

Lake County Vector Control District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2023



Lake County Vector Control District

Lakeport, CA 95453

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of Lake County Vector Control District as of and for the year-ended June 30, 2023, as listed in the Table of Contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake County Vector Control District as of June 30, 2023, and the respective changes in financial position, and cash flows where applicable for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

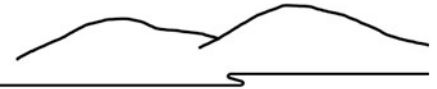
Responsibilities of Management for the Financial Statements

The District's 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a



material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

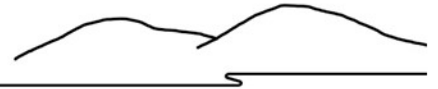
In performing an audit in accordance with GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and Budget VS. Actual comparison 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 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 principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements 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 assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.



Other Reporting Required by Government Auditing Standards

Other Reporting Required by Government Auditing Standards In accordance with Government Auditing Standards, we have also issued a report dated , on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District’s internal control over financial reporting and compliance.

PNPCPA

LAKE COUNTY VECTOR CONTROL DISTRICT

**Audit Report
June 30, 2023**

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LAKE COUNTY VECTOR CONTROL

Management's Discussion and Analysis For the year ended June 30, 2023

The intent of the management's discussion and analysis is to provide highlights of the Lake County Vector Control District's financial activities for the fiscal year ended June 30, 2023.

The District's Operations – an Overview

The Lake County Vector Control District is an independent, non-enterprise special district. The District operates under the authority of the California Health and Safety Code. Major activities include various methods of adult mosquito control (e.g., the use of truck-mounted mist blowers and ULV Fogging) and larval control (e.g., treating small backyard sources, aerial larvicide applications to local rice fields, and distribution of mosquitofish to Lake County residents). In 2018, the District began a control program for ground-dwelling yellowjackets. In addition, the District engages in public awareness and education by speaking to local business associations and organizations, schools and at major county functions. Cooperation with other state and local agencies is another vital part of the District's operations. The District also owns and operates a fleet of vehicles and several small watercrafts to support various operating activities.

FINANCIAL HIGHLIGHTS

Revenues

Combined revenues for the fiscal year totaled \$2,289,094.

Expenses

Combined expenses for the fiscal year totaled \$1,112,353.

Expenditures

Combined expenditures for the fiscal year totaled \$1,551,771.

Capital Contributions

Capital Expenditures

During fiscal year 2022/2023 no capital expenditures were budgeted for.

Interest Earnings

Interest earnings for the year totaled \$46,385. Any interest income received by the District is acquired through investments made by the Lake County Treasurer and then apportioned to the District by the Lake County Auditor-Controller.

General and Administrative

Expenses for regular employees' salaries and wages decreased due to a long-term employee retiring in October 2022. District liability insurance saw an increase in premiums, and the Unfunded Accrued Liability (UAL) expenses for the California Public Employees Retirement System (CalPERS) increased from last fiscal year

