

**MARIN/SONOMA MOSQUITO AND
VECTOR CONTROL DISTRICT**

COTATI, CALIFORNIA

BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2021

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MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
BOARD OF TRUSTEES
JUNE 30, 2021**

	Term Expires
Pamela Harlem, President.....	December 2023
Laurie Gallian, 1 st Vice-President.....	December 2022
Richard Snyder, 2 nd Vice-President.....	January 2022
Carol Pigoni, Secretary.....	December 2022
Bruce Ackerman.....	January 2022
Cathy Benediktsson.....	December 2022
Gail Bloom.....	December 2023
Tamara Davis.....	December 2022
Art Deicke.....	December 2023
Julia Ettlín.....	January 2022
Susan Hootkins.....	December 2022
Ranjiv Khush.....	December 2022
Shaun McCaffery.....	December 2022
Morgan Patton.....	December 2021
Monique Predovich.....	December 2022
Diana Rich.....	December 2021
Herb Rowland.....	December 2024
Ed Schulze.....	December 2023
Veronica Siwy.....	December 2022
David Witt.....	December 2023

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Marin/Sonoma Mosquito and Vector Control District
Cotati, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Marin/Sonoma Mosquito and 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 the 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of governmental activities and each major fund of the Marin/Sonoma Mosquito and Vector Control District as of June 30, 2021, and the respective changes in the financial position and budgetary comparisons listed in the Table of Contents as part of the basic financial statements, 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 Management's Discussion and Analysis and other Required Supplementary 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.

Maze + Associates

Pleasant Hill, California
November 2, 2021

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

This discussion reflects the District's present and future programs for the fiscal year beginning July 1, 2020 and ending June 30, 2021 and offers its readers a narrative overview and analysis of the District's financial activities.

FINANCIAL HIGHLIGHTS JULY 1, 2020—JUNE 30, 2021

- The District's operating fund cash balance (invested with the County of Marin) Treasury at the beginning of the fiscal year was \$11,750,384 and \$11,750,403 at the end of the fiscal year.
- The District's capital replacement fund cash balance (with the County of Marin) at the beginning of the fiscal year was \$2,045,624 and \$1,170,467 at the end of the fiscal year.
- The District's emergency vector control fund cash balance (with the County of Marin) at the beginning of the fiscal year was \$1,999,789 and \$2,013,559 at the end of the fiscal year.
- The District had general revenues and charges for services of \$10,079,467 and program expenses of \$10,782,506. The District's net position was decreased by \$703,039. This change in net position does not represent an operating loss and was planned as part of a restructuring of the District's fund balances and classifications.
- Accelerated paydown of a portion of the District's legacy OPEB liabilities formed part of the aforementioned fund balance restructuring.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statement is comprised of four (4) components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Basic Financial Statements
- Required Supplementary Information

REPORTING ENTITY

The "Marin Mosquito Abatement District" was formed in May of 1915 and later became a California Special District. In the 1990's, to reflect the full range of services it grew to provide, and the territory served, the District was renamed as the "Marin/Sonoma Mosquito & Vector Control District". The District is empowered under the California Health and Safety Code to take all necessary steps to abate mosquitoes and other vectors, such as rats and yellowjackets. The District also provides robust public outreach and normally operates an Education Program within the Marin and Sonoma County school systems. The District is governed by a twenty-four (24) member appointed Board of Trustees, which represents both counties and each city or town. As of June 30, 2021, there were four vacant seats, Corte Madera, Cotati, Sausalito, and one Sonoma County at Large. The District covers an area of almost 2,300 sq. miles and has a payroll of 32 regular hire, full-time employees, assisted by a seasonal workforce of approximately eight employees.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities include all of the financial activities of the District, including long-term items such as capital assets. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's 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 (a) charges paid by recipients of goods or services offered by the programs and (b) funds and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

	FY 2019/20	FY 2020/21	% CHANGE
TOTAL ASSETS	<u>\$23,910,995</u>	<u>\$23,444,013</u>	(1.97%)
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,730,902</u>	<u>7,394,652</u>	49.55%
TOTAL LIABILITIES	<u>10,623,971</u>	<u>13,235,664</u>	19.67%
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,859,575</u>	<u>2,798,442</u>	(37.92%)
NET POSITION			
Net Investment in Capital Assets	5,185,365	5,144,896	(0.79%)
Unrestricted	<u>7,972,986</u>	<u>9,659,663</u>	17.46%
TOTAL NET POSITION	<u>\$13,158,351</u>	<u>\$14,804,559</u>	<u>11.12%</u>

As of June 30, 2021, the District reported its proportionate share of the net pension liability (Note 6B) as well as the deferred outflows and inflows of resources related to the legacy retiree healthcare plan (OPEB) (Note 7F). The District's net position for fiscal year 2020/21 increased by \$1,646,208 or 11.77%.

STATEMENT OF ACTIVITIES & CHANGES IN NET POSITION

	FY 2019/20	FY 2020/21	% Change
GENERAL REVENUE			
Taxes/Assessments	\$9,573,670	\$9,832,449	2.67%
Use of Money and Property	332,905	91,729	(262.92%)
Other Revenues	<u>423,815</u>	<u>354,404</u>	(19.59%)
TOTAL GENERAL REVENUE	\$10,330,390	\$10,278,582	(0.5%)
TOTAL PROGRAM REVENUE	\$134,329	\$77,384	(73.59%)
EXPENSES	\$8,437,203	\$8,709,758	3.13%
Change in Net Position	2,027,516	1,646,208	(23.16%)
Beginning Net Position	<u>11,130,835</u>	<u>13,158,351</u>	15.41%
Ending Net Position	<u>\$13,158,351</u>	<u>\$14,804,559</u>	11.12%

The District has two main revenue components: Ad valorem property taxes and two Benefit Assessment Districts. The District experienced an increase in assessments and property tax revenue of 2.67%. At the same time, however, use of money and property (investment income) decreased by 113.6% compared to the prior year. Other Revenues include reimbursement for miscellaneous work performed by the District throughout the year, insurance refunds/reimbursements, miscellaneous reimbursements and sale of equipment. Program revenue consists of contract work performed by the District and the amount received is variable from year to year.

