

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
HAYWARD, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS  
and  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS**

**JUNE 30, 2019**

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**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2019**

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**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Alameda County Mosquito Abatement District  
Hayward, California

### ***Report on Financial Statements***

We have audited the basic financial statements of the governmental activities and the fiduciary fund of the Alameda County Mosquito Abatement District (District), as of and for the year ended June 30, 2019, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 position of the governmental activities and the fiduciary fund of the Alameda County Mosquito Abatement District, as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparisons listed 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 related tables 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  
December 18, 2019

Alameda County Mosquito Abatement District  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended June 30, 2019

(Unaudited)

This section of Alameda County Mosquito Abatement District's (the District's) basic financial statements presents management's overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage the reader to consider the information presented here in conjunction with the District's basic financial statements, including notes and supplementary information that immediately follow this section, as a whole.

### **Introduction to the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's audited financial statements, which are comprised of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and *Management's Discussion and Analysis – for States and Local Governments*. The Single Governmental Program for Special Purpose Governments reporting model is used which best represents the activities of the District.

The required financial statements include the Government-wide and Fund Financial Statements; Statement of Net Position and Governmental Fund Balance Sheet; Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances; and the Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of the District.

### **The Basic Financial Statements**

The Basic Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the District's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of the District's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the District as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of the District's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of the District's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of the District's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report the District's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the District's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the District and are presented individually. Major Funds are explained below.

Alameda County Mosquito Abatement District  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2019  
(Unaudited)

**The Government-wide Financial Statements**

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the District as a whole.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities - The District's basic services are considered to be governmental activities. These services are supported by general District revenues such as taxes, and by specific program revenues such as user fees and charges.

**Fund Financial Statements**

The Fund Financial Statements provide detailed information about each of the District's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually; the District has no Non-major Funds. Major Funds present the major activities of the District for the year and may change from year-to-year as a result of changes in the pattern of the District's activities.

In the District's case, the General Fund is the only Major Governmental Fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

**Analyses of Major Funds**

**Governmental Funds**

General Fund revenues increased by \$299,199 this fiscal year.

General Fund expenditures were \$3,987,822 a decrease of \$8,030 from the prior year.



Alameda County Mosquito Abatement District  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2019  
(Unaudited)

**Governmental Activities**

|   | <u>Governmental Net Position</u> |                     |
|---|----------------------------------|---------------------|
|   | <u>Governmental Activities</u>   |                     |
|   | <u>2019</u>                      | <u>2018</u>         |
| <u>Assets</u>                                 |                                  |                     |
| Current and other assets                      | \$ 8,157,216                     | \$ 7,138,612        |
| Capital assets                                | 3,543,259                        | 3,465,472           |
| Total assets                                  | <u>11,700,475</u>                | <u>10,604,084</u>   |
| Deferred outflows of resources                | <u>1,208,279</u>                 | <u>818,392</u>      |
| <u>Liabilities</u>                            |                                  |                     |
| Current liabilities                           | 353,088                          | 249,398             |
| Long-term liabilities                         | <u>2,952,714</u>                 | <u>2,642,666</u>    |
| Total liabilities                             | <u>3,305,802</u>                 | <u>2,892,064</u>    |
| Deferred inflows of resources                 | <u>(242,290)</u>                 | <u>(851,621)</u>    |
| <u>Net Position</u>                           |                                  |                     |
| Net investment capital assets,<br>net of debt | 2,852,921                        | 2,748,806           |
| Unrestricted                                  | <u>6,507,741</u>                 | <u>4,929,985</u>    |
| Total net position                            | <u>\$ 9,360,662</u>              | <u>\$ 7,678,791</u> |

The District's governmental net position amounted to \$9,360,662 as of June 30, 2019, an increase of \$1,681,871 from 2018, before the prior period beginning balance restatement, due to the implementation of GASB 75. The District's net position as of June 30, 2019 is comprised of the following:

- Cash and investments of \$8,157,216
- Capital assets of \$2,852,921 net of depreciation charges, which includes all the District's capital assets used in governmental activities.
- Net OPEB assets of \$690,338, a decrease of \$26,328 from \$716,666 due to implementation of GASB 75.
- Liabilities, including accounts payable of \$165,420, compensated absences of \$187,668, and net pension liability of \$2,952,714
- Net position invested in capital assets, net of related debt, of \$2,852,921 representing the District's investment in capital assets used in Governmental Activities, net of amounts borrowed to finance that investment. The District has no long-term debt.

Alameda County Mosquito Abatement District  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 For the Year Ended June 30, 2019  
 (Unaudited)

- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The District had \$6,507,741 of unrestricted net position as of June 30, 2019.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized in the following table.

Table 2  
Changes in Governmental Net Position

|   | Governmental Activities |              |
|---|-------------------------|--------------|
|   | 2019                    | 2018         |
| <u>Expenses</u>   |                         |              |
| Mosquito control  | \$ 3,240,678            | \$ 3,574,293 |
| Total expenses  | 3,240,678               | 3,574,293    |
| <br><u>General Revenues</u>   |                         |              |
| Property Taxes  | 2,325,861               | 2,054,129    |
| Redevelopment distributions   | 250,284                 | 236,382      |
| Special assessments   | 1,939,212               | 2,206,453    |
| Governmental aid<br>(Homeowners Property Tax Relief,<br>State Subvention) | 16,138                  | 16,220       |
| Transfer from OPEB trust  | -                       | -            |
| Miscellaneous   | 223,566                 | 264,661      |
| Interest income   | 167,488                 | 25,505       |
| Total revenues  | 4,922,549               | 4,623,350    |
| Change in net position  | \$ 1,681,871            | \$ 1,049,057 |

As Table 2 above shows, all the District's fiscal year 2019 governmental revenue of \$4,922,549 came from general revenues such as taxes and interest.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Capital Assets

Detail on capital assets and current year additions can be found in Note 4.

Debt Administration

The District currently does not utilize long-term debt to fund operations or growth.

Alameda County Mosquito Abatement District  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2019  
(Unaudited)

Economic Outlook and Major Initiatives

The District's financial position continues to be more than adequate. Financial planning is based on specific assumptions from recent trends in property values, State of California economic forecasts and historical growth patterns in the various communities served by the District.

The District continues to face increases in salaries, benefits, fund, pesticides and insurance. There are also calls for changes in property tax allocation from State control to more local control.

Contacting the District Financial Management

This comprehensive Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the District's finances. Questions regarding this report should be directed to: General Manager of Alameda County Mosquito Abatement District, 23187 Connecticut Street, Hayward, CA, 94545.