LAKE COUNTY VECTOR CONTROL DISTRICT

**Management's Discussion and Analysis
For the year ended June 30, 2023**

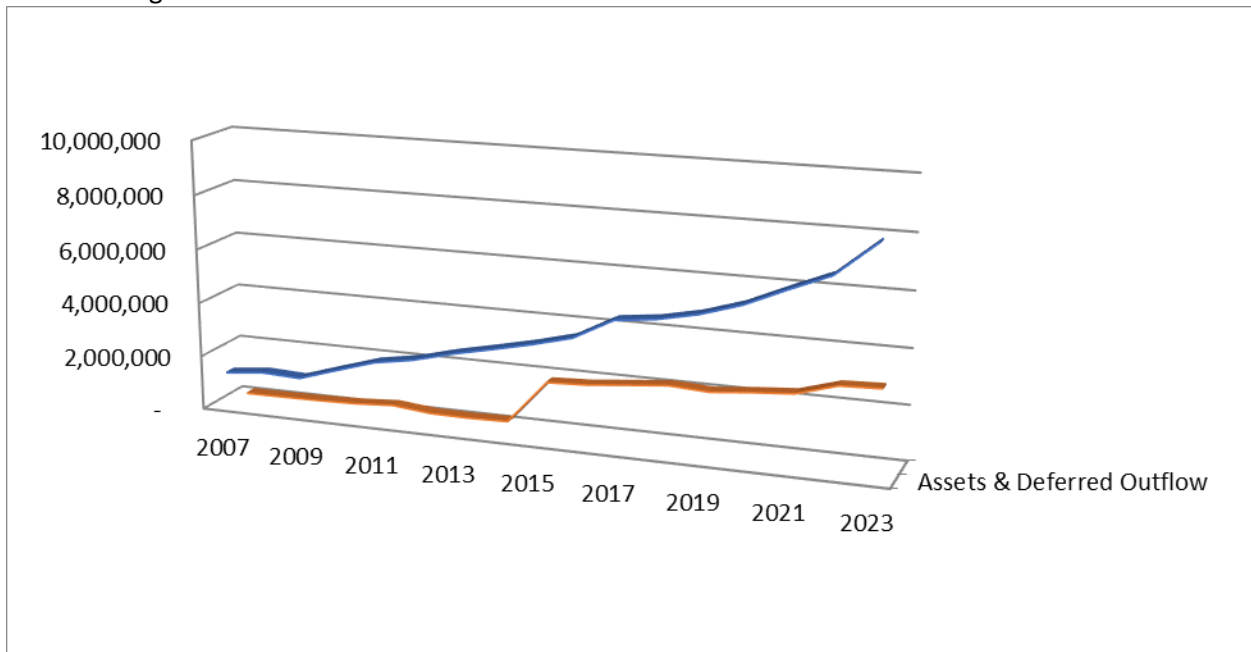
Basis of Accounting

The District's financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

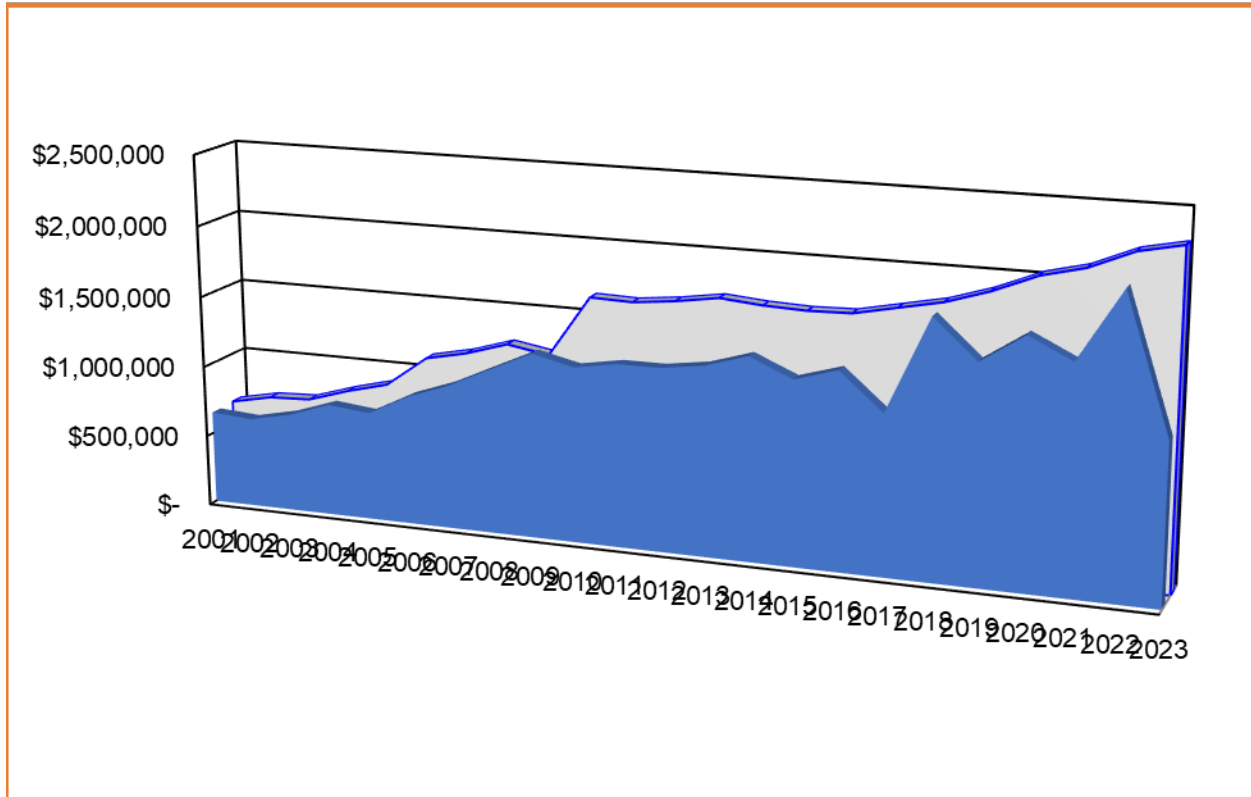
GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