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

MAJOR FUNDS

GASB Statement No. 34 defines major funds and requires that the District's major governmental type funds be identified and presented separately in the financial statements. Major funds are defined as funds that either have assets, deferred inflows, liabilities, deferred outflows, revenues, or expenditures equal to or greater than ten percent of their fund-type total and five percent of the grand total of all fund types. The District has elected to show all funds as major funds.

The General Fund is the main operating fund of the District. This fund is used to account for financial resources not accounted for in other funds.

The Capital Replacement Fund is used to account for all capital related purchases.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The projected budget for the 2021/22 Fiscal Year is \$9,791,218 with anticipated revenues of \$10,169,371. For the first time in several years, revenues are projected to more than cover anticipated expenses, by an estimated \$378,156. In accordance with the recently adopted Reserve Fund Strategy, \$337,200 was transferred from the Operating Fund to the Capital Replacement Fund. The strategy is to adhere to a funding schedule that would set aside sufficient funds through equal annual deposits to meet the District's capital replacement needs over the next 20 years. For fiscal year 2021/22 the District's benefit assessments were as follows: Benefit Assessment (BA) #1 remained flat at \$12.00 per/parcel, BA #2 (Marin County and Zone A) increased to \$28.82 per/parcel and Zone B increased to \$27.56 per/parcel. The ad valorem tax collections were forecast to increase by 3.0% for Marin County and 1.03% for Sonoma County.

The following factors were considered in preparing the District's Budget for fiscal year 2021/22:

- Working with the valuable guidance of the Budget Committee, while preparing the budget for FY 2021/22, staff continued to implement improved methodologies designed to forecast revenues and expenditures with increasing accuracy. Staff closely examined past trends in salaries, benefits, services and supplies to arrive at a precise expenditure forecast, taking into account prior year actuals. To project income, revenues for the proposed budget for FY 2021/22 were based on actuals from the prior year. Refinements in financial forecasting will soon be further aided by the budget preparation module included as part of the District's new financial management system.
- Staff remains vigilant in controlling costs to the extent possible, adhering closely to the adopted budget and continuing efforts to plan for the specific needs of individual departments.
- Represented employees entered the second year of a four-year memorandum of understanding with the District and realized a 1.60% cost of living allowance applied to salaries on July 1, 2021. Employees continue to make a 1.75% contribution to the employer paid member contribution to MCERA as well as contributions toward medical premiums.

- For FY 2021/22, employer rates for MCERA contributions increased slightly to 32.60% for the Classic Tier and 26.03% for the PEPRA Tier. The percentage of the budget to be spent on pension contributions will be 12.03%. This year, the District will pay the full actuarially determined contribution (ADC) of \$343,000 into the established CalPERS OPEB Trust. Presently, there are no plans to make additional contributions toward legacy benefits in FY 21/22. The percentage of the budget spent on OPEB for FY 2021/22 will be 3.50%, which is appreciably lower than in previous years when the budget included the full ADC and significant additional contributions to the Trust.
- The capital items planned for purchase or replacement this year include:
 - Five ¾ ton trucks (carried over from FY 20/21 due to supply chain difficulties)
 - One van for the Community Outreach Department (also carried over from FY 20/21)
 - One ½ ton truck (also carried over from FY 20/21)
 - Three ARGO amphibious vehicles
 - Remodel of some office space to increase utility and ergonomics.
 - Four ¾ ton trucks
 - One new Air Boat and associated GPS Unit
 - One 1-ton service truck
 - One ½ ton truck
 - Total Purchases \$703,310

In February 2020, the District completed a thorough analysis of the capital asset replacement program and target fund balances, resulting in a detailed schedule of capital cost projections ending in FY 39-40. The Board adopted a strategy that sets aside an annual flat contribution of \$332,700 into the Capital Replacement Fund, with the understanding that capital costs will be higher in some years than others. This strategy will aid in preparing budgeting projections and assist in providing funding for those years with increased replacement needs.

FUTURE EVENTS THAT WILL FINANCIALLY IMPACT THE DISTRICT

- Continued annual growth in ad valorem (property tax) revenues has partially offset the flat revenue from Benefit Assessment #1, which supplies the great majority of the benefit assessment revenue, but this factor alone may be insufficient to meet long-term funding needs. Revenue from Assessment District #1 has remained flat since reaching its \$12 cap in 2014 and the assessed amount can never be increased. Consequently, the District is increasingly dependent on ad valorem revenue, which could decrease in the event of an economic recession.
- Demand for services continues to increase each year, taxing the District's operational capacities. In response, the Board approved staffing plans to include an Environmental Biologist, and filling two positions left vacant through retirements, the Rodent Control Specialist, and the Wastewater/Source Reduction Specialist. Additionally, the Board approved hiring a replacement for the Education Specialist.
- Since the prior audit period, invasive *Aedes aegypti* and *albopictus* mosquitoes continued their northward spread, with detections reported in the counties of Shasta, Butte, Placer, Sacramento and Yolo. Although surveillance has not yet detected these mosquitoes in the District's service area, it is very possible that they may spread here in the future. Other mosquito districts' experience has been that substantial additional staffing, equipment, and supplies are needed to contain and attempt to eradicate such an infestation. Dealing with invasive *Aedes* is very labor-intensive compared to the existing mosquito populations. Accordingly, the District maintained its public health emergency reserve at 20% of annual budgeted expenditures and purchased specialized equipment that would be deployed if invasive *Aedes* were to be found within the District.

