

**GREATER LOS ANGELES COUNTY
VECTOR CONTROL DISTRICT**

BASIC FINANCIAL STATEMENTS

**WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

FISCAL YEAR ENDED JUNE 30, 2019

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

For the Fiscal Year Ended June 30, 2019

Table of Contents

	<u>Page Number</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Notes to Basic Financial Statements	19 - 49
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	51
Mobile Science and Vector Education Foundation Special Revenue Fund	52
Notes to Required Supplementary Information	53
Schedule of Proportionate Share of the Net Pension Liability	54
Schedule of Contributions - Pension	55
Schedule of Changes in the Net OPEB Liability and Related Ratios	56
Schedule of Contributions - OPEB	57

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Greater Los Angeles County Vector Control District
Santa Fe Springs, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Greater Los Angeles County Vector Control District (the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 opinions.

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 each major fund of the District as of June 30, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund and Mobile Science and Vector Education Foundation Special Revenue Fund, the schedule of proportionate share of the net pension liability, the schedule of contributions - pension, the schedule of changes in the net OPEB liability and related ratios, and the schedule of contributions - OPEB identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019

White Nelson Dick Evans LLP

Irvine, California

Greater Los Angeles County Vector Control District
Management's Discussion and Analysis
For the Year Ended June 30, 2019

As management of the Greater Los Angeles County Vector Control District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance of the District for the fiscal year ended June 30, 2019. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

The District's net position increased 13.9% to \$11,102,204 as a result of an increase of \$3,099,283 change in net position, which is a direct result of increasing assessments.

During the year, the District's property (benefit) assessment revenue increased by 42.3% or \$4,330,352 to \$14,573,436 and the District's property tax revenue increased by 5.1% or \$93,761 to \$1,929,729.

Total revenues from all sources increased 33.6% or \$4,309,907 to \$17,133,348, from the prior year, which is primarily the result of increased assessment and miscellaneous income.

Total expenses increased 10.1% or \$1,283,397 to \$14,034,065 from the prior year.

Total cost for the District's general fund programs was under the 2019 adopted final budget by 11.7% or \$1,823,055.

Using this Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's net operating reserves and credit worthiness.

Greater Los Angeles County Vector Control District
Management's Discussion and Analysis
For the Year Ended June 30, 2019

District Activities

The District is an independent special district, organized since early 1952 to control primarily mosquitoes, but also nuisance black flies and midges. The District's mosquito control, surveillance, and outreach efforts were amplified to fight West Nile virus beginning in 2003 when the virus first appeared in California. After the discovery of invasive *Aedes* species mosquitoes in the San Gabriel Valley in 2011, the District recalibrated again to implement new control and surveillance strategies that would be most effective against the *Aedes*' day-biting behavior and egg-laying habits. Operational staff increased source identification and treatment efforts using door-to-door campaigns and the creation of a dedicated *Aedes* control team. In February 2016, the World Health Organization declared an international public health emergency after an outbreak of *Aedes*-transmitted Zika virus was linked to birth defects. Fiscal year 2018-2019 saw a continued escalation of control, surveillance, and outreach activities related to *Aedes* mosquitoes to prevent local outbreaks of such illnesses as Zika, dengue, and chikungunya viruses, while maintaining a comprehensive West Nile virus control program.

The District utilizes an enhanced GIS/ARCVIEW mapping technology to track all of its breeding and treatment sources and completed roll-out of a hand-held, field data collection system for each operational field division to improve operational efficiency. The new field technology was first implemented with the *Aedes* control program and has proven successful in streamlining data collection and analysis. The fiscal year ending June 30, 2019 was focused on further enhancement and refinement of this field data collection system for all operational staff and expanding the urban water program which targets municipal mandates for the installation of stormwater recapture devices and implementation of Measure W.

The District continues to provide services and manage its funds prudently and judiciously based on vector control needs and the ability of the District to collect revenues from two principal sources: 1) property (benefit) assessments, and 2) shared distribution of the county's .1% property tax levy. Property assessment and property tax revenues are collected by the County Treasurer and received by the District according to a "disbursement schedule" administered by the County. A "Cash Flow Reserve" (replaces previous Authorized General Reserve) is implemented to defray District expenses between the beginning of a fiscal year and the time of distribution of the tax receipts in a fiscal year.

**Greater Los Angeles County Vector Control District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Government-Wide Financial Statements

Statement of Net position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of net position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. Think of the District's net position -the difference between assets and liabilities - as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax and assessment base to assess the *overall health* of the District.

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Greater Los Angeles County Vector Control District
Management's Discussion and Analysis
For the Year Ended June 30, 2019

**Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance
(Continued)**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District has implemented GASB Statement No. 80, Blending Requirements for Certain Component Units, which is designed to clarify how certain component units incorporated as not-for-profit corporations should be presented in state or local government financial statements. GASB Statement No. 80 requires that the Mobile Science and Vector Education Foundation be blended into the District's financial statement in a manner similar to a department or activity of the District.

Statement No. 80 was designed to enhance the comparability of financial statements among those units and improve the value of information for users of state and local government financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 49.

Other Information

The basic financial statements also present information concerning the District's budgetary information and compliance. The information can be found starting on page 51.

Greater Los Angeles County Vector Control District
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Government-Wide Financial Analysis

Condensed Statement of Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets:			
Current assets	\$ 14,632,874	\$ 11,273,158	\$ 3,359,716
Capital assets, net	8,144,886	8,067,473	77,413
Total Assets	<u>22,777,760</u>	<u>19,340,631</u>	<u>3,437,129</u>
Deferred Outflows of Resources:			
Deferred pension-related items	2,357,315	2,783,354	(426,039)
Deferred other post-employment benefits-related items	1,338,508	959,327	379,181
Total Deferred	<u>3,695,823</u>	<u>3,742,681</u>	<u>(46,858)</u>
Liabilities:			
Current and noncurrent liabilities	15,069,810	14,808,678	261,132
Total Liabilities	<u>15,069,810</u>	<u>14,808,678</u>	<u>261,132</u>
Deferred Inflows of Resources:			
Deferred pension-related items	256,775	217,426	39,349
Deferred other post-employment benefits-related items	44,794	54,287	(9,493)
Total Deferred Inflows	<u>301,569</u>	<u>271,713</u>	<u>29,856</u>
Net Position:			
Invested in capital assets	8,144,886	8,067,473	77,413
Restricted	31,986	42,246	(10,260)
Unrestricted	2,925,332	(106,798)	3,032,130
Total Net Position	<u>\$ 11,102,204</u>	<u>\$ 8,002,921</u>	<u>\$ 3,099,283</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of the District exceeded liabilities and deferred inflows by \$11,102,204.