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ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>   |                            |
| Current assets:   |                            |
| Cash and investments (Note 3)   | \$8,157,216                |
| Total current assets  | 8,157,216                  |
| Non current assets:   |                            |
| Capital assets, nondepreciable (Note 4)                               | 391,333                    |
| Capital assets, depreciable, net of accumulated depreciation (Note 4) | 2,461,588                  |
| Net OPEB asset (Note 9)   | 690,338                    |
| Total non current assets  | 3,543,259                  |
| Total Assets  | 11,700,475                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                 |                            |
| Pension related (Note 8)  | 1,208,279                  |
| Total deferred outflows of resources                                  | 1,208,279                  |
| <b>LIABILITIES</b>  |                            |
| Current liabilities:  |                            |
| Accounts payable  | 165,420                    |
| Compensated absences (Note 2F)  | 187,668                    |
| Total current liabilities   | 353,088                    |
| Non current liabilities:  |                            |
| Net pension liability (Note 8)  | 2,952,714                  |
| Total non current liabilities   | 2,952,714                  |
| Total liabilities   | 3,305,802                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                            |
| Pension related (Note 8)  | 192,480                    |
| OPEB related (Note 9)   | 49,810                     |
| Total deferred inflows of resources                                   | 242,290                    |
| <b>NET POSITION (Note 2J)</b>   |                            |
| Net investment in capital assets                                      | 2,852,921                  |
| Unrestricted  | 6,507,741                  |
| Total Net Position  | \$9,360,662                |

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

| Functions/Programs            | Expenses    | Net (Expense)<br>Revenue and<br>Change in<br>Net Position |
|-------------------------------|-------------|---|
| Governmental Activities:      | Expenses    | Governmental<br>Activities                                |
| District operations           | \$3,240,678 | (\$3,240,678)   |
| Total Governmental Activities | \$3,240,678 | (3,240,678)   |
| General revenues:             |             |   |
| Property taxes                |             | 2,325,861   |
| Redevelopment distributions   |             | 250,284   |
| Special assessments           |             | 1,939,212   |
| Government aid                |             | 16,138  |
| Interest                      |             | 167,488   |
| Miscellaneous                 |             | 223,566   |
| Total General Revenues        |             | 4,922,549   |
| Change in Net Position        |             | 1,681,871   |
| Net Position - Beginning      |             | 7,678,791   |
| Net Position - Ending         |             | \$9,360,662   |

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 GOVERNMENTAL FUND - GENERAL FUND  
 BALANCE SHEET  
 JUNE 30, 2019

ASSETS

|                               |                             |
|-------------------------------|-----------------------------|
| Cash and investments (Note 3) | \$8,157,216                 |
| Prepaid retirement expense    | <u>                    </u> |
| Total Assets                  | <u><u>\$8,157,216</u></u>   |

LIABILITIES

|                   |                             |
|-------------------|-----------------------------|
| Accounts payable  | \$165,420                   |
|                   | <u>                    </u> |
| Total Liabilities | <u>165,420</u>              |

FUND BALANCES

|                                     |                             |
|-------------------------------------|-----------------------------|
| Assigned for capital projects       | 3,196,718                   |
| Assigned for dry period cash        | <u>4,795,078</u>            |
|                                     | <u>                    </u> |
| Total Fund Balances                 | <u>7,991,796</u>            |
|                                     | <u>                    </u> |
| Total Liabilities and Fund Balances | <u><u>\$8,157,216</u></u>   |

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 Reconciliation of the  
 GOVERNMENTAL FUNDS - BALANCE SHEET  
 with the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019

|  |                           |
|--|---------------------------|
| Total fund balances reported on the governmental funds balance sheet   | \$7,991,796               |
| <p>Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:</p> |                           |
| <b>CAPITAL ASSETS</b>  |                           |
| Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.                           | 2,852,921                 |
| <b>DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES</b>  |                           |
| Deferred outflows of resources - pension related   | 1,208,279                 |
| Deferred inflows of resources - pension related  | (192,480)                 |
| Deferred inflows of resources - OPEB related   | (49,810)                  |
| <b>LONG TERM ASSETS AND LIABILITIES</b>  |                           |
| The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:  |                           |
| Current portion of compensated absences  | (187,668)                 |
| Collective net pension liability   | (2,952,714)               |
| Net OPEB asset   | <u>690,338</u>            |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>   | <u><u>\$9,360,662</u></u> |

See accompanying notes to financial statements



ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 GOVERNMENTAL FUND - GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2019

|   |                           |
|---|---------------------------|
| REVENUES  |                           |
| Property taxes  | \$2,325,861               |
| Redevelopment distributions                                       | 250,284                   |
| Special assessments   | 1,939,212                 |
| Government aid (Homeowners Property Tax Relief, State Subvention) | 16,138                    |
| Interest  | 167,488                   |
| Miscellaneous   | <u>223,566</u>            |
| Total Revenues  | <u>4,922,549</u>          |
| EXPENDITURES  |                           |
| Salaries and fringe benefits                                      | 2,683,156                 |
| Materials, supplies and services                                  | 886,491                   |
| Capital outlay  | <u>418,175</u>            |
| Total Expenditures  | <u>3,987,822</u>          |
| NET CHANGE IN FUND BALANCE  | 934,727                   |
| BEGINNING FUND BALANCE  | <u>\$7,057,069</u>        |
| ENDING FUND BALANCE   | <u><u>\$7,991,796</u></u> |

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

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 - TOTAL GOVERNMENTAL FUNDS | \$934,727 |
|--|-----------|

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

CAPITAL ASSETS TRANSACTIONS

|  |         |
|--|---------|
| 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. | 104,115 |
|--|---------|

NON-CURRENT ITEMS

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 funds (net change):

|   |          |
|---|----------|
| Compensated absences                                  | (19,813) |
| Pension expense, net of deferred inflows and outflows | 697,220  |
| Salary and benefit expenses related to OPEB           | (34,378) |
|   | (19,813) |

|   |             |
|---|-------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$1,681,871 |
|---|-------------|

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019

|  | Original &<br>Final<br>Budget | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------------|--------------------|---|
| REVENUES   |                               |                    |   |
| Property taxes   | \$2,268,000                   | \$2,325,861        | \$57,861  |
| Redevelopment distributions  |                               | 250,284            | 250,284   |
| Special assessments  | 1,994,499                     | 1,939,212          | (55,287)  |
| Governmental aid<br>(Homeowners Property Tax Relief, State Subvention) |                               | 16,138             | 16,138  |
| Interest   | 30,000                        | 167,488            | 137,488   |
| Miscellaneous  | 206,229                       | 223,566            | 17,337  |
| Total Revenues   | <u>4,498,728</u>              | <u>4,922,549</u>   | <u>423,821</u>  |
| EXPENDITURES   |                               |                    |   |
| Salaries and fringe benefits   | 2,771,705                     | 2,683,156          | 88,549  |
| Materials, supplies and services                                       | 1,125,011                     | 886,491            | 238,520   |
| Capital outlay   |                               | 418,175            | (418,175)   |
| Total Expenditures   | <u>3,896,716</u>              | <u>3,987,822</u>   | <u>(91,106)</u>   |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER REVENUES                       | <u>\$602,012</u>              | 934,727            | <u>\$332,715</u>  |
| BEGINNING FUND BALANCE   |                               | <u>\$7,057,069</u> |   |
| ENDING FUND BALANCE  |                               | <u>\$7,991,796</u> |   |