- The administrative staff has made substantial progress on the project to replace the legacy accounting hardware and software with a state-of-the-art financial management information system (FMIS). This will alleviate the current vulnerabilities of operating with an unsupported legacy system and improve efficiencies by allowing for integration with modern technologies and enhanced training opportunities for staff. The project timeline includes a “go live” date of October 1, 2021. The legacy system will be supported for an as-yet undetermined period for the purposes of maintaining historical data and facilitating completion of the FY 20/21 audit.
- Staff remains flexible and responsive to the ever-changing challenges presented by the COVID-19 pandemic. Management continues to monitor recommendations and guidance issued by the CDC and state and local public health officials. The impact to the budget will be quantified in a dedicated expense category, and in early October 2021, staff applied to the State Department of Finance for a share of the \$100M in COVID-19 relief funding dedicated to independent Special Districts.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances for all those with an interest. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Marin/Sonoma Mosquito and Vector Control District, 595 Helman Lane, Cotati, CA 94931.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments (Note 3)	\$14,941,164
Deposits held by VCJPA (Notes 3 and 8)	834,201
Accounts receivable	1,798,795
Property taxes receivable	366,250
Inventory (Note 2E)	358,707
Total current assets	18,299,117
Capital assets (Note 4):	
Nondepreciable:	
Land	675,000
Depreciable:	
Structures and improvements	6,845,481
Office equipment	387,259
Office furniture	37,619
Field equipment	199,094
Vehicles	2,283,216
Less: Accumulated depreciation	(5,282,773)
Total capital assets, net	5,144,896
Total Assets	23,444,013
DEFERRED OUTFLOWS OF RESOURCES	
Pension related (Note 6B)	3,821,905
OPEB related (Note 7F)	3,572,747
Total Deferred Outflows of Resources	7,394,652
LIABILITIES	
Current liabilities:	
Compensated absences (Note 2F)	243,905
Total current liabilities	243,905
Non-current liabilities:	
Compensated absences (Note 2F)	298,105
Net OPEB liability (Note 7C)	5,578,000
Collective net pension liability (Note 6B)	7,115,654
Total non-current liabilities	12,991,759
Total Liabilities	13,235,664
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 6B)	986,442
OPEB related (Note 7F)	1,812,000
Total Deferred Inflows of Resources	2,798,442
NET POSITION (Note 5)	
Net investment in capital assets	5,144,896
Unrestricted	9,659,663
Total Net Position	\$14,804,559

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	<u>Program Revenues</u> Charges for Services	Net (Expense) Revenue and Change in Net Position
Governmental Activities:			
Public Health	(\$8,709,758)	\$77,384	(\$8,632,374)
Total Governmental Activities	<u>(\$8,709,758)</u>	<u>\$77,384</u>	<u>(8,632,374)</u>
General revenues:			
Taxes and assessments			9,832,449
Use of money and property			91,729
Other revenues			<u>354,404</u>
Total General Revenues			<u>10,278,582</u>
Change in Net Position			1,646,208
Net Position - Beginning			<u>13,158,351</u>
Net Position - Ending			<u>\$14,804,559</u>

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

	General Fund	Capital Replacement Fund	Totals
ASSETS			
Cash and investments (Note 3)	\$13,770,697	\$1,170,467	\$14,941,164
Deposits with VCJPA (Notes 3 and 8)	834,201		834,201
Accounts receivable	1,798,795		1,798,795
Property taxes receivable	366,250		366,250
Inventory (Note 2E)	358,707		358,707
Total Assets	<u>\$17,128,650</u>	<u>\$1,170,467</u>	<u>\$18,299,117</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - accounts receivable	\$1,669,565		\$1,669,565
Total Deferred Inflows of Resources	<u>1,669,565</u>		<u>1,669,565</u>
FUND BALANCES (Note 5)			
Nonspendable: inventory	358,707		358,707
Committed for dry period funding	4,449,299		4,449,299
Committed for public health emergencies	2,013,559		2,013,559
Assigned for insurance	834,201		834,201
Assigned for future capital replacements		\$1,170,467	1,170,467
Unassigned	7,803,319		7,803,319
Total Fund Balances	<u>15,459,085</u>	<u>1,170,467</u>	<u>16,629,552</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$17,128,650</u>	<u>\$1,170,467</u>	<u>\$18,299,117</u>

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2021

FUND BALANCE OF GOVERNMENTAL FUNDS \$16,629,552

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds Balance Sheet because of the following:

Capital assets used in Governmental Activities are not current resources, and therefore, are not reported in the Governmental Fund Balance Sheet.

Capital assets at historical cost	\$10,427,669	
Less: accumulated depreciation	<u>(5,282,773)</u>	5,144,896

The liabilities and deferred outflows/inflows below are not due and payable in the current period, and therefore, are not reported in the Governmental Fund Balance Sheet.

Unavailable revenue	1,669,565	
Compensated absences payable	(542,010)	
Other postemployment benefits payable	(5,578,000)	
Deferred outflows related to pension	3,821,905	
Deferred outflows related to OPEB	3,572,747	
Net pension liability	(7,115,654)	
Deferred inflows related to pension	(986,442)	
Deferred inflows related to OPEB	<u>(1,812,000)</u>	<u>(6,969,889)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$14,804,559

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Replacement Fund	Totals
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Taxes and assessments	\$9,832,449		\$9,832,449
Use of money and property	81,746	\$9,983	91,729
Other revenues	<u>155,288</u>		<u>155,288</u>
Total Revenues	<u>10,069,483</u>	<u>9,983</u>	<u>10,079,466</u>
EXPENDITURES:			
Current:			
Salaries and benefits	8,414,724		8,414,724
General and administrative	2,145,416		2,145,416
Capital outlay		<u>222,339</u>	<u>222,339</u>
Total Expenditures	<u>10,560,140</u>	<u>222,339</u>	<u>10,782,479</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(490,657)</u>	<u>(212,356)</u>	<u>(703,013)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	885,140	222,339	1,107,479
Transfers (out)	<u>(222,339)</u>	<u>(885,140)</u>	<u>(1,107,479)</u>
Total other financing sources (uses)	<u>662,801</u>	<u>(662,801)</u>	
NET CHANGE IN FUND BALANCES	172,144	(875,157)	(703,013)
BEGINNING FUND BALANCES	<u>15,286,941</u>	<u>2,045,624</u>	<u>17,332,565</u>
ENDING FUND BALANCES	<u><u>\$15,459,085</u></u>	<u><u>\$1,170,467</u></u>	<u><u>\$16,629,552</u></u>

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2021

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES (\$703,013)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are added back to fund balance	\$222,339	
Depreciation expense is not reportable in the governmental fund	(262,808)	(40,469)

Net Pension Liability is not a current liability, and therefore, governmental funds record pension expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability. (752,761)

Other Post Employment Benefits payable is not a current liability, and therefore, is not recorded in the governmental fund statements. This amount represents the amount of the change in the payable and related deferred outflows/(inflows) in the current period. 2,868,454

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources, and therefore, are not reported as revenue or expenditures in governmental fund statements. The net changes are as follows:

Unearned revenue	276,500	
Compensated absences	(2,503)	(2,503)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$1,646,208