A portion of the District's net position \$8,144,886 reflects its investment in capital assets. The District uses these capital assets for operations; consequently, these assets are *not* available for future spending. At the end of fiscal year 2019, the District reflected a positive balance in its unrestricted net position of \$2,925,332 which is a direct result of the increase in the assessment rate.

Greater Los Angeles County Vector Control District
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Government-Wide Financial Analysis (Continued)

The District receives a bulk of its funding from the Los Angeles Tax Collector at the end of the months of December and April, which coincides with the property tax payment dates of December 10 and April 10. The District will need to utilize its six-month operating reserve until this funding is received.

Condensed Statement of Activities

	2019	2018	Change
Expenses:			
Mosquito and vector control	\$ 14,034,065	\$ 12,750,668	\$ 1,283,397
Total Expenses	14,034,065	12,750,668	1,283,397
Program revenues	14,633,324	10,563,301	4,070,023
General revenues	2,500,024	2,260,140	239,884
Total Revenues	17,133,348	12,823,441	4,309,907
Change in Net Position	3,099,283	72,773	3,026,510
Net Position - Beginning of Period	8,002,921	7,930,148	72,773
Net Position - End of Period	\$ 11,102,204	\$ 8,002,921	\$ 3,099,283

The statement of activities shows how the District's net position changed during the fiscal year. In the case of the District, net position increased by \$3,099,283 during the fiscal year ending June 30, 2019.

**Greater Los Angeles County Vector Control District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year. These statements can be found on pages 15 through 18.

As of June 30, 2019, the District reported a fund balance of \$14,118,571. An amount of \$12,641,826 constitutes the District's *spendable fund balance*, which is further classified as restricted, committed or unassigned.

The District's General Fund has committed use of its fund balance as follows:

Designated for compensated absences	\$ 50,000
Designated for operations reserves	416,404
Designated for disease emergency	1,248,722
Designated for OPEB reserves	270,696
Designated for capital assets	789,736
Designated for vehicle replacements	<u>208,202</u>
	<u>\$ 2,983,760</u>

General Fund Budgetary Highlights

The final actual expenditures for the General Fund at year-end were \$1,823,055 less than budgeted. The variance is a result of the District not being full staff during the fiscal year resulting in the accumulation of salaries and benefits. The General Fund budget to actual comparison schedule can be found on page 51.

**Greater Los Angeles County Vector Control District
Management's Discussion and Analysis
For the Year Ended June 30, 2019**

Capital Asset Administration

Changes in capital assets for the year were as follows:

	Balance 2018	Additions	Deletions/ Transfers	Balance 2019
Nondepreciable assets	\$ 2,228,045	\$ -	\$ -	\$ 2,228,045
Depreciable assets	12,137,770	586,144	229,550	12,494,364
Accumulated depreciation	(6,298,342)	(508,731)	(229,550)	(6,577,523)
 Total Capital Assets, Net	 <u>\$ 8,067,473</u>	 <u>\$ 77,413</u>	 <u>\$ -</u>	 <u>\$ 8,144,886</u>

At the end of fiscal year 2019, the District's investment in capital assets amounted to \$8,144,886 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, vehicles, equipment, machinery and furniture and fixtures. Major capital asset additions during the year included vehicles, various equipment, furniture, and machinery items (totaling \$ 586,144). More detailed information about capital assets can be found in Note 4 to the financial statements.

Conditions Affecting Current Financial Position

The District has been able to create and project a substantial cash flow reserve to defray expenses between the beginning of a fiscal year and the time of distribution of the tax receipts in the fiscal year (dry period) to yield sufficient revenue. Currently, the District has cash flow reserves over 56% of revenue received in 2019, and 69% of the 2019 expenditures. The budgeted expenditures for fiscal year 2020 are \$16,591,954, and cash flow reserves will cover 45% of these expenditures which provides the District with a reasonable cushion of funds prior to the County of Los Angeles Auditor's Office initial distribution of property taxes and assessments in late December.

West Nile Virus is endemic to Southern California and continues to be a major public health concern in Los Angeles County. Dedicated funding and reserves for emergency disease control is critical to the District's mission of protecting public health. Unfortunately, the arrival of invasive *Aedes* species mosquitoes has created new control challenges and poses threats of emerging exotic viruses such as Zika, chikungunya, and dengue. In future years, existing and emerging vector-borne diseases may potentially require much greater expenditures to suppress disease spread and curb outbreaks throughout the District, thus creating the need to increase property assessments.

Greater Los Angeles County Vector Control District
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Conditions Affecting Current Financial Position (Continued)

The District implemented a TIER II benefit structure for all employees hired after February 1, 2009 in an effort to control and reduce ever increasing benefit costs. This effort materially reduced employee benefit costs for the 15 employees hired under TIER II. Then on January 1, 2013 a TIER III was established for new hires that were not previously in the California Public Employees' Retirement System prior to coming to the District. TIER III employees are subject to the pension rules established under the Public Employees' Pension Reform Act (PEPRA). PEPRA will result in substantial savings in future pension cost for the District. Currently, the District has 26 TIER III employees. Most recently on January 1, 2019, TIER IV was established creating a new health benefit structure and greatly reducing future OPEB liabilities for new hires after January 1, 2019. As additional employees are hired to replace existing staff, future savings will accrue mitigating rising costs.