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 FIDUCIARY ACTIVITIES  
 STATEMENT OF FIDUCIARY NET POSITION  
 OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST FUND  
 JUNE 30, 2019

| ASSETS  | <u>OPEB<br/>Trust Fund</u> |
|---|----------------------------|
| Cash and cash equivalents (Note 3)                            | \$9,452                    |
| Investments, at fair value (Note 3):                          |                            |
| Equity mutual funds   | 2,213,625                  |
| Fixed income mutual funds                                     | <u>2,167,875</u>           |
| Total Assets  | <u><u>\$4,390,952</u></u>  |
| NET POSITION  |                            |
| Net position held in trust for Other Post-Employment Benefits | <u>\$4,390,952</u>         |
| Total net position  | <u><u>\$4,390,952</u></u>  |

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
OPEB TRUST FUND  
STATEMENT OF CHANGES IN  
FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019

|  |                           |
|--|---------------------------|
| ADDITIONS                              |                           |
| Investment income:                     |                           |
| Interest and dividends                 | \$110,072                 |
| Net increase in fair value investments | <u>174,805</u>            |
| Total additions                        | <u>284,877</u>            |
| DEDUCTIONS                             |                           |
| Benefits                               | 177,432                   |
| Administrative expense                 | <u>2,852</u>              |
| Total deductions                       | <u>180,284</u>            |
| NET CHANGE IN FUND BALANCE             | 104,593                   |
| BEGINNING FUND BALANCE                 | <u>\$4,286,359</u>        |
| ENDING FUND BALANCE                    | <u><u>\$4,390,952</u></u> |

See accompanying notes to financial statements

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**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 1 - GENERAL**

The Alameda County Mosquito Abatement District (the District) is a special district established in 1930 and empowered to take all necessary and proper steps for the control of mosquitoes within the District's service area.

The District evaluated whether any other entity should be included in these basic financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Based upon the above criteria, the District determined that it had no component units as of June 30, 2018, or during the fiscal year then ended.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Accounts and Records***

The District maintains a cash receipts journal for recording fees collected at 23187 Connecticut Street, Hayward, CA 94545. The assessment of property, collection of taxes, disbursement of cash, and the maintenance of the general ledger for all funds are provided by the County of Alameda. Custodianship of the District's accounts and records is vested with the Auditor Controller of Alameda County (the County).

***B. Accounting Principles***

The District accounts for its financial transactions in accordance with the policies and procedures recommended by the State of California. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1) Government-wide and Fund Financial Statements:

The Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) report on the District as a whole. The Statement of Activities demonstrates the degree to which the direct expenses of the District's functions are offset by program revenues.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Direct expenses are those that are clearly identifiable with the District's functions. Program revenues include charges for services. Other items not properly included among program revenues are reported instead as general revenues. The District's General Fund is presented as a separate financial statement (Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance).

2) Measurement Focus, Basis of Accounting and Financial Statement Presentation:

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities are prepared using the *economic resources* measurement focus and the *accrual* basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable and available*. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District reports the following major governmental fund:

*General Fund:* This is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. There are no other funds of the District.

Fiduciary Fund Types

Other Post Employment Benefit Trust (the Trust) is used to report resources that are required to be held in trust to accumulate resources for post employment benefit payments to qualified employees. These funds are not incorporated into the government wide financial statements.

The Trust financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Cost of third party administrators, actuarial reports, audits and similar costs incurred exclusively for the Trust are paid from resources from the Trust. Routine administrative costs of administrating the benefit plans, accounting services and other costs are absorbed by the District.

*Benefits:* Benefit expense and benefits payable are recognized when payments for benefits of members are made by the employer.



**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3) Use of Estimates:

The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/ expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the basic financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

***C. Budget and Budgetary Accounting***

The District annually adopts a budget for its General Fund to be effective July 1 for the ensuing fiscal year. The District's Board may amend the budget by resolution during the fiscal year and approves all budgetary transfers.

***D. 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.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***E. Capital Assets***

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

| <u>Class</u>                | <u>Estimated Useful Life in Years</u> |
|-----------------------------|---------------------------------------|
| Land                        | Not Depreciable                       |
| Structures and Improvements | 5 - 39                                |
| Machinery and Equipment     | 5 - 7                                 |

***F. Compensated Absences***

All vacation pay is accrued when incurred. Employee compensated absences hours are capped at 400 hours. The District's accrued vacation was \$187,668 as of June 30, 2019.

***G. Pensions, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

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

***H. OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by PARS Trust. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***I. Fund Equity***

The accompanying basic financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision making authority. The Board of Trustees serves as the District's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the District for specific purposes, subject to change, as established either directly by the Board of Trustees or by management officials to whom assignment authority has been delegated by the Board of Trustees.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Net Position**

GASB Statement No. 34 added the concept of Net Position. The Statement of Net Position reports the difference between the District's total assets and the District's total liabilities, including all the District's long-term assets and debt. The Statement of Net Position presents similar information to the old balance sheet format but presents it in a way that focuses the reader on the composition of the District's net position, by subtracting total liabilities from total assets.

The Statement of Net Position breaks out net position as follows:

*Restricted* describes the portion of net position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that the District cannot unilaterally alter.

*Unrestricted* describes the portion of net position that is not restricted from use.

*Net investment in capital assets*, describes the portion of net position that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments consisted of the following as of June 30, 2019:

|   | Carrying Value |
|---|----------------|
| <b>Governmental Activities:</b>         |                |
| Pooled cash and investments             | \$219,874      |
| California Local Agency Investment Fund | 3,005,840      |
| Cash with VCJPA                         | 406,293        |
| Cash in Bank of America                 | 115,442        |
| Camp                                    | 2,994,334      |
| PARS                                    | 1,064,536      |
| Bank of the West                        | 350,897        |
| Total cash and investments              | \$8,157,216    |
| <br>                                    |                |
| <b>Fiduciary Funds:</b>                 |                |
| Money market mutual funds               | \$9,452        |
| Equity mutual funds                     | 2,213,625      |
| Bond mutual funds                       | 2,167,875      |
| Total cash and investments              | \$4,390,952    |

Investments are reported at fair value. The District adjusts the carrying value of its investments, if material, to reflect their fair value at the fiscal year end and includes the effect of these adjustments in income for that fiscal year. Investments in equity securities, corporate bonds and issues of the U.S. Government are valued at the last reported sales price of the fiscal year end. International securities reflect current exchange rates in effect at the fiscal year end. Purchases and sales of securities are recorded on a trade date basis.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***A. Custodial Credit Risk – Deposits***

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

California Law requires banks and savings and loan associations 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 value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the District's name and places the District ahead of general creditors of the institution.