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments:				
Assessments	\$3,169,956	\$3,169,956	\$3,201,494	\$31,538
Current secured	5,153,315	5,394,905	5,480,084	85,179
Current unsecured	124,908	139,726	137,134	(2,592)
Prior unsecured	3,222	3,311	2,953	(358)
Homeowners' property tax relief	29,121	28,771	27,442	(1,329)
Annexation revenue	1,025,237	1,025,237	1,000,019	(25,218)
Supplemental assessments	140,591	38,734	(17,016)	(55,750)
Other aid		7,127	339	(6,788)
Total taxes and assessments	9,646,350	9,807,767	9,832,449	24,682
Use of money and property:				
Interest income	98,874	122,175	81,746	(40,429)
Other revenues:				
Contract work	200,000	135,315	77,384	(57,931)
Refunds and reimbursements		79,045	77,904	(1,141)
Total other revenues	200,000	214,360	155,288	(59,072)
Total Revenues	9,945,224	10,144,302	10,069,483	(74,819)
EXPENDITURES				
Current:				
Employees' compensation				
Salaries and compensated absences	4,212,885	4,013,919	3,648,768	365,151
Employee benefits	5,002,123	4,922,873	4,765,956	156,917
Total employees' compensation	9,215,008	8,936,792	8,414,724	522,068
Total expenditures forward	9,215,008	8,936,792	8,414,724	522,068

(Continued)

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Total forward	<u>\$9,215,008</u>	<u>\$8,936,792</u>	<u>\$8,414,724</u>	<u>\$522,068</u>
General and administrative:				
Agriculture	748,175	689,025	414,153	274,872
Pest abatement supplies	12,200	12,200	13,353	(1,153)
Spray/field equipment	23,437	26,094	25,745	349
Source reduction equipment	5,500	2,000	6,192	(4,192)
Furniture, appliances and equipment	4,000	4,000	3,401	599
Clothing and personal supplies	35,095	35,095	30,586	4,509
Safety equipment	12,020	12,020	6,259	5,761
Communications	62,150	62,150	54,199	7,951
Food	3,850	1,850	440	1,410
District special expense	289,180	319,166	295,922	23,244
Household expense	6,010	6,210	4,470	1,740
Insurance	261,745	268,003	267,713	290
Accidents			10,679	(10,679)
Projects	7,350	5,750	6,901	(1,151)
Maintenance - equipment	98,655	100,255	93,832	6,423
Maintenance - ground/structures	32,400	34,504	32,626	1,878
Lab	13,750	13,750	12,383	1,367
Fish supplies	1,875	1,875	299	1,576
Disease surveillance	20,500	20,500	14,216	6,284
Memberships	45,311	43,170	43,000	170
Office expense	20,900	20,900	20,579	321
Professional and special services	401,448	457,120	397,121	59,999
Publications and legal notices	179,600	193,100	166,074	27,026
Rents and leases	6,250	6,250	5,582	668
Small tools and instruments	10,600	10,600	9,269	1,331
Minor construction/improvements	81,985	49,985	26,937	23,048
Video productions	6,500	6,500	6,000	500
Education/public relations and printing	29,750	13,750	13,709	41
Educational supplies	11,000			
Education and training for employees	17,350	5,850	9,183	(3,333)
Travel and transportation	27,575	10,000	3,639	6,361
Fuel and oil	105,100	105,100	102,767	2,333
Utilities	46,350	46,350	48,187	(1,837)
Total general and administrative	<u>2,627,611</u>	<u>2,583,122</u>	<u>2,145,416</u>	<u>437,706</u>
Total Expenditures	<u>11,842,619</u>	<u>11,519,914</u>	<u>10,560,140</u>	<u>959,774</u>

(Continued)

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in (out)			\$662,801	\$662,801
Total other financing sources (uses)			662,801	662,801
NET CHANGE IN FUND BALANCE	<u>(\$1,897,395)</u>	<u>(\$1,375,612)</u>	172,144	<u>\$1,547,756</u>
BEGINNING FUND BALANCE			<u>15,286,941</u>	
ENDING FUND BALANCE			<u>\$15,459,085</u>	

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – GENERAL

Formed in 1915, the Marin/Sonoma Mosquito and Vector Control District (District) is a California Special District empowered to take all necessary steps for the abatement of mosquito and other vectors such as yellow jackets and rats. The District is also empowered to abate as nuisances all standing water that produces mosquitoes. A twenty-four (24) member appointed Board of Trustees governs the District. As of June 30, 2021, there were three vacant seats.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform with accounting principles generally accepted in the United States of America and are applicable to governments. The following is a summary of the significant policies.

A. Basis of Presentation

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

These Statements require that the following financial statements be presented:

District-wide Financial Statements: The District's financial statements reflect only its own activities; it has no component units (other government units overseen by the District). The Statement of Net Position and Statement of Activities include the financial activities of the overall District government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Governmental Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

The District reported the following major governmental funds in the accompanying financial statements:

General Fund – The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Capital Replacement Fund – The Capital Replacement Fund is used to account for all capital purchases.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

The District-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

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.” The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property taxes, certain charges for services and interest revenue.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The District may fund programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The District’s policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

C. Property Taxes

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The Counties of Marin and Sonoma levy, bill and collect property taxes and benefit assessments for the District; the Counties remit the entire amount levied and handle all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the personal property being taxed.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property tax revenue is recognized in the fiscal year for which the tax is levied. Marin and Sonoma Counties distribute property tax (termed “settlements”) under the Teeter Plan, which allows the District to receive all property taxes in the year in which they are levied. The Counties retain any collections of interest, penalties and delinquencies under this plan. Sonoma County’s Teeter Plan includes current year secured and supplemental ad valorem taxes but does not include any direct charges (benefit assessments) or unsecured taxes. A settlement apportionment for 95% of unsecured property taxes is received in October, with the remainder distributed in June. Secured property taxes are received in three settlements and apportioned as follows: 55% in December, 40% in April and 5% in June.

D. *Budgets and Budgetary Accounting*

The District follows the procedures established by the State of California for special districts in establishing the budgetary data reflected in the financial statements. During the year, the General Fund was the only fund for which a budget was required.