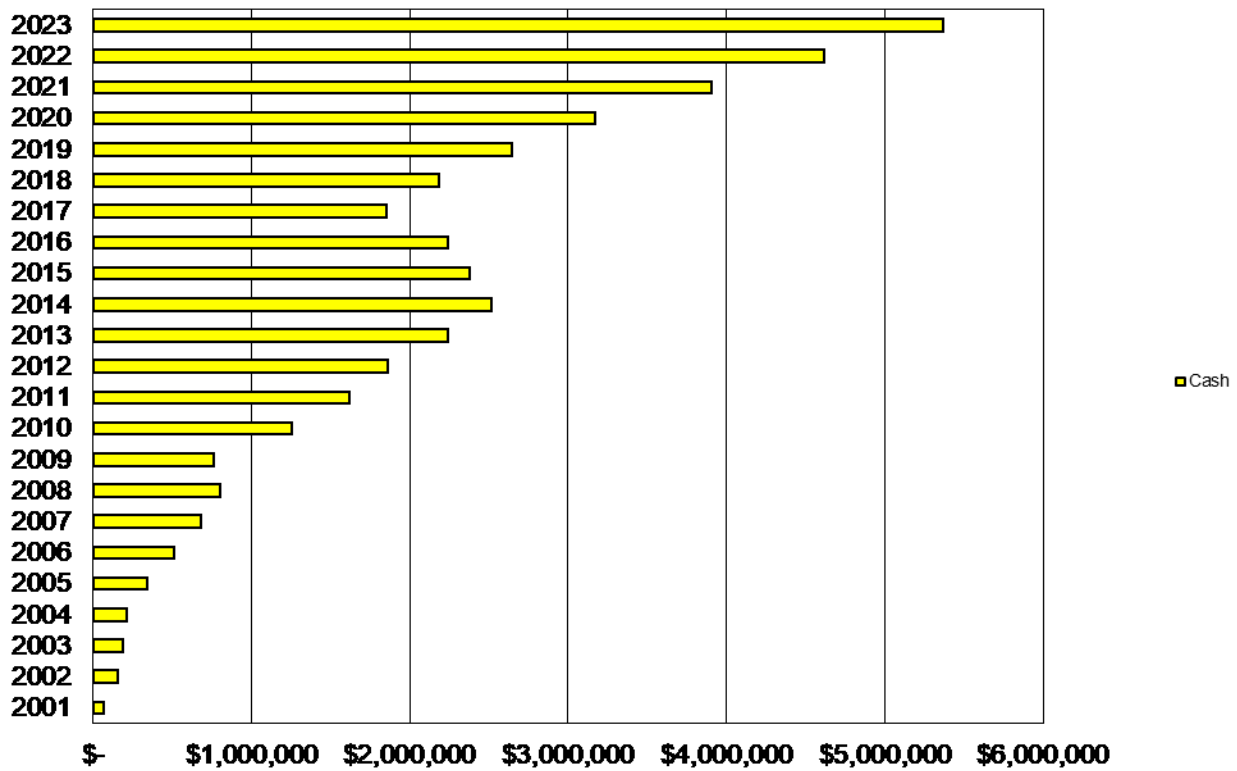


The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net assets are reported on the accrual basis.



The *Statement of Cash Flows* presents information showing how the District's cash changed during the most recent fiscal year. Observing the cash balances at the District's year-end shows the funds available

to meet current operating needs, pay current liabilities, and meet the amount of capital improvements required to carry on the Districts activities and objectives.



The government-wide financial statements report on the function of the District that is principally supported by intergovernmental revenues. The District’s function is to control mosquitoes in order to increase the quality of life and decrease the risk of disease transmission in Lake County. This is funded primarily with direct charges tax revenue.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

LAKE COUNTY VECTOR CONTROL DISTRICT

**Management's Discussion and Analysis
For the year ended June 30, 2023**

The District has capital assets (e.g. land, structures and equipment). Any investment in capital assets would restrict the use of assets for future spending. The unrestricted net assets of the District are available for future use to provide program services.