Requests for Information

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Director of Fiscal Operations, Carolyn Weeks, at the Greater Los Angeles County Vector Control District, 12545 Florence Avenue, Santa Fe Springs, California, 90670 or (562) 944-9656

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GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF NET POSITION

June 30, 2019

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 12,582,238
Taxes and assessments receivable	544,038
Accrued interest receivable	29,853
Inventories	215,909
Deposits	1,260,836
Capital assets, not being depreciated	2,228,045
Capital assets, net of depreciation	5,916,841
TOTAL ASSETS	<u><u>22,777,760</u></u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred pension-related items	2,357,315
Deferred other post-employment benefits-related items	1,338,508
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>3,695,823</u></u>
LIABILITIES:	
Accounts payable	329,217
Accrued liabilities	185,086
Noncurrent liabilities:	
Due within one year:	
Compensated absences	146,743
Due in more than one year:	
Compensated absences	982,053
Net OPEB liability	7,217,928
Net pension liability	6,208,783
TOTAL LIABILITIES	<u><u>15,069,810</u></u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred pension-related items	256,775
Deferred other post-employment benefits-related items	44,794
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>301,569</u></u>
NET POSITION:	
Investment in capital assets	8,144,886
Restricted for mobile science and vector education	31,986
Unrestricted	2,925,332
TOTAL NET POSITION	<u><u>\$ 11,102,204</u></u>

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

Functions/programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Vector control	\$ 13,826,819	\$ 14,573,436	\$ 58,038	\$ -	\$ 804,655
Mobile science and vector education	207,246	-	1,850	-	(205,396)
Total governmental activities	<u>\$ 14,034,065</u>	<u>\$ 14,573,436</u>	<u>\$ 59,888</u>	<u>\$ -</u>	<u>599,259</u>
General revenues:					
Property taxes, levied for general purpose					1,929,729
Investment income					345,315
Gain on sale of capital assets					34,155
Other					<u>190,825</u>
Total general revenues					<u>2,500,024</u>
Change in net position					3,099,283
Net Position at Beginning of Year					<u>8,002,921</u>
Net Position at End of Year					<u>\$ 11,102,204</u>

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

		Special Revenue Fund	
	General Fund	Mobile Science and Vector Education Foundation	Total Governmental Funds
ASSETS			
Cash and investments	\$ 12,550,252	\$ 31,986	\$ 12,582,238
Taxes and assessments receivable	544,038	-	544,038
Accrued interest receivable	29,853	-	29,853
Inventories	215,909	-	215,909
Deposits	1,260,836	-	1,260,836
TOTAL ASSETS	<u>\$ 14,600,888</u>	<u>\$ 31,986</u>	<u>\$ 14,632,874</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 329,217	\$ -	\$ 329,217
Accrued liabilities	185,086	-	185,086
TOTAL LIABILITIES	<u>514,303</u>	<u>-</u>	<u>514,303</u>
FUND BALANCES:			
Nonspendable:			
Inventories	215,909	-	215,909
Deposits	1,260,836	-	1,260,836
Restricted:			
Mobile science and vector education	-	31,986	31,986
Committed:			
Disease emergency	1,248,722	-	1,248,722
Capital asset replacement	789,736	-	789,736
Operations	416,404	-	416,404
Other post-employment benefits	270,696	-	270,696
Vehicle replacement	208,202	-	208,202
Compensated Absences	50,000	-	50,000
Unassigned	9,626,080	-	9,626,080
TOTAL FUND BALANCES	<u>14,086,585</u>	<u>31,986</u>	<u>14,118,571</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,600,888</u>	<u>\$ 31,986</u>	<u>\$ 14,632,874</u>

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2019

Total fund balances - governmental funds		\$ 14,118,571
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		8,144,886
Compensated absences are not due and payable in the current period, and, therefore, compensated absences		(1,128,796)
Governmental funds report all pension contributions as expenditures; however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		(6,208,783)
Pension-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date	896,295	
Changes in assumptions	707,820	
Difference between expected and actual experiences	238,220	
Net difference between projected and actual earnings on plan investments	30,695	
Difference in proportionate share	<u>484,285</u>	2,357,315
Pension-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Changes in assumptions	(173,473)	
Difference between expected and actual experiences	(81,065)	
Difference in proportionate share	<u>(2,237)</u>	(256,775)
Governmental funds report all other post-employment benefits contributions as expenditures; however, in the statement of net position, the excess of the total other post-employment benefits liability over the plan fiduciary net position is reported as a net other post-employment benefits liability.		(7,217,928)
Other post-employment benefits-related deferred outflows (inflows) of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date	1,016,484	
Changes of assumptions	322,024	
Net difference between projected and actual earnings on plan investments	<u>(44,794)</u>	1,293,714
Net position of governmental activities		<u>\$ 11,102,204</u>

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2019

	General Fund	Special Revenue Fund Mobile Science and Vector Education Foundation	Total Governmental Funds
REVENUES:			
Taxes	\$ 1,929,729	\$ -	\$ 1,929,729
Assessments	14,573,436	-	14,573,436
Intergovernmental	58,038	-	58,038
Use of money and property	345,315	-	345,315
Contributions	-	1,850	1,850
Miscellaneous	190,825	-	190,825
TOTAL REVENUES	17,097,343	1,850	17,099,193
EXPENDITURES:			
Current:			
Vector control	13,138,155	-	13,138,155
Mobile science and vector education	-	205,082	205,082
Capital outlay	586,144	-	586,144
TOTAL EXPENDITURES	13,724,299	205,082	13,929,381
EXCESS (DEFINIENCY) OF REVENUES OVER EXPENDITURES	3,373,044	(203,232)	3,169,812
OTHER FINANCING SOURCES (USES):			
Transfers in	-	192,972	192,972
Transfers out	(192,972)	-	(192,972)
Proceeds from sale of capital assets	34,155	-	34,155
TOTAL OTHER FINANCING SOURCES (USES)	(158,817)	192,972	34,155
NET CHANGE IN FUND BALANCES	3,214,227	(10,260)	3,203,967
FUND BALANCES AT BEGINNING OF YEAR	10,872,358	42,246	10,914,604
FUND BALANCES AT END OF YEAR	<u>\$ 14,086,585</u>	<u>\$ 31,986</u>	<u>\$ 14,118,571</u>

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES

June 30, 2019

Net change in fund balances - total governmental funds \$ 3,203,967

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

Governmental funds report capital outlays are expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay	586,144	
Depreciation	<u>(508,731)</u>	77,413

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (970)

Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (292,384)

Other post-employment benefits obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 111,257

Change in net position of governmental activities \$ 3,099,283

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Operations of the Reporting Entity

The Greater Los Angeles County Vector Control District (the “District”) is located in Santa Fe Springs, California. The District was formed pursuant to Section 2200 et. Seq., of the Health and Safety Code and incorporated in the State of California in 1952 as the Southeast Mosquito Abatement District. The District covers a wide area of southeast Los Angeles County, the San Fernando and Santa Clarita Valleys and includes the cities of Artesia, Bell, Bellflower, Bell Gardens, Burbank, Carson, Cerritos, Commerce, Cudahy, Diamond Bar, Downey, Gardena, Glendale, Hawaiian Gardens, Huntington Park, La Canada Flintridge, Lakewood, La Habra Heights, La Mirada, Long Beach, Lynwood, Maywood, Montebello, Norwalk, Paramount, Pico Rivera, San Fernando, San Marino, Santa Clarita, Santa Fe Springs, Signal Hill, South El Monte, South Gate, Whittier, portions of Los Angeles City and areas of unincorporated territory in Los Angeles County.