E. *Inventory*

Inventories consist primarily of pesticides and are stated at cost (first-in, first-out basis) and are recorded as expenditures at the time the inventory is consumed.

F. *Compensated Absences*

Accumulated unpaid employee vacation and compensated hours, are recognized as liabilities of the District to the extent they vest. Sick leave has also been included as employees receive 50% of their accumulated sick leave upon termination of employment. The liability is recorded in the Statement of Net Position. The General Fund has been used to liquidate compensated absences. At June 30, 2021, the balance of compensated absences was \$542,010, of which \$243,905 was estimated to be the current portion.

G. *Use of Estimates*

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

H. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 3 – CASH AND INVESTMENTS

A. Policies and Classification

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District’s cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the District’s name and places the District ahead of general creditors of the institution. Deposits with JPA are reserves held by the Vector Control Joint Powers Agency (VCJPA) and are uncollateralized and uninsured (See Note 8).

The District’s investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The District’s cash and investments consist of the following at June 30, 2021:

Cash on hand	\$350
Deposits with financial institutions	6,385
County of Marin Treasury	14,934,429
Sub-total	14,941,164
Deposits with VCJPA	834,201
Total cash and investments	\$15,775,365

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Permitted Investments

The District has authorized staff to deposit cash with the Marin County Treasurer in a series of pooled accounts with cash from various other governmental entities within the County, for investment purposes. The County’s investment policies are governed by State statutes. In addition, the County has an investment committee, which prescribes written investment policies regarding the types of investments that may be made. The policies limit amounts that may be invested in any one financial institution or amounts, which may be invested in long-term instruments. Interest earned from such time deposits and investments is allocated quarterly to the District based on its average daily cash balances. The fair value of the account at June 30, 2021 was provided by the County Treasurer.

Authorized Investment Type	Maximum Maturity	Minimum Rating	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	N/A	N/A	None	\$75 million
Certificates of Deposit - Negotiable	N/A	None	30%	None
Certificates of Deposit - Non-negotiable	None	None	None	None
Money Market Funds	N/A	Highest ranking	20%	10%
U.S. Treasury Obligations	None	None	None	None
U.S. Agency Obligations	None	None	None	None
U.S. Government Securities	None	None	None	None
California Local Agency Bonds, Notes & Warrants	None	None	None	None
Medium-term Notes	2 years	A	30%	None
County Cash Pool	3 years	AAA	None	5%
Bankers Acceptances	180 days	None	30%	None
Commercial Paper	270 days	A	40%	None
Repurchase Agreements	None	None	None	None

C. Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District’s only investment is in the County of Marin Treasury Pool which is classified as Level 2 of the fair value hierarchy and is valued using quoted prices for identical instruments in markets that are not active as provided by the County Treasurer. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources.

D. Credit Rate 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 District's only investments are Marin County Treasury Fund which not rated.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. Credit Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District invests in the Marin County Treasury (County), which sponsors an investment pool to invest funds of the County and external public entities, such as the District. The County's pool activity is governed by California Government Code Sections 27000.1 and 53607 as well as the County's Investment Policy, which delegate the County Treasurer to invest in securities issued by the United States, certain corporate bonds and notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, the State of California Local Agency Investment Fund, and securities lending transactions. Participants' equity in the County's 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.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – CAPITAL ASSETS

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their acquisition fair value at the date of donation. The District’s policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of capital assets which range from 20 to 50 years for structures and improvements, 3 to 40 years for office equipment, 3 to 20 years for office furniture, 10 to 20 years for field equipment, and 5 to 15 years for vehicles.

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

	Balance June 30, 2020	Additions	Deletions & Adjustments	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$675,000			\$675,000
Total capital assets not being depreciated	675,000			675,000
Capital assets being depreciated:				
Structures and improvements	6,786,957	\$58,524		6,845,481
Office equipment	387,259			387,259
Office furniture	37,619			37,619
Field equipment	155,024	\$44,070		199,094
Vehicles	2,163,471	119,745		2,283,216
Total capital assets being depreciated	9,530,330	222,339	-	9,752,669
Accumulated depreciation:				
Structures and improvements	(2,674,588)	(159,797)		(2,834,385)
Office equipment	(293,597)	(15,036)		(308,633)
Office furniture	(37,619)			(37,619)
Field equipment	(111,499)	(10,757)		(122,256)
Vehicles	(1,902,662)	(77,218)		(1,979,880)
Total accumulated depreciation	(5,019,965)	(262,808)		(5,282,773)
Total capital assets, being depreciated, net	4,510,365	(\$40,469)	-	4,469,896
Capital assets, net	\$5,185,365			\$5,144,896

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 – NET POSITION AND FUND BALANCES

Net Position is measured on the full accrual basis while Fund Balances are measured on the modified accrual basis.

A. Net Position

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions which is determined at the District-wide level, and is described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the District's capital assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. The District had no Restricted Net Position as of June 30, 2021.

Unrestricted describes the portion of Net Position which is not restricted to use.

B. Fund Balance

The District's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the District to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact and assets not expected to be converted to cash, such as prepaids, notes receivable, and inventories are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the Board of Trustees which may be altered only by formal action of the Board of Trustees. Encumbrances and nonspendable amounts subject to Board commitments are included along with spendable resources.

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 5 – FUND BALANCES AND NET ASSETS (Continued)

Assigned fund balances are amounts constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. Intent is expressed by the Board of Trustees or its designee and may be changed at the discretion of the Board of Trustees or its designee. This category includes encumbrances when it is the District’s intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of the Capital Replacement Fund which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds.

NOTE 6 – PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – The District contributes to the Marin County Employees’ Retirement Association (MCERA). The MCERA provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. MCERA is a cost sharing multiple-employer plan administered by the County of Marin.