The net position of the District increased by \$1,176,741 during the current fiscal year, due to a decrease in wage expense. The District's primary source of revenue is property taxes, referred to in the accompanying basic financial statements as "taxes."

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the District's budget for the 2024 fiscal year:

- Property tax rates
- Actual expenditures for 2023

Lake County Vector Control District

**Balance Sheet
June 30, 2023**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 5,371,966
Inventory	-
Accounts Receivable	<u>1,612</u>
TOTAL ASSETS	<u>5,373,578</u>
<u>LIABILITIES & FUND BALANCES</u>	
<u>Liabilities:</u>	
Accrued Payables	15,753
Accounts Payable	<u>130,548</u>
Total Current Liabilities	<u>146,301</u>
 Total Liabilities	 <u>146,301</u>
<u>Fund Balances:</u>	
Unassigned	548,755
Assigned	-
Restricted	-
Committed	<u>4,678,522</u>
 Total Fund Balance	 <u>5,227,277</u>
 <u>TOTAL LIABILITIES & FUND BALANCE</u>	 <u><u>\$ 5,373,578</u></u>

The accompanying notes are an integral part of these financial statements.

Lake County Vector Control District

**Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2023**

<u>REVENUE</u>	<u>General Fund</u>
Taxes and Intergovernmental	\$ 2,238,528
Use of Money & Property	46,385
Other Government	-
Other Revenue	4,181
	<hr/>
TOTAL REVENUE	2,289,094
	<hr/>
<u>EXPENDITURES</u>	
Salaries and Employee Benefits	1,201,787
Maintenance	46,375
Professional Fees	96,954
Fixed Assets	-
Insurance	33,463
Services, Supplies and Refunds	173,192
	<hr/>
TOTAL EXPENDITURES	1,551,771
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Excess (Deficit) Revenues over Expenditures	737,323
	<hr/>
<u>CHANGE IN FUND BALANCE</u>	737,323
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<u>FUND BALANCE, BEGINNING OF YEAR</u>	4,489,954
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<u>FUND BALANCE, END OF YEAR</u>	\$ 5,227,277
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The accompanying notes are an integral part of these financial statements.

Lake County Vector Control District

**Statement of Net Position
June 30, 2023**

	<u>General</u>
<u>ASSETS</u>	
Current Assets:	
Cash on Hand and in Banks	\$ 5,371,966
Inventory	-
Accounts Receivable	1,613
Total Current Assets	<u>5,373,579</u>
Fixed Assets:	
Land	105,295
CIP	-
Buildings and Improvements	1,989,180
Equipment	729,223
Less: Accumulated Depreciation	(1,011,248)
Total Fixed Assets	<u>1,812,450</u>
TOTAL ASSETS	<u>7,186,029</u>
<u>DEFERRED OUTFLOW</u>	<u>958,939</u>
TOTAL DEFERRED OUTFLOW	<u>958,939</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>8,144,968</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accrued Liabilities	90,851
Accounts Payable	130,548
Total Current Liabilities	<u>221,399</u>
Long-Term Liabilities:	
Net Pension Liability	2,361,543
Total Long-Term Liabilities	<u>2,361,543</u>
TOTAL LIABILITIES	<u>2,582,942</u>
<u>DEFERRED INFLOWS</u>	<u>206,772</u>
TOTAL DEFERRED INFLOWS	<u>206,772</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>2,789,714</u>
<u>NET POSITION</u>	
Net Investment in Fixed Assets	1,812,450
Unrestricted	3,542,804
TOTAL NET POSITION	<u>\$ 5,355,254</u>

The accompanying notes are an integral part of these financial statements.

Lake County Vector Control District

Statement of Activities For the Year-Ended June 30, 2023

PROGRAM EXPENSES:

Depreciation	\$	56,768
Insurance		33,463
Professional Fees		96,954
Services, Supplies & Refunds		195,488
Salaries & Employee Benefits		683,305
Repairs & Maintenance		<u>46,375</u>

TOTAL PROGRAM EXPENSES 1,112,353

PROGRAM REVENUES:

Special Assesment 539,625

TOTAL PROGRAM REVENUES 539,625

GENERAL REVENUES:

Use of Money and Property	46,385
Other Government	-
Other Revenue	4,181
Taxes & intergovernmental	<u>1,698,903</u>

TOTAL GENERAL REVENUES 1,749,469

Net Change in Net Position 1,176,741

Net Position, Beginning of year 4,178,513

Net Position, End of year \$ 5,355,254

The accompanying notes are an integral part of these financial statements.