***B. Investments***

The District's cash and investments with the County Treasurer are invested under policy guidelines established by the County. Credit risk information regarding the cash held by the Treasurer is included in the Comprehensive Annual Financial Report of the County of Alameda. The District has a formal investment policy for the District's OPEB Trust fiduciary fund discussed in section C below.

The credit risk regarding the investment in the Vector Control Joint Powers Agency (VCJPA) is included in the financial statements of the Vector Control Joint Powers Agency.

The District voluntarily participates in LAIF (Local Agency Investment Fund), regulated under Section 16429 of the State Government Code. LAIF allows local agencies such as the District to participate in a Pooled Money Investment Account managed by the State Treasurer Office and overseen by the Pooled Money Investment Board and the State Treasurer Investment Committee. A Local Agency Investment Advisory Board oversees LAIF. The fair value of the District's position in the pool is the same as the value of its pool shares. The total amount invested by all public agencies in LAIF, as of June 30, 2019 was approximately \$105.8 billion. The District had a contractual withdrawal value of \$3,005,840 in LAIF. At June 30, 2019, these investments matured in an average of 173 days.

The District voluntarily participates in CAMP (California Asset Management Trust). The Trust is organized and operated in a manner and in accordance with objectives and policies intended to preserve principal, provide liquidity so that Shareholders will have ready access to their pooled funds, provide a high level of current income consistent with preserving principal and maintaining liquidity, and place investments, document investment transactions, in respect to the investment of debt issuances, and account for funds in a manner that is in compliance with the arbitrage rebate and yield restrictions requirements as set forth in the Internal Revenue Code and related U.S. Treasury regulations. The Trust's Investment Advisor currently invests available cash in the Pool, in a limited list of investments authorized by California Government Code Section 53601. The District reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2019, these investments matured in an average of 54 days. As of June 30, 2019, the investments had an ending balance of \$2,994,334.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***C. Investments of the Fiduciary-Type Activities***

Permitted Deposits and Investments -The District's Board of Trustees has appointed the Trust Board to oversee policies and procedures related to the operation and administration of the Other Post Employment Benefit Trust (the Trust). The Trust's Investment Policy is authorized to make deposit/investments *in* insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, and commercial paper rated A or higher by one of the three standard rating services. The Trust may also invest in certain non-US obligations, LAIF, mutual funds, real estate investment trusts and equity securities. The table below identifies the range of types of mutual funds that are authorized by the Trust's moderate investment strategy:

| Asset Class                 | Target Allocation |
|-----------------------------|-------------------|
| Mutual Funds - Equity       | 50.40%            |
| Mutual Funds - Fixed Income | 49.40%            |
| Other                       | 0.20%             |
| Total                       | 100.00%           |

*Rate of Return.* For the year ended June 30, 2019, the annual money-weighted rate of return on the Trust's investments, net of investment expense, was 7.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

***D. Custodial Credit Risk – Investments***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The Trust's investment policy requires all securities to be held by a third party custodian designated by the Trust's Board. The investment policy also provides that this risk be mitigated by investing in investment grade securities and by diversifying the investment portfolio. As of June 30, 2019, no investments were exposed to custodial credit risk.

***E. Concentration of Credit Risk***

The Trust's investment policy requires diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer or maturity. As of June 30, 2019, 51% of the funds' assets were held in equity mutual funds and 49% in fixed income mutual funds.

***F. 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.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2019:

| Governmental Activities:                                    | Level 2   | Total       |
|---|-----------|-------------|
| Pooled cash and investments                                 | \$219,874 | \$219,874   |
| <b><i>Investments Exempt from Fair value Hierarchy:</i></b> |           |             |
| California Local Agency Investment Fund                     |           | 3,005,840   |
| CAMP  |           | 2,994,334   |
| PARS  |           | 1,064,536   |
| Cash with VCJPA   |           | 406,293     |
| Cash in bank  |           | 466,339     |
| Total cash and investments                                  | \$219,874 | \$8,157,216 |
| <br>  |           |             |
| Other Post-Employment Benefit Trust:                        | Level 2   | Total       |
| <b><i>Investments Measured at Amortized Cost:</i></b>       |           |             |
| Equity mutual funds   |           | \$2,213,625 |
| Bond mutual funds   |           | 2,167,875   |
| Money market mutual funds                                   |           | 9,452       |
| Total investments   |           | \$4,390,952 |

As of June 30, 2019, the District had \$219,874 of cash and investments pooled with the County that is classified in Level 2 of the fair value hierarchy. The fair value of the pooled investment fund is provided by the County Treasurer and is valued using quoted prices for identical instruments in markets that are not active. 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.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**G. Interest 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 Trust's investment policy provides that the exposure to interest rate risk be mitigated by purchasing a diverse combination of shorter term and longer term investments. Information about the sensitivity of the fair value of investments, held by the trustee, to market interest rate fluctuations is provided in the table below:

|   | Investment Maturity (In Years) |                    |                 | Investment Rating |
|---|--------------------------------|--------------------|-----------------|-------------------|
|   | Fair Value                     | Less than 1        | 1-5             |                   |
| <b>Governmental Activities:</b>             |                                |                    |                 |                   |
| Pooled cash and investments                 | \$219,874                      | \$131,924          | \$87,950        | AA                |
| California Local Agency Investment Fund     | 3,005,840                      | 3,005,840          |                 | Not rated         |
| Cash with VCJPA                             | 406,293                        | 406,293            |                 | Not rated         |
| Cash in Bank of America                     | 115,442                        | 115,442            |                 | Not rated         |
| Bank of the West                            | 350,897                        | 350,897            |                 |                   |
| CAMP  | 2,994,334                      | 2,994,334          |                 |                   |
| PARS  | 1,064,536                      | 1,064,536          |                 |                   |
| Total cash and investments                  | <u>\$8,157,216</u>             | <u>\$8,069,266</u> | <u>\$87,950</u> |                   |
|   |                                |                    |                 |                   |
| <b>Other Post-Employment Benefit Trust:</b> |                                |                    |                 |                   |
| Money market mutual funds                   | \$9,452                        | \$9,452            |                 | AA                |
| Equity mutual funds                         | 2,213,625                      | 2,213,625          |                 | Not rated         |
| Bond mutual funds                           | 2,167,875                      | 2,167,875          |                 | Not rated         |
| Total cash and investments                  | <u>\$4,390,952</u>             | <u>\$4,390,952</u> |                 |                   |