Benefits Provided – Employees hired before January 1, 2013 vest after 10 years of service and may receive retirement benefits at the age of 50. Employees hired on or after January 1, 2013 vest after 10 years of service and may receive retirement benefits at age 62. These benefit provisions and all requirements are by the County Employees’ Retirement Law of 1937, as amended and set forth in Section 34150 et. seq. of the government code.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2020:

Active plan members	32
Inactive employees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not yet receiving benefit payments	<u>2</u>
Total	<u><u>55</u></u>

Copies of MCERA’s annual financial reports, which include required supplementary information for each participant in the plan, may be obtained from the Marin County Employees’ Retirement Association, One McInnis Parkway, Suite 100, San Rafael, California 94903.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – PENSION PLANS (Continued)

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

	Miscellaneous	
	Tier 1 - Classic	Tier 2 - PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55.5	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	100%	100%
Required employee contribution rates	8.32% - 12.90%	10.75%
Required employer contribution rates	34.35%	27.78%

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

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

	Miscellaneous
Contributions - employer	\$1,016,367

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

As of June 30, 2021, the District reported its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$7,115,654
Total Net Pension Liability	\$7,115,654

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – PENSION PLANS (Continued)

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for each Plan as of June 30, 2019 and 2020 was as follows:

	Miscellaneous
Proportion - June 30, 2019	1.1125%
Proportion - June 30, 2020	1.5544%
Change - Increase (Decrease)	0.4419%

For the year ended June 30, 2021, the District recognized pension expense of \$752,761. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$1,016,367	
Differences between actual and expected experience	312,069	\$13,262
Changes in assumptions	158,555	
Difference between District contributions and proportionate share of contributions	57,205	190,837
Change in proportion	1,491,325	782,343
Net differences between projected and actual earnings on plan investments	786,384	
Total	\$3,821,905	\$986,442

\$1,016,367 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2022	\$416,512
2023	317,445
2024	804,555
2025	280,584
Total	\$1,819,096

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – PENSION PLANS (Continued)

Actuarial Assumptions – The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions applied to all prior periods included in the measurement. The key assumptions in the valuation were:

	Miscellaneous
Measurement Date	June 30, 2020
Valuation Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Return on Assets	6.75%, net of investment expenses
Discount Rate	6.75%
Projected Salary Increase	3.0% plus merit component based on employee classification and years of service
Price Inflation	2.50%
Post Retirement COLA	Assumed at the rate of 2.5% for members with a 4% COLA cap, 2.4% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap
Mortality	CalPERS 2017 Pre-Retirement Non-Industrial Death rates (for active members), CalPERS 2017 Post-Retirement Healthy Mortality rates, multiplied by 90% for Males (for retired healthy members), CalPERS 2017 Disability Mortality rates (non-industrial rates) multiplied by 90% for Males and Females (for disabled members) - all with a 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

Discount Rate – The discount rate used to measure the Total Pension Liability was 6.75%.

We have assumed that the employees will continue to contribute to the Plan at the required rates and the employers will continue the historical and legally required practice of contributing to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, a portion of the expected Administrative Expenses, an amortization payment for the extraordinary losses from 2009 amortized over a closed period (21 years remaining as of the June 30, 2017 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (20 years remaining as of the June 30, 2017 actuarial valuation).

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – PENSION PLANS (Continued)

The MCERA Board of Retirement has adopted an Investment Policy Statement (IPS), which provides the framework for the management of MCERA’s investments. The IPS establishes MCERA’s investment objectives and defines the principal duties of the Retirement Board, the custodian bank, and the investment managers. The asset allocation plan is an integral part of the IPS and is designed to provide an optimum and diversified mix of asset classes with return expectations to satisfy expected liabilities while minimizing risk exposure. MCERA currently employs external investment managers to manage its assets subject to the provisions of the policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The following was the Retirement Board’s adopted asset allocation policy as of June 30, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32%	4.90%
International Equity	22%	5.00%
Fixed Income	23%	0.50%
Public Real Assets	7%	3.20%
Real Estate	8%	4.00%
Private Equity	8%	6.25%
Total	<u>100%</u>	

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The discount rate used to measure the Total Pension Liability was 7.00%. Related to the discount rate is the funding assumption that employees will continue to contribute to the plan at the required rates and employers will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, a portion of the expected administrative expenses, an amortization payment for the extraordinary losses from 2009 amortized over a closed period (21 years remaining as of the June 30, 2017 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (13 years remaining as of the June 30, 2017 actuarial valuation).

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – PENSION PLANS (Continued)

A change in the discount rate would affect the measurement of the TPL. A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the NPL by approximately 96%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 79%.

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

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total Pension Liability	\$54,133,575	\$47,923,548	\$42,807,937
Fiduciary Net Position	40,807,894	40,807,894	40,807,894
Net Pension Liability	\$13,325,681	\$7,115,654	\$2,000,043

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

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS

A. Plan Description, Benefits Provided and Funding Policy

The District’s Post Employment Benefit Plan is an agent multiple employer plan. The following is a summary of Plan benefits as of June 30, 2021:

	Benefit Summary
<i>Eligibility</i>	-Hired July 30, 2014 or earlier: -Retire directly from the District under Marin County Employees' Retirement Association (Service Retirement at Age 50 or 55 depending on Retirement Tier with 10 years MCERA service or disability retirement) -10 years of District Service -Hired after July 30, 2014: -Not eligible for District payment of retiree medical premiums
<i>Benefit</i>	-Hired July 30, 2014 or earlier: -District pays the full medical and Medicare B premiums for retirees -For retirees hired prior to July 1, 2009, the District also pays the premium for 1 dependent -Hired after July 30, 2014: -No District contributions towards retiree medical premiums, but may participate in District medical plans if pays premium -Eligible for Health Reimbursement Account (HRA) contributions after 2 years of service with the District
<i>Surviving Spouse Benefit</i>	-Premium paid for those hired prior to July 1, 2009 -Same benefit continues to surviving spouse
<i>Dental, Vision, & Life</i>	-None
<i>Medical Plans</i>	-County of Marin Medical Plans

The District’s policy is to contribute the full Actuarially Determined Contribution (ADC). The District began making contributions to a CERBT trust during fiscal year 2014-2015.