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Lake County Vector Control (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Description of the Reporting Entity

The District operates under the authority of the California Health and Safety Code. Major activities include various methods of adult mosquito control (e.g., mist blowing and ULV Fogging) and larval control (e.g., treating small backyard sources, aerial pesticide applications to rice fields and stocking of mosquitofish). In addition, the District engages in public awareness and education by speaking to local business associations and organizations, schools and at major county functions. Cooperation with other state and local agencies is another vital part of the District's operations. The District also owns and operates a fleet of vehicles and several small watercrafts to support various operating activities.

The District is a governed entity administered by a Board of Trustees (Board) that acts as the authoritative and legislative body of the entity. The Board is comprised of five board members. The City of Lakeport and the City of Clearlake each appoint one member. The remaining openings are filled by the Lake County Board of Supervisors. Elections are held within the Board to appoint the President and the Secretary. The President's responsibilities are to preside at all meetings of the Board as the designated representative of the Board, and shall sign all official documents on behalf of the Board except as required by law.

The accompanying general-purpose financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the District's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

C. Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

D. Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net assets presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities demonstrating the degree to which the direct expenses of a given project are offset by project revenues. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function or segment. Program revenues include (1) charges paid by the recipients of services offered by the program and (2) grants and contributions that are restricted to meeting the

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

operational or capital requirements if a particular program. Revenues that are not classified as program revenues, including taxes are presented instead as general revenues.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental assets and liabilities is reported as net position. The District reports using the major governmental fund of General Fund. The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California and the bylaws of the District.

Exchange and Non-Exchange Transactions of Revenues – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the District receives value without directly giving value in return, include taxes and donations. Revenues are recognized when susceptible to accrual, when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. The assessor of the County of Lake determines the assessed valuations of such property and the tax collector of the County collects the taxes. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Expenses/Expenditures- On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

E. Budgets and Budgetary Accounting

The District operates under the general laws of the State of California and annually adopts a budget to be effective July 1 for the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for the General Fund. The level of control (level at which expenditures may not exceed budget) is the fund. Unused appropriations for all the above annually budgeted funds lapse at the end of the fiscal year. Budgeted amounts are the final authorized amount as revised during the year. Actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items to the General Fund.

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

F. Cash on Hand and in Banks

The District's deposits are entirely covered by federal depository insurance (FDIC). The FDIC currently insures the first \$250,000 of the District's deposits at each financial institution. In addition the District maintains its cash in a pool managed by the County of Lake Treasury. The County Treasury, in turn, invests its cash with the State of California in the local agency investment fund as well as other banking institutions. The District does not own any specific identifiable investments in the pool. The risk of loss is minimal.

At year end, the District had the following investments and maturities:

<u>Investment Maturities (in Years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>
Cash - county	\$5,342,375	\$5,342,375
Cash - Wells Fargo	<u>29,591</u>	<u>\$29,591</u>
Total	\$5,371,966	\$5,371,966

Interest Rate Risk. The District has no adopted policy regarding interest rate risk.

Credit Risk. State law and District policy limit investments to those authorized by State statutes including commercial paper and bonds issued by the State or any local government in the State, which have, at the time of investment, one of the three highest ratings of a nationally recognized rating agency. Credit quality distribution for investments, are as follows at year end:

<u>Investment Type</u>	<u>Rating</u>
County of Lake	unrated
Wells Fargo Bank	Insured

Concentration of Credit Risk. The District has not adopted a policy regarding concentration of credit risk.

G. Inventory

On an accrual basis, inventory is accrued on the Last in First out method.

H. Accounts Payable

On an accrual basis, expenses are recognized in the fiscal year in which the goods or services are received. Payables are liabilities of the District based upon current year charges for goods or services received but not paid in the current year.

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

I. Accrued Payroll

Upon termination of employment or retirement, the District pays to the employee any unused vacation time, which has been accrued and a maximum of \$2,500 for any unused sick leave upon retirement or \$2,000 upon termination.