**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 4 – CAPITAL ASSETS**

An analysis of capital assets at June 30, 2019, is as follows:

|  | Balance<br>June 30, 2018 | Additions   | Retirements | Transfers   | Balance<br>June 30, 2019 | NBV<br>June 30, 2019 |
|--|--------------------------|-------------|-------------|-------------|--------------------------|----------------------|
| <i>Governmental activities</i>             |                          |             |             |             |                          |                      |
| Capital assets not being depreciated:      |                          |             |             |             |                          |                      |
| Land                                       | \$61,406                 |             |             |             | \$61,406                 | \$61,406             |
| Construction in progress                   |                          | \$329,927   |             |             | 329,927                  | 329,927              |
| Total capital assets not being depreciated | 61,406                   | 329,927     |             |             | 391,333                  | \$391,333            |
| Capital assets being depreciated:          |                          |             |             |             |                          |                      |
| Structures and improvements                | 4,529,023                | 44,500      |             | (\$142,832) | 4,430,691                | \$2,083,151          |
| Machinery and equipment                    | 1,553,075                | 66,595      | (\$28,717)  | 142,832     | 1,733,785                | 378,437              |
| Total capital assets being depreciated     | 6,082,098                | 111,095     | (28,717)    |             | 6,164,476                | \$2,461,588          |
| Less accumulated depreciation for:         |                          |             |             |             |                          |                      |
| Structures and improvements                | (2,153,094)              | (194,446)   |             |             | (2,347,540)              |                      |
| Machinery and equipment                    | (1,241,604)              | (142,461)   | 28,717      |             | (1,355,348)              |                      |
| Total accumulated depreciation             | (3,394,698)              | (336,907)   | 28,717      |             | (3,702,888)              |                      |
| Total depreciable assets                   | 2,687,400                | (\$225,812) |             |             | 2,461,588                |                      |
| Total capital assets - net of depreciation | \$2,748,806              |             |             |             | \$2,852,921              |                      |

**NOTE 5 – ACCRUED VACATION**

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The amount of accumulated vacation totaled \$187,668 and \$167,855 at June 30, 2019 and 2018, respectively.

**NOTE 6 – PROPERTY TAX LEVY, COLLECTIONS AND MAXIMUM RATES**

The State of California (the State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless voters have approved an additional amount. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among counties, cities, school districts and other districts. Counties, cities, school districts and other districts may levy such additional tax as is necessary to provide for voter approved debt service.

The County of Alameda assesses properties, bills, and collects property taxes as follows:

|                  | <u>Secured</u>  | <u>Unsecured</u>        |
|------------------|---|-------------------------|
| Valuation dates  | March 1   | March 1                 |
| Lien/levy dates  | July 1  | July 1                  |
| Due dates        | 50% on February 1<br>50% on February 1                | Upon receipt of billing |
| Delinquent as of | December 10 (for November)<br>April 10 (for February) | August 31               |

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 – PROPERTY TAX LEVY, COLLECTIONS AND MAXIMUM RATES (Continued)**

The term “unsecured” refers to taxes on property not secured by lines on real property.

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the "alternate method" of property tax distribution, known as the Teeter Plan, by the District and the County. The Teeter Plan authorizes the auditor/controller of the County to allocate 100% of the secured property taxes billed, but not yet paid. The County remits tax monies to the District in three installments as follows:

50% remitted on December 15  
40% remitted on April 15  
10% remitted on June 30

**NOTE 7 – SELF-INSURANCE AND JOINT POWERS AGENCY**

The District participates with other districts in the Vector Control Joint Powers Agency ("VCJPA") The VCJPA was established under the provisions of California Government Code Section 6500 et seq.

The program covers the District's individual workers' compensation claims of \$500,000 for any one loss; excess insurance is obtained to cover individual claims at the statutory limit and \$5,000,000 for Employer's Liability. The District is self-insured for claims under \$500,000.

Annual premiums, based on the District's total payroll, are deposited in the District's separate Pooled Workers' Compensation Account (the Account) at the VCJPA. The Account is reduced by the District's share of all program claim settlements, excess insurance premiums and related administrative expenses. Three years after the end of each fiscal year, the VCJPA is to make a retroactive adjustment to refund/ collect any remaining balance/deficit in the District's account. While the District's ultimate share of workers' compensation claim settlements and related administrative expenses is uncertain, the District's management does not believe it will have a material impact on the District's basic financial statements.

The District also participates in a pool for general liability coverage. The program covers comprehensive, general, errors and omissions, and automobile liability. The program covers individual claims for the first \$1,000,000 and purchases excess insurance from \$1,000,000 to \$10,000,000.

Annual premiums are deposited in the District's separate Liability Account at the VCJPA. The account is reduced by the District's share of all program claim settlement, excess insurance premiums and related administrative expenses. Five years after the end of each fiscal year, the VCJPA will make a retroactive adjustment to refund/ collect any remaining balance/ deficit in the District's account. While the District's ultimate share of liability claim settlement and related administrative expenses is uncertain, the District's management does not believe it will have a material impact on the District's basic financial statements. The \$406,293 in deposit with the VCJPA as of June 30, 2019, represents additional monies, under the District's control, which the District may use for future self-insurance related expenditures or any other purpose.

Deposits at the VCJPA bear interest based on the average daily balance maintained by each district. These deposits are managed by Bickmore Risk Services.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 8 – CALPERS PENSION PLAN**

**A. Plan Description**

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**B. Benefits Provided**

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

The Plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

|   | Miscellaneous               |                                |
|---|-----------------------------|--------------------------------|
|   | Prior to<br>January 1, 2013 | On or after<br>January 1, 2013 |
| Hire date   |                             |                                |
| Benefit formula                                   | 2% at 55                    | 2% at 62                       |
| Benefit vesting schedule                          | 5 years service             | 5 years service                |
| Benefit payments                                  | monthly for life            | monthly for life               |
| Retirement age                                    | 50-55                       | 52-67                          |
| Monthly benefits, as a % of eligible compensation | 1.426% - 2.418%             | 1.000% - 2.50%                 |
| Required employee contribution rates              | 7.00%                       | 6.50%                          |
| Required employer contribution rates              | 10.15%                      | 7.27%                          |

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amount are billed on a monthly or the District can elect a lump sum payment option. The District's required contribution for the unfunded liability was \$146,873, which was made under the lump sum payment option.