Membership in the plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Active plan members	25
Inactive employees or beneficiaries currently receiving benefit payments	19
Inactive employees entitled to but not yet receiving benefit payments	0
Total	44

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The District’s net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2019 that was rolled forward using standard update procedures to determine the District’s total OPEB liability as of June 30, 2020, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	July 1, 2019
Measurement Date	June 30, 2020
Actuarial Assumptions:	
Discount Rate	6.50%
Expected Rate of Return on Assets	6.50%
Inflation	2.75% per year
Payroll Growth	Aggregate - 3% annually Merit - MCERA 2014-2017 Experience Study
Mortality, Termination, Service Retirement, Disability	MCERA 2014-2017 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale
Medical Trend	- Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 - Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Medicare B Trend	- 6.5% for 2020 4.4% in 2021, 5.1% in 2022, increasing to
Participation for future retirees	- Hired 7/30/14 or earlier: 100% - Hired after 7/30/14: Ineligible

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
Treasury Inflation-Protected Securities	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	
Assumed Long-Term Rate of Inflation		2.75%
Margin for Adverse Deviation		0.25%
Assumed Long-Term Net Rate of Return, Rounded		6.50%

The Expected Long-Term Rate of Return is provided by CalPERS' Strategic Asset Allocation Overview in August 2011 – Strategy 1.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. *Change in Net OPEB Liability*

	Increase (Decrease)	
Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2020	\$9,383,000	\$3,367,000
Changes Recognized for the Measurement Period:		
Service Cost	199,000	-
Interest on the total OPEB liability	614,000	-
Changes in benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions	(160,000)	-
Contributions from the employer	-	955,000
Net investment income	-	138,000
Administrative expenses	-	(2,000)
Benefit payments and refunds	(288,000)	(288,000)
Net Changes	365,000	803,000
Balance at June 30, 2021	\$9,748,000	\$4,170,000

The benefit payments and refunds include implied subsidy benefit payments in the amount of \$46,000.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. Sensitivity of the Net OPEB Liability to Change in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate +1% (7.50%)
\$7,094,000	\$5,578,000	\$4,345,000

E. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

Plan's Net OPEB Liability/(Asset)		
Decrease -1%	Current Healthcare Cost Trend Rates	Increase Rate +1%
\$4,161,000	\$5,578,000	\$7,344,000

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report.

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,868,454. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$3,051,747	
Difference between expected and actual experience	-	\$1,638,000
Changes in assumptions	444,000	174,000
Net difference between projected and actual earnings on plan investments	\$0	-
Total	\$3,572,747	\$1,812,000

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

\$3,051,747 reported as deferred outflows of resources related to employer contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Ended June 30	Annual Amortization
2022	(\$372,000)
2023	(375,000)
2024	(411,000)
2025	(128,000)
2026	(5,000)
Total	(\$1,291,000)

G. *Deferred Compensation Plan*

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available for full-time employees. The Internal Revenue Services regulations allow an employer to designate a 457(b) Deferred Compensation Plan as an alternative to social security. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. However, participants are allowed to borrow against their account value, up to 50%.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are held in trust by third party administrators for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

NOTE 8 – RISK MANAGEMENT

The District participates with other public entities in a joint venture under a joint powers agreement which established the Vector Control Joint Powers Agency (VCJPA) which is a workers' compensation and general liability risk pool. The relationship between the District and VCJPA is such that VCJPA is not a component unit of the District for financial reporting purposes. The District reports all of its risk management activities in its VCJPA Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Should there be a need for a retrospective adjustment due to adverse claim activity, the District may be assessed additional premiums.

The VCJPA is a consortium of thirty-four (34) mosquito abatement or vector control districts in the State of California. It was established under the provisions of California Government Code section 6500 et seq. The VCJPA is governed by a Board of Directors, which meets four times per year, consisting of one member from each of the four regions as well as two trustees of the Mosquito and Vector Control Association of California (MVCAC). A risk management group employed by the VCJPA handles the day-to-day business.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 8 – RISK MANAGEMENT (Continued)

The following is a summary of the insurance policies in force carried by the Authority as of June 30, 2021:

Type of Coverage	District Limits	District Deductibles
General Liability	\$15,000,000	\$1,000,000
Employment Practices	3,000,000	25,000
Workers' Compensation	Statutory	500,000
Boiler and Machinery	100,000,000	2,500 to 350,000
All-risk Property	1,000,000,000	10,000
Auto Physical Damage (per vehicle)	50,000	1,000
Business Travel Accident	150,000	None
Group Fidelity	1,000,000	2,500
Alliant Deadly Weapon Response	500,000	10,000

As defined by Government Accounting Standards Board (GASB) Statement 10, the Vector Control Joint Powers Agency is “a claims servicing or account pool.” VCJPA manages separate accounts for each pool member from whom losses and expenses of that member are paid, up to the retention limit. VCJPA purchases commercial excess insurance. The annual assessment of each member includes allocation for loss payments, expenses and excess insurance premiums.

Annually, VCJPA evaluates the assets of each pool member in comparison with expected future liabilities. The “financial risk position” of each member is determined by subtracting case reserves, claims incurred but not reported amounts and claim development from members’ deposit balances. If a negative risk position is found, a supplemental amount is added to the member’s annual assessment.

In accordance with GASB 10, the District has recorded its deposit with VCJPA as an asset at June 30, 2021. The District had no claims losses outstanding at June 30, 2021. Settled claims for the District have not exceeded coverage in any of the past three years.

The District has reserves of \$834,201 on deposit with VCJPA for member contingencies to cover the District’s self-insured retentions (SIR) for two claims in each type of coverage. The VCJPA has also purchased insurance to cover catastrophic losses.

Financial statements may be obtained from Vector Control Joint Powers Agency, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

REQUIRED SUPPLEMENTARY INFORMATION

MARIN/SONOMA MOSQUITO & VECTOR CONTROL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Last 10 years*

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
District's proportionate share	1.3670%	1.0675%	1.1722%	1.2260%	1.5506%	1.1125%	1.5544%
Proportionate share of total pension liability	\$30,836,408	\$26,359,459	\$30,203,230	\$32,918,302	\$43,908,650	\$32,908,754	\$47,925,548
Proportionate share of fiduciary net position	<u>27,458,012</u>	<u>22,224,119</u>	<u>24,600,929</u>	<u>28,397,350</u>	<u>38,787,052</u>	<u>28,840,290</u>	<u>40,807,894</u>
Proportionate share of the net pension liability	<u>\$3,378,396</u>	<u>\$4,135,340</u>	<u>\$5,602,301</u>	<u>\$4,520,952</u>	<u>\$5,121,598</u>	<u>\$4,068,464</u>	<u>\$7,117,654</u>
Plan fiduciary net position as a percentage of the total pension liability	89.04%	84.31%	81.45%	86.27%	88.34%	87.64%	85.15%
Covered payroll	\$3,105,278	\$2,845,790	\$2,856,069	\$2,965,789	\$3,051,566	\$3,265,466	\$3,405,838
Net pension liability as a percentage of covered payroll	108.80%	145.31%	196.15%	152.44%	167.84%	124.59%	208.98%

* Historical information is required only for the measurement periods for which GASB 68 is applicable.