J. Fixed Assets

Capital assets, which include property, plant, and equipment, infrastructure assets (e.g. roads, bridges, sidewalks and similar items), and intangible assets (i.e., water rights) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (not rounded) and an estimated useful life in excess of one year. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Donated or contributed capital assets are recorded at their estimated fair value on the date received. The assets are depreciated over their estimated useful life, ranging from 5 to 30 years.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

K. Net Position

The District's net position represents the difference between its assets and liabilities in the statement of net position. Net position is reported as restricted with there are legal limitations imposed on their use by their source. Portions of the unreserved net assets or fund balance may be designated to indicate tentative plans for financial resources utilization in a future period, such as for general contingencies, purchase of capital assets, or debt service. Such plans or intent are subject to change and may never be legally authorized or result in expenditures.

L. Property Tax Revenue

The District assesses tax through the Lake County tax rolls. Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and payable in two installments on December 10 and April 10, for the secured roll. The unsecured roll is due August 31. All taxes become delinquent if not paid on the due dates. Proposition 4 limit is set at \$4,469,424

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

N. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

NOTE 2: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the District contracted with private insurance agencies for liability, property, crime damage, and employee and director insurances.

NOTE 3: NET POSITION/FUND BALANCES

The government-wide and proprietary fund financial statements utilize a net position presentation. Net Position are categorized as invested in capital assets, net of related debt, restricted, and unrestricted.

_ Net Investment In Capital Assets—This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

_ Restricted Net Position—This category reflects net assets that are subject to constraints either by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

_ Unrestricted Net Position—This category represents net assets of the District not restricted for any project or other purpose. Outstanding liabilities attributable to these assets reduce the balance of this category.

Fund Statement—Fund Balances

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

Nonspendable fund balance—includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories or prepaid amounts and also include the long-term receivables, including long-term advances to other funds.

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

Committed fund balance—includes amounts that can only be used for the specific purposes determined by formal action of the District's highest level of decision-making authority, the District's Board of Directors. Commitments may be changed only by the District taking the same formal action that originally imposed the constraint.

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

Assigned fund balance—includes amounts that are constrained by the District’s intent to be used for specific purposes. The intent can be expressed by either the highest level of decision making, or by a body or an official to which the Board has delegated the authority. This is also the classification for residual amounts in governmental funds, other than the General Fund.

NOTE 4: SPECIAL ASSESSMENT

In 2011 the voters passed a special benefit assessment to be used for mosquito abatement. The following is a statement of revenues and expenditures for the special assessment fund. It is anticipated that the fund balance will be used for capital improvements at the District.

<u>Receipts:</u>			
Special Assessment		\$	539,061
Total Receipts			539,061
<u>Disbursements</u>			
Fixed Assets			-
Total Disbursements			-
Excess(Deficit) of Receipts			
Over Disbursements			539,061
Beginning Balance			3,967,947
Ending Balance		\$	4,507,008

NOTE 5: CONTIGENCIES

As of June 30, 2023, the District did not have any pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 6: COMPARATIVE DATA AND RECLASSIFICATIONS

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District’s financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year’s presentation.

NOTE 7 - JOINT POWERS AGREEMENT

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

The JPA's purpose is to jointly fund and develop programs to provide comprehensive and

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

economical funding of property, general liability, workers compensation, auto physical damage, property, employment practices, and business travel accident coverage. This program is provided through collective self-insurance; the purchase of insurance coverages; or a combination thereof. Copies of VCJPA annual financial reports may be obtained from their executive office at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

The District entered into the Public Employees Retirement System (PERS). Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by an agency of the State of California. Employees are members of the Public Employees' Retirement System.

Plan Description: The District contributes to the PERS, an agent multiple- employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and district ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

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

Summary of Significant Accounting Policies

For Purposes of Measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this Purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

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

Validation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2021 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For Public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by the employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. Both the June 30, 2021 total pension liability and the June 30, 2022 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Investment rate of return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore the current 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call the "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CalPERS is Scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed. Any changes to the discount rate will require Board action and proper stakeholder outreach. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

The expected real rates of return by asset class are as followed:

<i>Asset class</i>	Assumed Asset Allocation	Real Return Years 1 - 10^{1,2}
Global equity - cap-weighted	30.00 %	4.45 %
Global equity non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

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

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

Discount Rate

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons.