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

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 8 – CALPERS PENSION PLAN (Continued)**

For the year ended June 30, 2019 the District contributed \$310,838 to the Plan.

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s 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.

As of June 30, 2019, the District reported a net pension liability of \$2,952,714 for its proportionate shares of the net pension liability of the Plan.

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

|                              | Miscellaneous |
|------------------------------|---------------|
| Proportion - June 30, 2017   | 0.076%        |
| Proportion - June 30, 2018   | 0.078%        |
| Change - Increase (Decrease) | 0.002%        |

For the year ended June 30, 2019, the District recognized pension expense of \$386,382. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date   | \$310,838                         |                                  |
| Differences between expected and actual experience   | 113,290                           | (\$38,552)                       |
| Changes of assumptions   | 336,618                           | (82,499)                         |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 432,936                           | (71,429)                         |
| Net difference between projected and actual earnings on pension plan investments                             | 14,597                            |                                  |
| Total  | \$1,208,279                       | (\$192,480)                      |

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 8 – CALPERS PENSION PLAN (Continued)**

The \$310,838 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, 2020. 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<br>June 30 | Annual<br>Amortization |
|-----------------------|------------------------|
| 2020                  | \$489,938              |
| 2021                  | 282,459                |
| 2022                  | (40,877)               |
| 2023                  | (26,559)               |
| Thereafter            |                        |

**Actuarial Assumptions** –For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liability was based on the following actuarial methods and assumptions for both benefit tiers.

|                                   | Miscellaneous   |
|-----------------------------------|---|
| Valuation Date                    | June 30, 2017   |
| Measurement Date                  | June 30, 2018   |
| Actuarial Cost Method             | Entry-Age Normal Cost Method  |
| <b>Actuarial Assumptions:</b>     |   |
| Discount Rate                     | 7.15%   |
| Inflation                         | 2.50%   |
| Payroll Growth                    | 3.00%   |
| Projected Salary Increases        | Varies by Entry-Age and Service   |
| Investment Rate of Return         | 7.15%(1)  |
| Mortality Rate Table <sup>1</sup> | Derived using CalPers Membership Data for all Funds (2)   |
| Post Retirement Benefit Increase  | Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter |

(1) Net of pension plan investment and administrative expenses, including inflation.

(2) The Mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 8 – CALPERS PENSION PLAN (Continued)**

*Change of Assumptions* - For the measurement date of June 30, 2018, the inflation rate reduced from 2.75% to 2.50%

*Discount Rate* - The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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+ 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 adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 8 – CALPERS PENSION PLAN (Continued)**

| Asset Class (a)     | New<br>Strategic<br>Allocation | Real Return<br>Years 1 - 10(b) | Real<br>Return<br>Years<br>11+(c) |
|---------------------|--------------------------------|--------------------------------|-----------------------------------|
| Global Equity       | 50.0%                          | 4.80%                          | 5.98%                             |
| Global Fixed Income | 28.0%                          | 1.00%                          | 2.62%                             |
| Inflation Assets    | 0.0%                           | 0.77%                          | 1.81%                             |
| Private Equity      | 8.0%                           | 6.30%                          | 7.23%                             |
| Real Estate         | 13.0%                          | 3.75%                          | 4.93%                             |
| Liquidity           | 1.0%                           | 0.00%                          | -0.92%                            |
| Total               | 100%                           |                                |                                   |

- (a) In the CalPERS CAFR, Fixed Income is included in Global Det Securities; liquidity is included in Short-term Investments; inflation Assets are included in both Global Equity Securities and Global Debt Securities
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

***Sensitivity of the Proportionate Share of the Net Pension liability to Changes in the Discount Rate*** - 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:

|                       | Miscellaneous |
|-----------------------|---------------|
| 1% Decrease           | 6.15%         |
| Net Pension Liability | \$4,822,436   |
| Current Discount Rate | 7.15%         |
| Net Pension Liability | \$2,952,714   |
| 1% Increase           | 8.15%         |
| Net Pension Liability | \$1,409,289   |

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

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2019**

**NOTE 9 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT**

**A. General Information about the District’s Other Post Employment Benefit (OPEB) Plan**

*Plan Description.* As authorized by the District's Board of Trustees, the District administers a single employer defined benefit health care plan. The defined benefit post-employment healthcare plan provides medical benefits to eligible District employees who retire from the District at age 50 or older, are eligible for a CalPERS pension, and have been employed by the District for at least 10 years. The District's OPEB Trust is shown as a fiduciary fund in this financial report.

*Benefits Provided.* The District provides health care for employees and dependents (and also for retirees and their dependents) in accordance with the California Public Employees Medical and Hospital Care Act (PEMHCA), more commonly referred to as PERS Health. Employees may choose one of the following medical options: Kaiser HMO, PERSCare PPO, PERS Choice PPO, Anthem HMO Select, Anthem HMO Traditional, BSC Access +, HealthNet Smart Care, Kaiser Permanente, PERS Choice, PERS Select and PERSCare. The District has a cap on employer contributions set each year at 100% of the Kaiser one-party rate for the Bay Area/Sacramento region for individual coverage and 90% of the corresponding two-party rate for second and third tier coverages. Employees and retirees may choose a more expensive coverage but they must pay any premiums *in excess* of the cap. The District also pays for vision and dental for employees and retirees, *in addition* to the medical cap. There *is* a small group of retirees (pre-1980 retirees) who are reimbursed up to \$1,500 per year for dental coverage for the retiree and spouse (each). All others are covered by Delta Dental. The District also pays a 0.45% of premium administrative charge for all retirees.

*Funding Policy.* There is no statutory requirement for the District to prefund its OPEB obligation. The District has established a trust fund which *is* currently almost fully funded. The District currently pays for retiree healthcare benefits on a pay-as-you-go basis until the District trust is funded, which is *in process*. There are no employee contributions. For the fiscal year ending June 30, 2019, the District's plan paid approximately \$170,667 for retiree healthcare plan benefits.