The purpose of the District is to provide operational vector control to protect the residents of the District from mosquito-borne disease and from other vectors. The District is governed by a Board of Trustees, which consists of 36 members, one member from each city and a representative of Los Angeles County.

The accompanying financial statements include the financial activities of the District, as the primary government, and its blended component unit, the Mobile Science and Vector Education Foundation (the “Foundation”), for which the District is considered to be financially accountable. A blended component unit is, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, the activities of the Foundation have been appropriately presented as a fund of the District.

Blended Component Unit

The *Mobile Science and Vector Education Foundation* provides educational services to schools and similar facilities within the service area of the Greater Los Angeles County Vector Control District. The Foundation receives its operational revenue from the District and tax-deductible contributions from individuals and businesses, along with grants and other funds from similar charitable organizations. The Foundation commenced operations in September 2002, and has been providing educational services in classrooms since creation. The Foundation is governed by a seven-member Board of Directors who are appointed by the District. Separately issued financial statements for the Foundation are not available.

b. Basis of Accounting and Measurement Focus

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

Financial reporting is based upon all Governmental Accounting Standard Board (“GASB”) pronouncements.

Government-Wide Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, liabilities, deferred outflows of resources, and deferred inflows of resources including capital assets and long-term debt, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charges for services, 2) operating grants and contributions, and, 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. The effect of interfund activity has been removed from these statements.

Fund Financial Statements

The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all governmental funds. The emphasis of the governmental fund financial statements is on the presentation of major governmental funds, each displayed in a separate column, with all remaining governmental funds aggregated and reported as nonmajor funds. Incorporated into these statements are schedules to reconcile and explain the differences in fund balance and relating changes in fund balance as presented in these statements, to the net position and relating changes in net position presented in the government-wide financial statements.

The District reports the following major governmental funds:

The *General Fund* is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund when necessary.

The *Mobile Science and Vector Education Foundation Special Revenue Fund* accounts for the activities relating to the mobile education unit program.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of Accounting and Measurement Focus (Continued)

Governmental funds are accounted for using a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded only when received in cash, except for those revenues subject to accrual, which are recognized when due. For this purpose, the District considered amounts due as of the end of the fiscal year to be revenue if it is collected within 60 days of the end of the fiscal year, except for assessments, which are recognized if received within 120 days of the end of the fiscal year. The primary sources susceptible to accrual for the district are property taxes and assessments, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

c. New Accounting Pronouncements

Current Year Standards

Governmental Accounting Standards Board (GASB) 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018. This statement did not impact the District.

GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018. This statement did not impact the District.

Pending Accounting Standards

GASB has issued the following statements, which may impact the District's financial reporting requirements in the future:

- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

- GASB 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.
- GASB 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Investments

Substantially all of the District's cash is invested in interest bearing cash accounts. The District considers all cash on hand, cash held with financial institutions, and highly liquid investments with initial maturities of three months or less to be cash equivalents.

2. Investments and Investment Policy

The District has adopted an investment policy directing the Director of Fiscal Operations to deposit funds in financial institutions. Investments are to be made in the following areas:

- Los Angeles County Pooled Investment Fund (LACPIF)
- State of California Local Agency Investment Fund (LAIF)
- CalTRUST Investment Pool

Investments are reported in the accompanying financial statements at fair value, which is 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. Changes in fair value that occur during a fiscal year are recognized as investment income for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

3. Materials and Supplies Inventory

Materials and supplies inventory consists primarily, of pesticides and chemicals used to eradicate certain vectors. Inventory is valued at cost using an actual cost method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)

4. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, building, building improvements, equipment and furniture and fixtures. District policy has set the capitalization threshold for reporting capital assets at \$500. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the time of acquisition by the District. Capital outlay is recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings, structures, and improvements	50 years
Vehicles	5 - 10 years
Exhibits	10 years
Computers, Equipment	3 - 5 years
Machinery	10 years
Furniture and fixtures	10 years

5. Net Pension Liability

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

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

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)

6. Net Other Post-Employment Benefits Liability (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 plan (OPEB Plan), the assets of which are held by CalPERS, and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The Plan’s Expected Average Remaining Service Life (“EARSL”) is 7.13 years for deferred resources arising in this fiscal year. Liability changes due to plan experience which differs from what was assumed in the prior year and/or from assumption changes during the year are recognized over the EARSL period. GASB 75 requires that changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years. Liability changes attributable to benefit changes occurring during the period are recognized immediately.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)

7. Compensated Absences

The District's policy is to permit full time employees to accumulate earned vacation and sick leave. Employees with more than one year but less than 5 years may accumulate 10 days of vacation; 15 days for the sixth through tenth year of employment; 20 days for the eleventh through twenty-fifth year of employment and 25 days thereafter. Vacations may accumulate beyond the end of the calendar year. A maximum of forty hours (5 days) of previously accumulated vacation may be paid in the following calendar year.