Please refer to the CalPERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB 68 section, and see Appendix D of this report for the calculation of the plan's proportionate share of the TPL and FNP.

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4).

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

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2023 Reporting Date:		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	241,989	-
Differences between Expected and Actual Experience	15,662	-
Differences between Projected and Actual Investment Earnings	432,572	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	26,973
Change in Employer's Proportion	-	179,800
Pension Contributions Made Subsequent to Measurement Date	268,716	-
	<u>958,939</u>	<u>206,772</u>
Net Pension Liability as of 6/30/2023	<u>2,361,543</u>	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the [Jul 2022-Jun 2023 JE Flow](#) worksheet

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

Pension Credit as of June 30, 2023	249,822																																
At 6/30/2023, proportionate shares of Net Pension Liability/(Asset) by plan(s):																																	
<table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">Proportionate Share of Net Pension Liability/(Asset)</td> </tr> <tr> <td style="padding-right: 20px;">Miscellaneous</td> <td style="text-align: right; border-bottom: 1px solid black;">2,361,543</td> </tr> <tr> <td style="padding-right: 20px;">Safety</td> <td style="text-align: right; border-bottom: 1px solid black;">-</td> </tr> <tr> <td style="padding-right: 20px;">Total</td> <td style="text-align: right;">2,361,543</td> </tr> </table>		Proportionate Share of Net Pension Liability/(Asset)	Miscellaneous	2,361,543	Safety	-	Total	2,361,543																									
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Miscellaneous	2,361,543																																
Safety	-																																
Total	2,361,543																																
Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2022 and 6/30/2023:																																	
<table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center; border-bottom: 1px solid black;">Miscellaneous</td> <td style="text-align: center; border-bottom: 1px solid black;">Safety</td> <td style="text-align: center; border-bottom: 1px solid black;">Total</td> </tr> <tr> <td style="padding-right: 20px;">Proportion - June 30, 2022</td> <td style="text-align: right;">0.06902%</td> <td style="text-align: right;">0.00000%</td> <td style="text-align: right;">0.06902%</td> </tr> <tr> <td style="padding-right: 20px;">Proportion - June 30, 2023</td> <td style="text-align: right;">0.05047%</td> <td style="text-align: right;">0.00000%</td> <td style="text-align: right;">0.05047%</td> </tr> <tr> <td style="padding-right: 20px;">Change - Increase/(Decrease)</td> <td style="text-align: right;">-0.01855%</td> <td style="text-align: right;">0.00000%</td> <td style="text-align: right;">-0.01855%</td> </tr> </table>		Miscellaneous	Safety	Total	Proportion - June 30, 2022	0.06902%	0.00000%	0.06902%	Proportion - June 30, 2023	0.05047%	0.00000%	0.05047%	Change - Increase/(Decrease)	-0.01855%	0.00000%	-0.01855%																	
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Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %																																	
Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:																																	
<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="border-bottom: 1px solid black;">Fiscal Year Ending June 30:</td> <td style="text-align: center; border-bottom: 1px solid black;">Miscellaneous</td> <td style="text-align: center; border-bottom: 1px solid black;">Safety</td> <td style="text-align: center; border-bottom: 1px solid black;">Total</td> </tr> <tr> <td style="padding-right: 20px;">2024</td> <td style="text-align: right;">\$ 95,543</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ 95,543</td> </tr> <tr> <td style="padding-right: 20px;">2025</td> <td style="text-align: right;">77,328</td> <td style="text-align: right;">-</td> <td style="text-align: right;">77,328</td> </tr> <tr> <td style="padding-right: 20px;">2026</td> <td style="text-align: right;">46,005</td> <td style="text-align: right;">-</td> <td style="text-align: right;">46,005</td> </tr> <tr> <td style="padding-right: 20px;">2027</td> <td style="text-align: right;">264,576</td> <td style="text-align: right;">-</td> <td style="text-align: right;">264,576</td> </tr> <tr> <td style="padding-right: 20px;">2028</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="padding-right: 20px;">Thereafter</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">483,451</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">-</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 483,451</td> </tr> </table>	Fiscal Year Ending June 30:	Miscellaneous	Safety	Total	2024	\$ 95,543	\$ -	\$ 95,543	2025	77,328	-	77,328	2026	46,005	-	46,005	2027	264,576	-	264,576	2028	-	-	-	Thereafter	-	-	-		483,451	-	\$ 483,451	
Fiscal Year Ending June 30:	Miscellaneous	Safety	Total																														
2024	\$ 95,543	\$ -	\$ 95,543																														
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Thereafter	-	-	-																														
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Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:																																	
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Employer's Net Pension Liability/(Asset) - Miscellaneous	3,433,777	2,361,543	1,479,361																														
Employer's Net Pension Liability/(Asset) - Safety	-	-	-																														
Employer's Net Pension Liability/(Asset) - Total	3,433,777	2,361,543	1,479,361																														

