136,274
Investment experience	170,480	56,801	101,763	(155,936)
Benefit payments, including refunds of employee contributions	(1,226,305)	-	(1,167,969)	(1,254,833)
Net Change in Plan Fiduciary Net Position	(534,873)	480,205	(700,408)	(1,183,468)
Plan Fiduciary Net Position - Beginning	4,062,457	3,527,584	4,007,789	3,307,381
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,527,584</u>	<u>\$ 4,007,789</u>	<u>\$ 3,307,381</u>	<u>\$ 2,123,913</u>
Net Pension Liability (Asset) - Ending (a)-(b)	<u>\$ 191,666</u>	<u>\$ (2,673)</u>	<u>\$ (3,920)</u>	<u>\$ 428,911</u>
Plan fiduciary net position as a percentage of the total pension liability	94.85%	100.07%	100.12%	83.20%
Covered payroll	\$ 503,802	\$ 528,160	\$ 440,844	\$ 364,466
Net pension liability (asset) as a percentage of covered payroll	38.04%	-0.51%	-0.89%	117.68%

* The District implemented GASB 68 for fiscal year June 30, 2017, therefore only five years are shown.

2020/21

\$ 88,847
111,750
(19,488)
(20,370)
(488,007)

(327,268)

2,552,824

\$ 2,225,556

\$ 371,282
607,246
-
(488,007)

490,521

2,123,913

\$ 2,614,434

\$ (388,878)

117.47%

\$ 317,166

-122.61%

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Required Supplementary Information
District Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2021
Last 10 Years*

Fiscal Year	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
Miscellaneous				
Contractually required contributions (actuarially determined)	\$ 322,941	\$ 207,545	\$ 189,861	\$ 92,575
Contributions in relation to the actuarially determined contributions	<u>(339,987)</u>	<u>(241,000)</u>	<u>(189,861)</u>	<u>(91,027)</u>
Contribution deficiency (excess)	<u>\$ (17,046)</u>	<u>\$ (33,455)</u>	<u>\$ -</u>	<u>\$ 1,548</u>
Covered payroll	\$ 503,802	\$ 528,160	\$ 440,844	\$ 364,466
Contributions as a percentage of covered payroll	67.48%	45.63%	43.07%	24.98%

* The District implemented GASB 68 for fiscal year June 30, 2017, therefore only five years are shown.

2020/21

\$ 249,856

(371,282)

\$ (121,426)

\$ 317,166
117.06%

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Required Supplementary Information
District Pension Plan
Notes to District Pension Plan
For the Year Ended June 30, 2021

NOTE 1: SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Benefit changes: The figures do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2021 valuation date.

Change of assumptions: During 2020-21, there were no changes in assumptions.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

Valuation date	July 1, 2020
Actuarial cost method	Individual Aggregate Method
Amortization method/period	5-year straight-line amortization
Investment rate of return	5.00%
Salary increases	3.00%
Retirement age	The first day of the month coincident with or next following attainment at age 62

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 3,748,475	\$ 3,748,475	\$ 3,911,296	\$ 162,821
Intergovernmental revenues	33,302	33,302	26,627	(6,675)
Use of money and property	115,844	115,844	59,153	(56,691)
Charges for services	40,453	40,453	25,720	(14,733)
Other revenues	28,172	28,172	1,735	(26,437)
Total Revenues	3,966,246	3,966,246	4,024,531	58,285
EXPENDITURES				
Current general government:				
Salaries and benefits	1,999,763	1,999,763	1,965,321	34,442
Chemicals	925,000	925,000	996,269	(71,269)
Clothing and personal supplies	16,000	16,000	18,111	(2,111)
Communications	16,000	16,000	11,816	4,184
Household expenses	2,500	2,500	1,350	1,150
Insurance	63,044	63,044	51,308	11,736
Repairs and maintenance	39,250	39,250	37,673	1,577
Memberships	12,575	12,575	11,575	1,000
Office expenses	11,500	11,500	13,811	(2,311)
Professional services	380,000	380,000	369,214	10,786
Publications and legal notices	11,000	11,000	9,124	1,876
Rents and leases	28,000	28,000	13,553	14,447
Small tools and supplies	4,000	4,000	2,046	1,954
Special department expense	10,000	10,000	7,616	2,384
Biological control	13,500	13,500	9,166	4,334
Entomology lab	22,000	22,000	22,328	(328)
Transportation and travel	45,000	45,000	36,193	8,807
Utilities	10,000	10,000	9,396	604
Miscellaneous	5,300	5,300	4,801	499
Capital Outlay	192,850	192,850	171,828	21,022
Total Expenditures	3,807,282	3,807,282	3,762,499	44,783
Excess of Revenues Over (Under) Expenditures	158,964	158,964	262,032	103,068
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	29,997	29,997
Total Other Financing Sources (Uses)	-	-	29,997	29,997
Net Change in Fund Balances	158,964	158,964	292,029	133,065
Fund Balances - Beginning	5,787,669	5,787,669	5,787,669	-
Fund Balances - Ending	\$ 5,946,633	\$ 5,946,633	\$ 6,079,698	\$ 133,065

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Required Supplementary Information
Note to Budgetary Comparison Schedule
For the Year Ended June 30, 2020

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for the General fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

- (1) The District Manager submits to the Board of Trustees a recommended budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board of Trustees reviews the recommended budget at regularly scheduled meetings, which are open to the public.
- (3) The budget is adopted by motion.
- (4) From the effective date of the budget, the amounts stated therein, as recommended expenditures become appropriations to the District. The Board may amend the budget by motion during the fiscal year.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

OTHER REPORT AND SCHEDULE

- **Other Report**
- **Schedule of Prior Year Findings and Recommendations**

THIS PAGE INTENTIONALLY LEFT BLANK

**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**

To the Board of Trustees
Sutter-Yuba Mosquito & Vector Control District
Yuba City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Sutter-Yuba Mosquito & Vector Control District, California (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 3, 2021.

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) as a basis for designing 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.

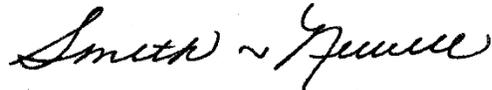
To the Board of Trustees
Sutter-Yuba Mosquito & Vector Control District
Yuba City, California

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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



Smith & Newell CPAs
Yuba City, California
November 3, 2021

SUTTER-YUBA MOSQUITO & VECTOR CONTROL DISTRICT
Schedule of Prior Year Findings and Recommendations
For the Year Ended June 30, 2021

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendation</u>
2020-001	<p>Inventory</p> <p>Recommendation</p> <p>We recommend that all inventory be properly documented, and the physical count be reconciled to the District's inventory listing and general ledger.</p> <p>Status</p> <p>Implemented</p>

THIS PAGE INTENTIONALLY LEFT BLANK