Sick leave is granted at a rate of 96 hours per year for each full-time employee for each calendar year. In the event the time is not fully utilized, 50% of the accumulated time, a maximum of 48 hours, is paid on January of the subsequent calendar year. Remaining sick leave is accumulated and credited towards retirement.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category: the deferred outflows relating to the net pension liability and to the net OPEB liability reported in the statement of net position. See Note 7 and Note 9 for further details relating to these deferred outflows of resources. Pension and OPEB contributions subsequent to the measurement date are treated as a reduction of net pension liability in the subsequent period. All other amounts are deferred and amortized over the expected average remaining service life time, except for the net difference between projected and actual earnings on plan investments which is amortized over five years.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category: deferred inflows relating to the net pension liability and to the net OPEB liability reported in the statement of net position. See Note 7 and Note 9 for further details relating to these deferred inflows of resources. These amounts are deferred and amortized over the expected average remaining service life time, except for the net difference between projected and actual earnings on plan investments which is amortized over five years.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)

9. Net Position and Net Position Flow Assumption

The financial statements utilize a net position presentation. Net position is categorized as follows:

- *Net Investment in Capital Assets* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets. Since, no outstanding is related to the capital assets this will be noted as Investment in Capital assets.
- *Restricted* - This component consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This consists of net position that does not meet the definition of restricted or net investment in capital assets.

In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

10. Fund Balance and Fund Balance Flow Assumptions

In the fund financial statements, governmental funds report the following fund balance classifications:

- *Nonspendable* includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.
- *Committed* includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, Board of Trustees. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through resolution.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. Fund Balance and Fund Balance Flow Assumptions (Continued)

- *Assigned* includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees is authorized to assign amounts to a specific purpose, which was established by the governing body in state policy, resolution, ordinance, etc.
- *Unassigned* includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

e. Property Taxes and Assessments

The County of Los Angeles Assessor’s Office assesses all real and personal property within the County each year. The County of Los Angeles Tax Collector’s Office bills and collects the District’s share of property taxes and assessments. The County of Los Angeles Treasurer’s Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes and special assessments receivable at year-end are related to property taxes collected by the County of Los Angeles which have not been credited to the District’s cash balance as of June 30th. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in the District net position during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

At June 30, 2019, excesses of expenditures over appropriations are as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
Vector control			
Public education	\$ 95,053	\$ 45,800	\$ 49,253
Public education	169,493	164,450	5,043

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

3. CASH AND INVESTMENTS

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

Cash on hand	\$	500
Deposits held with financial institutions		478,509
Investments		<u>12,103,229</u>
Total	\$	<u>12,582,238</u>

Authorized Deposits and Investments

Under provisions of the District’s investment policy, and in accordance with Section 53601 of the California Government Code, the District may invest in certain types of investments as listed in Note 1(c)(2) to the financial statements. Investments in the listed investment pools are carried at fair value, based on the value of each participating dollar as provided by the pool. The fair value of the District’s position in these pools is the same as the value of its pooled share.

At June 30, 2019, the carrying amount of the District’s deposits was \$478,509 and the bank balances were \$697,218. The \$218,709 difference represents outstanding checks and other reconciling items.

Custodial Credit Risk

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 California Government Code and the District’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Up to \$250,000 of the bank balance is federally insured and the remaining balance is collateralized in accordance with the Code however, the collateralized securities are not held in the District’s name. The District may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”).

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

3. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

The custodial credit risk for 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. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LACPIF, CalTRUST, and LAIF).

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

As of June 30, 2019, the District had the following investments and original maturities:

	6 Months or Less
Investments:	
Los Angeles County Pooled Investment Fund (LACPIF)	\$ 179,628
CalTRUST Investment Pool	4,074,488
California Local Agency Investment Fund (LAIF)	<u>7,849,113</u>
 Total Investments	 <u><u>\$ 12,103,229</u></u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF and CalTRUST are not rated. LACPIF rates can be obtained from the investment pool's website.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

3. *CASH AND INVESTMENTS (CONTINUED)*

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. There were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments.

Investment in County Investment Pool (LACPIF)

The Los Angeles County Pooled Investment Fund (LACPIF) is a pooled investment fund program governed by the Los Angeles County Board of Supervisors and administered by the Los Angeles County Treasurer and Tax Collector. Investments in the LACPIF are highly liquid, as deposits and withdrawals can be made at any time without penalty. LACPIF does not impose any maximum investment limit. The fair value of the District's voluntary investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LACPIF for the entire LACPIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LACPIF.

Investment in State Investment Pool (LAIF)

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not rated.

Investment in CalTRUST Investment Pool

CalTRUST is a joint powers agency authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CalTRUST is not subject to any regulatory oversight but is governed by a Board of Trustees (the Board) made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. Investments in CalTRUST are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. CalTRUST imposes a \$250,000 minimum investment; however, there is no maximum limit. The fair value of the District's voluntary investment in this pool is reported in the accompanying financial statements at amounts based upon the District's percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
June 30, 2019

3. CASH AND INVESTMENTS (CONTINUED)

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 the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices in active markets for similar assets; and, Level 3 inputs are significant unobservable inputs.

The District's investments in LAIF, LACPIF and CalTRUST are not subject to the fair value hierarchy.

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, not depreciated:				
Land	\$ 2,228,045	\$ -	\$ -	\$ 2,228,045
Total capital assets, not depreciated	2,228,045	-	-	2,228,045
Capital assets, being depreciated:				
Building and improvements	7,716,779	50,044	-	7,766,823
Vehicles	2,955,619	440,397	229,550	3,166,466
Exhibits	31,942	-	-	31,942
Equipment	894,459	67,073	-	961,532
Machinery	255,572	9,021	-	264,593
Furniture and fixtures	283,399	19,609	-	303,008
Total capital assets, being depreciated	12,137,770	586,144	229,550	12,494,364
Less accumulated depreciation for:				
Building and improvements	2,785,993	184,712	-	2,970,705
Vehicles	2,135,385	282,380	229,550	2,188,215
Exhibits	12,508	-	-	12,508
Equipment	858,558	31,590	-	890,148
Machinery	234,168	5,654	-	239,822
Furniture and fixtures	271,730	4,395	-	276,125
Total accumulated depreciation	6,298,342	508,731	229,550	6,577,523
Total capital assets, being depreciated, net	5,839,428	77,413	-	5,916,841
Governmental activity capital assets, net	\$ 8,067,473	\$ 77,413	\$ -	\$ 8,144,886

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

4. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the functions/programs of the governmental activities of the District as follows:

Governmental activities:		
Vector control	\$	506,567
Mobile science and vector education		<u>2,164</u>
Total depreciation expense - governmental activities	\$	<u><u>508,731</u></u>

5. INTERFUND TRANSACTIONS

During the normal course of business, the District moves resources from a fund receiving revenue to the fund through with the resources are expended. Such transactions are recorded as transfers. Transfers for the year ended June 30, 2019 are as follows:

	Transfers Out	
	General Fund	Total
<u>Transfers In</u>		
Mobile Science and Vector Education Foundation	\$ 192,972	\$ 192,972
Total	<u>\$ 192,972</u>	<u>\$ 192,972</u>

The general fund made a transfer in the amount of \$192,972 to the Mobile Science and Vector Education Foundation special revenue fund to cover payroll costs, scientific and laboratory costs, public education costs, materials and services costs, and insurance costs for the year.