Lake County Vector Control District
Notes to Financial Statements
June 30, 2023

<u>Misc.</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	0.050470%	0.069020%	0.049610%	0.049836%	0.050225%	0.049934%	0.050570%	0.052670%
Proportionate share of the net pension liability	\$ 2,361,543	\$ 1,310,512	\$ 2,092,614	\$ 1,995,678	\$ 1,892,831	\$ 1,968,433	\$ 1,756,710	\$ 1,445,027
Covered - employee payroll - measurement period	\$ 648,546	\$ 604,119	\$ 582,657	\$ 563,059	\$ 547,687	\$ 524,044	\$ 504,125	\$ 156,000
Proportionate share of the net pension liability as a percentage of covered	364.13%	216.93%	359.15%	354.43%	345.60%	375.62%	348.47%	926.30%
Plan fiduciary net position as a percentage of the total pension liability	70.00%	82.37%	70.66%	72.59%	73.01%	71.37%	72.17%	76.82%
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 268,716	\$ 250,706	\$ 223,642	\$ 255,233	\$ 221,167	\$ 202,296	\$ 190,488	\$ 177,718
Contributions in relation to the actuarially determined contributions	268,716	250,706	223,642	255,233	221,167	202,296	190,488	177,718
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll - fiscal year	\$ 613,884	\$ 648,546	\$ 604,119	\$ 582,657	\$ 563,059	\$ 547,687	\$ 524,044	\$ 504,125
Contributions as a percentage of covered - employee payroll	43.77%	38.66%	37.02%	43.81%	39.28%	36.94%	36.35%	35.25%

Notes to Schedule:

Valuation date:	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
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NOTE 9: SUBSEQUENT EVENTS

For the purpose of the accompanying consolidated financial statements, subsequent events have been evaluated through , which is the date these financial statements were available to be issued.

Lake County Vector Control District

Supplemental Information

June 30, 2023



Board of Directors
Lake County Vector Control District

Lakeport, CA 95453

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

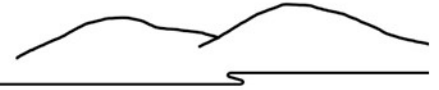
We have audited the financial statements of Lake County Vector Control District as of and for the year ended June 30, 2023, and have issued our report thereon dated . We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Lake County Vector Control District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Lake County Vector Control District’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake County Vector Control District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal controls such there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and was designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.



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

Compliance and Other Matters

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

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

PNPCPA

Lake County Vector Control District

**Statement of Revenues, Expenditures and Change in Fund Balance
Budget versus Actual
For the Year-Ending
June 30, 2023**

<u>REVENUES</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes and Intergovernmental	\$ 2,047,031	\$ 2,238,528	\$ 191,497
Use of Money & Property	36,000	46,385	10,385
Other Government	-	-	-
Other Revenue	1,000	4,181	3,181
TOTAL REVENUES	2,084,031	2,289,094	205,063
<u>EXPENDITURES</u>			
Salaries and Employee Benefits	1,371,150	1,201,787	169,363
Maintenance	100,500	46,375	54,125
Professional Fees	111,000	96,954	14,046
Fixed Assets	10,000	-	10,000
Insurance	3,400	33,463	(30,063)
Services, Supplies and Refunds	397,200	173,192	224,008
TOTAL EXPENDITURES	1,993,250	1,551,771	441,479
<u>NET CHANGE IN FUND BALANCE</u>		737,323	
<u>FUND BALANCE, BEGINNING OF YEAR</u>		4,489,954	
<u>FUND BALANCE, END OF YEAR</u>		\$ 5,227,277	

The accompanying notes are an integral part of these financial statements.