MARIN/SONOMA MOSQUITO & VECTOR CONTROL DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	<u>Fiscal Year</u> <u>2014 - 2015</u>	<u>Fiscal Year</u> <u>2015 - 2016</u>	<u>Fiscal Year</u> <u>2016 - 2017</u>	<u>Fiscal Year</u> <u>2017 - 2018</u>	<u>Fiscal Year</u> <u>2018 - 2019</u>	<u>Fiscal Year</u> <u>2019 - 2020</u>	<u>Fiscal Year</u> <u>2020 - 2021</u>
Actuarially determined contribution	\$856,583	\$968,417	\$994,927	\$1,041,782	\$990,343	\$981,142	\$1,016,367
Contributions in relation to the actuarially determined contributions	<u>856,583</u>	<u>968,417</u>	<u>994,927</u>	<u>1,041,782</u>	<u>990,343</u>	<u>981,142</u>	<u>1,016,367</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$2,845,790	\$2,856,069	\$2,965,789	\$3,051,566	\$3,265,466	\$3,405,838	\$3,398,039
Contributions as a percentage of covered payroll	30.10%	33.91%	33.55%	34.14%	30.33%	28.81%	29.91%

* Historical information is required only for the measurement periods for which GASB 68 is applicable.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2021

Last Ten Fiscal Years *

Other Post-Employment Benefits (OPEB)

Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB liability					
Service cost	\$213,000	\$212,000	\$247,000	\$237,000	\$199,000
Interest	618,000	659,000	672,000	711,000	614,000
Differences between expected and actual experience	-	(1,109,000)	-	(2,057,000)	-
Assumption changes	-	1,380,000	-	(73,000)	(160,000)
Benefit payments, including refunds of employee contributions	(248,000)	(246,000)	(282,000)	(298,000)	(288,000)
Net change in total OPEB liability	583,000	896,000	637,000	(1,480,000)	365,000
Total OPEB liability - beginning	8,747,000	9,330,000	10,226,000	10,863,000	9,383,000
Total OPEB liability - ending (a)	\$9,330,000	\$10,226,000	\$10,863,000	\$9,383,000	\$9,748,000
OPEB fiduciary net position					
Contributions - employer	\$417,000	\$624,000	\$636,000	\$2,355,000	\$955,000
Net investment income	3,000	56,000	79,000	153,000	138,000
Benefit payments, including refunds of employee contributions	(248,000)	(246,000)	(282,000)	(298,000)	(288,000)
Administrative expense	-	-	(2,000)	-	(2,000)
Net change in plan fiduciary net position	172,000	434,000	431,000	2,210,000	803,000
Plan fiduciary net position - beginning	120,000	292,000	726,000	1,157,000	3,367,000
Plan fiduciary net position - ending (b)	\$292,000	\$726,000	\$1,157,000	\$3,367,000	\$4,170,000
Plan net OPEB liability - ending (a) - (b)	\$9,038,000	\$9,500,000	\$9,706,000	\$6,016,000	\$5,578,000
Plan fiduciary net position as a percentage of the total OPEB liability	3.13%	7.10%	10.65%	35.88%	42.78%
Covered payroll	\$2,709,398	\$2,747,596	\$2,699,763	\$2,053,078	\$2,824,492
Plan net OPEB liability as a percentage of covered payroll	333.58%	345.76%	359.51%	293.02%	197.49%

* Historical information is required only for the measurement periods for which GASB 75 is applicable.

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2021**

Last Ten Fiscal Years *

Other Post-Employment Benefits (OPEB)

Fiscal Year	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Actuarially determined contribution	\$817,000	\$857,000	\$1,081,000	\$950,000	\$712,000
Contributions in relation to the actuarially determined contribution	<u>624,000</u>	<u>635,651</u>	<u>2,355,304</u>	<u>955,293</u>	<u>3,051,747</u>
Contribution deficiency (excess)	<u>\$193,000</u>	<u>\$221,349</u>	<u>(\$1,274,304)</u>	<u>(\$5,293)</u>	<u>(\$2,339,747)</u>
Covered payroll	\$2,747,596	\$2,699,763	\$2,053,078	\$2,824,492	\$2,711,878
Contributions as a percentage of covered payroll	22.71%	23.54%	114.72%	33.82%	112.53%

* GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar
Remaining Amortization	19-year fixed period for 2020/21
Asset Valuation Method	Market value of assets
Discount Rate	6.50%
General Inflation	2.75%
	- Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076
	- Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Medical Trend	
Mortality	MCERA 2014-2017 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2018

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**MARIN/SONOMA MOSQUITO AND
VECTOR CONTROL DISTRICT**

REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED JUNE 30, 2021

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**MARIN/SONOMA MOSQUITO AND
VECTOR CONTROL DISTRICT**

REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2021

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REQUIRED COMMUNICATIONS

To the Board of Trustees
Marin/Sonoma Mosquito and Vector Control District
Cotati, California

We have audited the basic financial statements of the Marin/Sonoma Mosquito and Vector Control District (District) for the year ended June 30, 2021. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

Significant Audit Matters

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the District's financial statements were:

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 6 to the financial statements and are based on actuarial studies provided by MCERA. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liabilities and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liabilities and deferred outflows/inflows of resources are disclosed in Note 7 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Fair Value of Investments: As of June 30, 2021, the District held approximately \$15,8 million of cash and investments as measured by fair value as disclosed in Note 3 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2021. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2021.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 4 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 2F to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Trustees.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated November 2, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

This information is intended solely for the use of the Audit Committee, Board of Trustees and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
November 2, 2021

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MEMORANDUM ON INTERNAL CONTROL


Board of Trustees
Marin/Sonoma Mosquito and Vector Control District
Cotati, California

In planning and performing our audit of the basic financial statements of the Marin/Sonoma Mosquito and Vector Control District as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

This communication is intended solely for the information and use of management, Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Maze + Associates".

Pleasant Hill, California
November 2, 2021