6. COMPENSATED ABSENCES

Compensated absences activity for the year ended June 30, 2019, was as follows:

Balance at beginning of year	\$	1,127,826
Additions		145,905
Payments to employees		<u>(144,935)</u>
Balance at end of year	\$	<u><u>1,128,796</u></u>
Due within one year	\$	146,743
Due in more than one year		<u>982,053</u>
	\$	<u><u>1,128,796</u></u>

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

6. COMPENSATED ABSENCES (CONTINUED)

The District's liability for vested and unpaid compensated absences (accrued vacation and compensatory time) in the governmental activities has been accrued and amounts to \$1,128,796 at June 30, 2019. There is no fixed payment schedule for compensated absences. Compensated absences are paid, if matured, out of the General Fund.

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The District provides post-retirement health care, vision care, and dental care benefits through participation in the California Employer's Retiree Benefit Trust Program (CERBT) Prefunding Plan (the Plan). CERBT is administered by CalPERS and is an agent multiple-employer defined benefit retiree healthcare plan. The District has three benefit plans (Tier I, Tier II, and Tier III) for employees depending on when they were hired.

Tier I employees are current employees hired before February 1, 2009, and all current retirees of the District. For these employees and retirees, the District contributes 100% of the selected CalPERS health plan costs for health care benefits and 100% of the premium for vision and dental care.

All employees hired on or after February 1, 2009, but before January 1, 2013, are considered Tier II employees. Tier II employees receive 100% premium coverage for selected CalPERS health care, but no District paid benefits for dental or vision coverage, which can be individually purchased by the employee, if desired.

All employees hired on or after January 1, 2013, are considered Tier III employees. Tier III employees receive 100% premium coverage for selected CalPERS health care, but no District paid benefits for dental or vision coverage, which can be individually purchased by the employee, if desired.

The following requirements must be satisfied in order to be eligible for lifetime post-employment medical benefits:

- *Tier I:* (1) Be a minimum age of 50, and have worked a minimum of 5 consecutive years of full-time service with the District, and (2) qualify for retirement from CalPERS to obtain 100% fully paid health care. To obtain fully paid dental and vision benefits, the Tier I employee must (1) be a minimum age of 50, and have worked a minimum of 10 consecutive years of full-time service with the District, and (2) qualify for retirement from CalPERS.
- *Tier II and Tier III:* Upon qualifying for CalPERS retirement, employees must have worked a minimum of 10 years with the District to receive 50% paid health care benefit upon retirement. For every year of employment beyond 10 years, the District contribution for retirement health care increases 5% per year of service reaching 100% contribution after 20 years of employment. Tier II and Tier III employees do not receive dental or vision benefits.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATION (CONTINUED)

Employees Covered

As of the June 30, 2018, the measurement date,, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	75
Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees or beneficiaries entitled to but not yet receiving benefits	<u>9</u>
	<u><u>112</u></u>

Contributions

The District is required to contribute the actuarially determined contribution, and funds the plan on a prefunding basis. For the measurement period ended June 30, 2018, the District's contributions were \$959,327 (\$600,000 cash contributions to trust, \$302,514 in the form of direct benefit payments not reimbursed by trust, and an implicit subsidy of \$56,813), which were recognized as a reduction to the OPEB liability.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATION (CONTINUED)

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of pay; closed 30 years
Amortization Period	20 years remain
Asset Valuation Method	Market value
Actuarial Assumptions:	
Discount Rate	7.05%
Long-Term Expected Rate of Return on Investments	7.05%, net of OPEB plan investment expense
Salary increases	3.25%
Inflation	2.75%
Healthcare cost trend rates	7.5% for 2019 to 5% in 2024 in steps of 0.5%
Retirement age	50 to 75
Mortality	MacLeod Watts Scale 2017 applied generationally

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
June 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATION (CONTINUED)

Net OPEB Liability (Continued)

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	Target Allocation	Expected Real Rate of Return Years 1-10 (a)	Expected Real Rate of Return Years 11+ (a)
TIPS	5.00%	0.25%	1.46%
Fixed Income	25.00%	1.10%	2.62%
Global Equities	59.00%	4.80%	5.98%
Global REITs	8.00%	3.20%	5.00%
Commodities	3.00%	1.50%	2.87%
Total	100.00%		

(a) Comes from a geometric representation of returns that assume a general inflation of 2%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.05 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
June 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATION (CONTINUED)

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2017 (Measurement Date)	\$ 10,555,422	\$ 3,614,911	\$ 6,940,511
Changes in the Year:			
Service cost	363,525	-	363,525
Interest on the total OPEB liability	781,820	-	781,820
Changes in assumptions	374,557	-	374,557
Changes in benefit terms	-	-	-
Contributions - employer	-	959,327	(959,327)
Net investment income	-	289,861	(289,861)
Benefit payments	(359,327)	(359,327)	-
Administrative expenses	-	(1,919)	1,919
Miscellaneous income	-	(4,784)	4,784
Net Changes	1,160,575	883,158	277,417
Balance at June 30, 2018 (Measurement Date)	\$ 11,715,997	\$ 4,498,069	\$ 7,217,928

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (6.05%)	Discount Rate (7.05%)	1% Increase (8.05%)
Net OPEB Liability (Asset)	\$ 9,082,999	\$ 7,217,928	\$ 5,715,184

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATION (CONTINUED)

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (4% after 2024)	Trend Rate (5% after 2024)	1% Increase (6% after 2024)
Net OPEB Liability (Asset)	\$ 5,469,284	\$ 7,217,928	\$ 9,595,841