*Employees Covered by Benefit Terms.* Membership in the plan consisted of the following at the measurement date of June 30, 2019:

|  |  |    |
|--|--|----|
| Active employees   |  | 16 |
| Inactive employees or beneficiaries currently receiving benefit payments |  | 15 |
| Total  |  | 31 |



**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2019**

**NOTE 9 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (Continued)**

**B. Net OPEB Asset**

*Actuarial Methods and Assumptions.* – The District’s net OPEB asset was measured as of June 30, 2019 and the total OPEB liability was determined by an actuarial valuation dated July 1, 2017 that was rolled forward using standard update procedures to determine the total liability as of June 30, 2019, based on the following actuarial methods and assumptions:

|                           | Actuarial Assumptions   |                                     |
|---------------------------|---|-------------------------------------|
| Valuation Date            |   | July 01, 2017                       |
| Measurement Date          |   | June 30, 2019                       |
| Actuarial Cost Method     |   | Entry Age Normal Cost, level of pay |
| Actuarial Assumptions:    |   |                                     |
| Inflation rate            |   | 3.00%                               |
| Payroll Growth            |   | 3.00%                               |
| Investment Rate of Return |   | 6.00%                               |
|                           | Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as |                                     |
| Mortality Rate            |   | appropriate, without projection.    |
| Medical Cost Trend Rate   |   | 5.00% for 2019 and later years      |

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which 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 weighting 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:

| Asset Class       | Real Rate<br>of Return |
|-------------------|------------------------|
| Broad U.S. Equity | 4.40%                  |
| U.S. Fixed        | 1.50%                  |

*Discount Rate.* The discount rate was based on the Municipal Bond 20-Year High Grade Rate Index.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 9 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (Continued)**

**C. Changes in Net OPEB Asset**

The changes in the net OPEB asset follows:

|  | Increase (Decrease)     |                                |                               |
|--|-------------------------|--------------------------------|-------------------------------|
|  | Total OPEB<br>Liability | Plan Fiduciary<br>Net Position | Net OPEB<br>Liability/(Asset) |
|  | (a)                     | (b)                            | (a) - (b)                     |
| Balance at June 30, 2018                           | \$3,569,703             | \$4,286,369                    | (\$716,666)                   |
| Changes Recognized for the Measurement Period:     |                         |                                |                               |
| Service Cost                                       | 154,591                 |                                | 154,591                       |
| Interest on the total OPEB liability               | 207,352                 |                                | 207,352                       |
| Changes in benefit terms                           |                         |                                |                               |
| Differences between expected and actual experience |                         |                                |                               |
| Changes of assumptions                             |                         |                                |                               |
| Contributions from the employer                    |                         | 60,365                         | (60,365)                      |
| Net investment income                              |                         | 284,866                        | (284,866)                     |
| Trustee fees                                       |                         | (2,851)                        | 2,851                         |
| Administrative expenses                            |                         | (6,765)                        | 6,765                         |
| Benefit payments                                   | (231,032)               | (231,032)                      |                               |
| Net changes  | 130,911                 | 104,583                        | 26,328                        |
| Balance at June 30, 2019                           | \$3,700,614             | \$4,390,952                    | (\$690,338)                   |

**D. Sensitivity of the Net OPEB Asset to Changes in the Discount Rate and Healthcare Cost Trend Rates**

The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current discount rate:

| Net OPEB Liability/(Asset) |               |                   |
|----------------------------|---------------|-------------------|
| Discount Rate -1%          | Discount Rate | Discount Rate +1% |
| (5.00%)                    | (6.00%)       | (7.00%)           |
| (\$179,654)                | (\$690,338)   | (\$1,109,158)     |

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 9 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (Continued)**

The following presents the net OPEB asset of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00% decreasing to 2.00%) or 1-percentage-point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rates:

| Net OPEB Liability/(Asset) |                             |                        |
|----------------------------|-----------------------------|------------------------|
|                            | Medical Cost<br>Trend Rates |                        |
| 1% Decrease<br>(4.00%)     | 5.00%                       | 1% Increase<br>(6.00%) |
|                            |                             |                        |
| (\$1,200,210)              | (\$690,338)                 | (\$58,518)             |

***E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the year ended June 30, 2019, the District recognized OPEB expense of \$94,743. At June 30, 2019, the District reported deferred inflows of resources related to OPEB from the following sources:

|  | Deferred Inflows<br>of Resources |
|--|----------------------------------|
| Net differences between projected and actual earnings on<br>plan investments | (\$49,810)                       |
| Total  | (\$49,810)                       |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

| Year<br>Ended June 30 | Annual<br>Amortization |
|-----------------------|------------------------|
| 2020                  | (\$15,063)             |
| 2021                  | (15,063)               |
| 2022                  | (15,063)               |
| 2023                  | (4,621)                |

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 10 – DEFERRED COMPENSATION PLAN**

The District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plan (the Plan) created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of the compensation until it is distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan. A total of 10 employees' deferred compensation during the fiscal year ended June 30, 2019.

The laws governing the Plan assets require Plan assets to be held by a Trust for the exclusive benefits of Plan participants and their beneficiaries. Since the assets held under this Plan are not the District's property, are not managed by the District and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

|   |
|---|
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b> |
|---|

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 Cost-Sharing Multiple-Employer Defined Pension Plan  
 Last 10 Years\*  
 SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY AND RELATED RATIOS AS OF  
 THE MEASUREMENT DATE

| Measurement Date   | <u>6/30/2014</u> | <u>6/30/2015</u> | <u>6/30/2016</u> | <u>6/30/2017</u> | <u>6/30/2018</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Plan's proportion of the Net Pension Liability (Asset)   | 0.0309%          | 0.0780%          | 0.0760%          | 0.0783%          | 0.0023%          |
| Plan's proportion share of the Net Pension Liability (Asset)   | \$1,923,046      | \$2,028,906      | \$2,551,572      | \$2,642,666      | \$2,952,714      |
| Plan's Covered Payroll   | \$1,287,185      | \$1,467,683      | \$1,580,981      | \$1,588,441      | \$1,744,412      |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll         | 149.40%          | 138.24%          | 161.39%          | 166.37%          | 169.27%          |
| Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | 83.0287%         | 78.2766%         | 78.9294%         | 77.7053%         | 78.6376%         |

Change in assumption - In 2017, the accounting discount rate was decreased from 7.65% to 7.15%.

\*- Fiscal year 2015 was the 1st year of implementation.

|   |
|---|
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b> |
|---|

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
 Cost-Sharing Multiple Employer Defined Pension Plan  
 Last 10 Years\*  
 SCHEDULE OF CONTRIBUTIONS

| Fiscal Year   | 2015            | 2016            | 2017            | 2018            | 2019            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Actuarially determined contribution                                   | \$152,526       | \$205,340       | \$136,053       | \$317,084       | \$310,838       |
| Contributions in relation to the actuarially determined contributions | (152,526)       | (205,340)       | (136,053)       | (317,084)       | (310,838)       |
| Contribution deficiency (excess)                                      | \$0             | \$0             | \$0             | \$0             | \$0             |
| <br>Covered payroll   | <br>\$1,287,185 | <br>\$1,467,683 | <br>\$1,580,981 | <br>\$1,744,412 | <br>\$1,894,209 |
| <br>Contributions as a percentage of covered payroll                  | <br>11.85%      | <br>13.99%      | <br>8.61%       | <br>18.18%      | <br>16.41%      |