OPEB Plan Fiduciary Net Position

Copies of CalPERS annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$905,227. As of fiscal year ended June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,016,484	\$ -
Differences between projected and actual earnings	-	44,794
Changes in assumptions	322,024	-
 Total	 \$ 1,338,508	 \$ 44,794

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) OBLIGATION (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The \$1,016,484 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30,	Amount
2020	\$ 37,941
2021	37,941
2022	37,942
2023	51,514
2024	52,533
Thereafter	59,359

8. DEFERRED COMPENSATION SAVINGS PROGRAMS AND DEFINED CONTRIBUTION PLAN

Deferred Compensation Savings Programs

For the benefit of its employees, the District participates in three 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by Nationwide Retirement Solutions and ICMA Retirement Corporation, at June 30, 2019, were \$1,261,742 for 40 participants and \$515,004 for 11 participants, respectively. Market value of the plan assets held in trust by Tax Deferred Solutions at June 30, 2019, was approximately \$686,284 for 15 participants.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

8. DEFERRED COMPENSATION SAVINGS PROGRAMS AND DEFINED CONTRIBUTION PLAN (CONTINUED)

Defined Contribution Plan

In addition to the above deferred compensation plan, the District for the benefit of its' employees offers a Defined Contribution Plan (Plan). The Plan provides for a fixed annual contribution by the District of 6.75% of eligible salaries for each fiscal year and optional contributions by covered employees. For the year ended June 30, 2019, the District contributed \$206,557 to this Plan.

The Plan covers only regular and limited-term full-time employees hired before February 1, 2009, after one year of service. Full vesting of the employer's contribution occurs after five years. As a defined contribution plan, it carries no obligation on the part of the District to meet investment objectives and the individual plan members may choose, within certain limitations, the investment securities in his or her plan account. Market value of the plan assets held in trust by ICMA Retirement Corporation at June 30, 2019, was \$ 6,789,356.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

9. DEFINED BENEFIT PENSION PLAN

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous and PEPRA Miscellaneous, 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 Local Government 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.

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 Plans’ provisions and benefits in effect at June 30, 2018, the measurement date, are summarized as follows:

	PEPRA	
	Miscellaneous	Miscellaneous
	Prior to	On or After
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52- 67
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.500%
Required employee contribution rates	7%	6.25%
Required employer contribution rates:		
Normal cost rate	8.921%	6.533%
Payment of unfunded liability	\$ 305,416	\$ 119

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the District's contributions recognized as a reduction to the net pension liability for both the Miscellaneous and PEPRA Miscellaneous plans was \$1,047,772.

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

For the year ended June 30, 2019, the District reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan in the amount of \$6,208,783.

The District's net pension liability for each plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the plans is measured as of June 30, 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:

Proportions as a percentage of the CalPERS total plan (Miscellaneous)

	<u>Miscellaneous</u>
Proportion - June 30, 2017	0.16189%
Proportion - June 30, 2018	0.16475%
Change - Increase (Decrease)	<u>0.00286%</u>

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
June 30, 2019

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Proportions as a percentage of the CalPERS total plan (Miscellaneous) (Continued)

For the year ended June 30, 2019 the District recognized pension expense of \$1,400,290. 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 of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 896,295	\$ -
Differences between actual and expected experience	238,220	81,065
Change in assumptions	707,820	173,473
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	484,285	2,237
Net differences between projected and actual earnings on plan investments	30,695	-
Total	<u>\$ 2,357,315</u>	<u>\$ 256,775</u>

The \$896,295 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 or resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 831,070
2021	548,262
2022	(119,241)
2023	(55,846)
2024	-
Thereafter	-

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2018, (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018, total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Date	<u>Miscellaneous</u> June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service.

(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 (based on CalPERSdemographic data from 1997 to 2015) that can be found on the CalPERS website.

(3) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-term Expected Rate of Return

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

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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt 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

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT
Notes to Basic Financial Statements
June 30, 2019

9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members 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, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 of the Miscellaneous Plan as of the measurement date, calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous			
Plan's Net Pension Liability	\$9,930,862	\$6,208,783	\$3,136,267

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2019, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets errors and omissions injuries to employees and natural disasters. The District, as a member of the Vector Control Joint Powers Authority (VCJPA) participates in self-insured pools to manage the potential liabilities that may occur from the previously named sources. The VCJPA is a consortium of 35 mosquito abatement and/or vector control districts in the State of California. VCJPA's purpose is to arrange and administer programs of self-insured losses and to purchase excess or group insurance coverage. The day-to-day business is handled by a risk management group contracted by the VCJPA. The District participates in the liability and property programs of the VCJPA as follows:

- General and auto liability, public officials and employees' errors and omissions.
- Workers' compensation
- Property damage
- Auto physical damage
- Business travel (Optional Insurance policy)
- Group fidelity (Optional Insurance policy)

The District is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the VCJPA. The District has the right to receive dividends, if declared by the Board of Directors for a program year in which the District participated, and the obligation to pay assessments based on a formula which, among other expenses, charges the District's account for liability losses under \$75,000 and workers' compensation losses under \$50,000. The VCJPA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$29,000,000 and in an excess pool which provides worker's compensation coverage over \$500,000 to \$5,000,000 and purchases excess insurance above \$5,000,000 up to the statutory limit. Financial statement information for the VCJPA can be obtained at 1750 Creekside Oaks, Dr., Suite 200, Sacramento, CA 95833 or (916) 244-1100.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the year ending June 30, 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payables as of June 30, 2019.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2019

11. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 31, 2019, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE				
AT BEGINNING OF YEAR	\$ 10,872,358	\$ 10,872,358	\$ 10,872,358	\$ -
RESOURCES (INFLOWS):				
Taxes	1,725,200	1,725,200	1,929,729	204,529
Assessments	14,514,354	14,514,354	14,573,436	59,082
Intergovernmental	-	-	58,038	58,038
Use of money and property	150,100	150,100	345,315	195,215
Miscellaneous	57,700	57,700	190,825	133,125
Sale of capital assets	-	-	34,155	34,155
TOTAL RESOURCES (INFLOWS)	16,447,354	16,447,354	17,131,498	684,144
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Vector control				
Salaries and benefits	11,524,811	11,438,411	10,360,398	1,078,013
Scientific, field and laboratory	1,205,556	1,224,756	882,344	342,412
Public education	45,800	45,800	95,053	(49,253)
Facilities and maintenance	164,450	164,450	169,493	(5,043)
Materials and services	1,268,819	1,295,519	1,129,098	166,421
Insurance	617,073	617,073	501,769	115,304
Capital outlay	720,845	761,345	586,144	175,201
Transfers out	-	-	192,972	(192,972)
TOTAL CHARGES TO APPROPRIATIONS (OUTFLOWS)	15,547,354	15,547,354	13,917,271	1,630,083
EXCESS OF RESOURCES OVER (UNDER) CHARGES TO APPROPRIATIONS	900,000	900,000	3,214,227	2,314,227
FUND BALANCE				
AT END OF YEAR	\$ 11,772,358	\$ 11,772,358	\$ 14,086,585	\$ 2,314,227

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON SCHEDULE

MOBILE SCIENCE AND VECTOR EDUCATION FOUNDATION SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE				
AT BEGINNING OF YEAR	\$ 42,246	\$ 42,246	\$ 42,246	\$ -
RESOURCES (INFLOWS):				
Contributions	-	-	1,850	1,850
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	192,972	192,972
TOTAL RESOURCES (INFLOWS)	-	-	194,822	194,822
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Mobile science and vector education	289,768	292,768	205,082	87,686
Capital outlay	-	-	-	-
TOTAL CHARGES TO APPROPRIATIONS (OUTFLOWS)	289,768	292,768	205,082	87,686
FUND BALANCE				
AT END OF YEAR	\$ (247,522)	\$ (250,522)	\$ 31,986	\$ 282,508

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

Notes to Required Supplementary Information

June 30, 2019

1. BUDGETS AND BUDGETARY DATA

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District's General Manager and Director of Fiscal Operations prepare and submit an operating budget to the Board of Trustees for the District, no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Trustees must approve all supplemental appropriations to the budget and transfers between major accounts. The District's annual budget is presented as a balanced budget (inflows and reserves equal outflows and reserves) adopted for the General Fund and the Mobile Science and Vector Education Foundation fund, at the detailed expenditure-type level.

The District presents a comparison of the annual budget to actual results for the General Fund and Mobile Science and Vector Education Foundation fund, at the functional expenditure-type, major object level, for financial reporting purposes. The final budgeted expenditure amounts represent the revised, adopted budget. No Board approved supplemental appropriations were made. The budgeted revenue amounts represent the adopted budget as originally approved.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.06443%	0.16189%	0.15728%	0.15395%	0.16774%
Plan's proportionate share of the net pension liability	\$ 6,208,783	\$ 6,381,787	\$ 5,463,768	\$ 4,223,440	\$ 4,145,721
Plan's covered payroll	\$ 5,603,677	\$ 5,405,439	\$ 5,102,579	\$ 4,915,469	\$ 4,734,266
Plan's proportionate share of the net pension liability as a percentage of its covered payroll	110.80%	118.06%	107.08%	85.92%	87.57%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	75.39%	74.06%	78.39%	73.52%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

SCHEDULE OF CONTRIBUTIONS - PENSION

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 896,295	\$ 1,047,772	\$ 981,455	\$ 632,834	\$ 624,491
Contributions in relation to the actuarially determined contributions	<u>(896,295)</u>	<u>(1,047,772)</u>	<u>(981,455)</u>	<u>(632,834)</u>	<u>(624,491)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,172,933	\$ 5,603,677	\$ 5,405,439	\$ 5,102,549	\$ 4,915,469
Contributions as a percentage of covered payroll	14.52%	18.70%	18.16%	12.40%	12.70%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) Minimum 50 years
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* - Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement date	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB Liability:		
Service cost	\$ 363,525	\$ 352,082
Interest on total OPEB liability	781,820	726,872
Changes of assumptions	374,557	
Benefit payments	<u>(359,327)</u>	<u>(311,901)</u>
Net Change in Total OPEB Liability	1,160,575	767,053
Total OPEB Liability - Beginning of Year	<u>10,555,422</u>	<u>9,788,369</u>
Total OPEB Liability - End of Year (a)	<u>11,715,997</u>	<u>10,555,422</u>
 Plan Fiduciary Net Position:		
Contributions - employer	959,327	911,901
Net investment income	289,861	288,253
Administrative expenses	(1,919)	(1,463)
Other miscellaneous income	(4,784)	-
Benefit payments	<u>(359,327)</u>	<u>(311,901)</u>
Net Change in Plan Fiduciary Net Position	883,158	886,790
Plan Fiduciary Net Position - Beginning of Year	<u>3,614,911</u>	<u>2,728,121</u>
Plan Fiduciary Net Position - End of Year (b)	<u>4,498,069</u>	<u>3,614,911</u>
 Net OPEB Liability - Ending (a)-(b)	<u>\$ 7,217,928</u>	<u>\$ 6,940,511</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	38.39%	34.25%
 Covered employee payroll	\$ 5,603,677	\$ 5,405,439
 Net OPEB liability as percentage of covered employee payroll	128.81%	128.40%

Notes to Schedule:

Changes in Assumptions:

Measurement date 2018 - Discount rate reduced from 7.28% to 7.05%.

* Fiscal year 2018 was the first year of implementation; therefore, only two years are shown.

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

SCHEDULE OF CONTRIBUTIONS - OPEB

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution (actuarially determined)	\$ 928,947	\$ 926,042
Contributions in relation to the actuarially determined contributions	<u>(1,016,484)</u>	<u>(959,327)</u>
Contribution deficiency (excess)	<u>\$ (87,537)</u>	<u>\$ (33,285)</u>
Covered payroll	\$ 6,296,737	\$ 5,603,677
Contributions as a percentage of covered payroll	16.14%	17.12%

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay; closed 30 years
Amortization period	2019 - 20 years remain; 2018-21 years remain
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	7.5% in 2019 to 5% in 2024 in steps of 0.5%
Salary increases	3.25%
Investment rate of return	7.05% as of June 30, 2018 and 7.28% as of June 30, 2017
Retirement age	50 to 75
Mortality	CalPERS 2014 Experience Study
Mortality improvement	MW Scale 2017 generationally

* - Fiscal year 2018 was the 1st year of implementation, therefore only two years are shown.