\*Fiscal year 2015 was the 1st year of implementation.

|   |
|---|
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b> |
|---|

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

Single Employer Defined Benefit Health Care Plan

Last 10 fiscal years\*

| <b>Measurement Date</b>   | <b>6/30/18</b> | <b>6/30/19</b> |
|---|----------------|----------------|
| <b>Total OPEB Liability</b>   |                |                |
| Service Cost  | \$150,088      | \$154,591      |
| Interest  | 200,500        | 207,352        |
| Changes in benefit terms  |                |                |
| Differences between expected and actual experience                          |                |                |
| Changes of assumptions  |                |                |
| Benefit payments  | (241,589)      | (231,032)      |
| <b>Net change in total OPEB liability</b>                                   | 108,999        | 130,911        |
| <b>Total OPEB liability - beginning</b>                                     | 3,460,704      | 3,569,703      |
| <b>Total OPEB liability - ending (a)</b>                                    | \$3,569,703    | \$3,700,614    |
| <br><b>Plan fiduciary net position</b>                                      |                |                |
| Contributions - employer  | \$63,129       | \$60,365       |
| Contributions - employee  |                |                |
| Net investment income   | 299,763        | 284,866        |
| Trustee fees  |                | (2,851)        |
| Administrative expense  | (2,769)        | (6,765)        |
| Benefit payments  | (241,589)      | (231,032)      |
| <b>Net change in plan fiduciary net position</b>                            | 118,534        | 104,583        |
| <b>Plan fiduciary net position - beginning</b>                              | 4,167,835      | 4,286,369      |
| <b>Plan fiduciary net position - ending (b)</b>                             | \$4,286,369    | \$4,390,952    |
| <br>Net OPEB liability - ending (a)-(b)                                     | (\$716,666)    | (\$690,338)    |
| <br>Plan fiduciary net position as a percentage of the total OPEB liability | 120.08%        | 118.65%        |
| <br>Covered-employee payroll  | \$1,744,412    | \$1,894,209    |
| <br>Net OPEB liability as a percentage of covered-employee payroll          | -41.08%        | -36.44%        |

\* Fiscal year 2018 was the first year of implementation.



|   |
|---|
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b> |
|---|

**SCHEDULE OF CONTRIBUTIONS**  
**Single Employer Defined Benefit Health Care Plan**  
 Last 10 fiscal years\*

| <b>Fiscal Year Ended June 30,</b>                                       | <b>2018</b>  | <b>2019</b> |
|---|--------------|-------------|
| Actuarially determined contribution                                     | \$113,347    | \$117,354   |
| Contributions in relation to the<br>actuarially determined contribution | 113,347      | 117,354     |
| Contribution deficiency (excess)  | \$0          | \$0         |
| Covered-employee payroll  | \$1,744,412  | \$1,894,209 |
| Contributions as a percentage of<br>covered-employee payroll            | 6.50%        | 6.20%       |
| <b>Notes to Schedule</b>  |              |             |
| Valuation date:   | July 1, 2017 |             |

\* Fiscal year 2018 was the first year of implementation.

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## MEMORANDUM ON INTERNAL CONTROL

Board of Trustees  
Alameda County Mosquito Abatement District  
Hayward, California

In planning and performing our audit of the basic financial statements of the Alameda County Mosquito Abatement District (District) as of and for the year ended June 30, 2019, 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 our auditing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist and that were not identified. 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 to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Included in the Schedule of Other Matters are recommendations not meeting the above definition that we believe to be of potential benefit to the District.

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.

*Maze + Associates*

Pleasant Hill, California  
December 18, 2019

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**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
SCHEDULE OF OTHER MATTERS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-01 Upcoming Governmental Accounting Standards Board Pronouncements**

**EFFECTIVE FISCAL YEAR 2019/20:**

***GASB 84 – Fiduciary Activities***

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
SCHEDULE OF OTHER MATTERS  
FOR THE YEAR ENDED JUNE 30, 2019**

**GASB 90 – Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61)**

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

**EFFECTIVE FISCAL YEAR 2020/21:**

**GASB 87 – Leases**

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
SCHEDULE OF OTHER MATTERS  
FOR THE YEAR ENDED JUNE 30, 2019**

**GASB 87 – Leases (Continued)**

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease's guidance, unless specifically excluded in this Statement.

**GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period**

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

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

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

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**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT  
STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES  
FOR THE YEAR ENDED JUNE 30, 2019**

**2018-01 Accurate Preparation of the District's Bank Reconciliation**

**Criteria:** Bank reconciliation should be prepared accurately, and any unreconciled differences should be addressed.

**Condition:** Per review of the June 30, 2018 bank reconciliation for the District's cash account held with Bank of the West, we noted an unreconciled difference of \$161,351. The bank reconciliation appeared to have been reviewed.

**Cause:** The District did not incorporate the ending balance of the cash account in the bank reconciliation which caused the unreconciled difference.

**Effect:** The potential of an inaccurate general ledger cash balance may occur.

**Recommendation:** The District should review the bank reconciliation for any unreconciled differences and ensure the general ledger for cash is presented accurately.

**Current Response:** Implemented.

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## REQUIRED COMMUNICATIONS

To the Board of Trustees of  
The Alameda County Mosquito Abatement District  
Hayward, California

We have audited the basic financial statements of the Alameda County Mosquito Abatement District (District) for the year ended June 30, 2019. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

### Significant Audit Findings

#### *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.

The following Governmental Accounting Standards Board (GASB) pronouncements became effective, but did not have a material effect on the financial statements:

**GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements***

**GASB Statement No. 83 – *Certain Asset Retirement Obligations***

#### *Unusual Transactions, Controversial or Emerging Areas*

We noted no transactions entered into by 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.

### ***Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements are depreciation, claims liability and actuarial estimates for the District's pension related deferred outflows and inflows of resources, net pension liability and other post-employment benefits.

The value of the assets, liability and assumptions used to determine annual required contributions for other post-employment benefits is determined by an actuary study provided to the District. The value of the District's deferred outflows and inflows of resources and collective net pension liability was obtained from an actuarial valuation.

Management's estimate of depreciation is based on the estimated useful lives of the capital assets, and its estimate of claims is based on the District Attorney's estimates of current and potential litigation, as well as actuary studies provided for the District as of June 30, 2019. We evaluated the key factors and assumptions used to develop the depreciation expense and claims liability and reviewed the current actuary study and determined that they are 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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### ***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 December 18, 2019.

### ***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 governmental unit'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 governmental unit'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**

With respect to the required supplementary information accompanying the financial statements, we 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 did not express an opinion nor 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.

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This information is intended solely for the use of the 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  
December 18, 2019

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