Tulare Mosquito Abatement District

Audited Financial Statements and
Supplementary Information
June 30, 2022

Tulare Mosquito Abatement District
Tulare, California
June 30, 2022

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an Accountancy Corporation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tulare Mosquito Abatement District
Tulare, California

We have audited the accompanying statements of net position of Tulare Mosquito Abatement District (the District) as of June 30, 2022, and the related statement of revenues, expenses, and changes in net position and cash flows, and related notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tulare Mosquito Abatement District, as of June 30, 2022, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 and Schedules IV through VI as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information contained in Schedules I through III as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These Schedules I through III have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Adair & Evans

Tulare, California
January 13, 2022

The Tulare Mosquito Abatement District was established in 1943 to provide mosquito control in the District. The District covers an area of 562 square miles in Tulare County. The District office and operations site is located at 6575 Dale Fry Dr., Tulare, CA. This discussion of the Tulare Mosquito Abatement District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

As a public operation, the District receives an allocation of property tax revenue from Tulare County. The District received $1,958,872 in the current fiscal year in property tax allocations.

Discussion of the basic financial statements:

Government Wide Statements
The government wide statements present the financial picture of the District as measured by its total economic resources using the accrual basis of accounting. This is similar to that used by private sector companies. These statements provide both short term and long-term information about the District's financial status as a whole. The statement of net position and statement of activities include all the assets of the District (including its infrastructure), deferred outflows of resources, all liabilities (including any long-term debt), and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activity regardless of when cash is received or paid.

The government wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, are one way to measure the District's financial health or position. Over time, increase or decrease in the District's net position are indicators of whether its financial position is improving or deteriorating. To further assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the Districts population, the ability to adjust service charges and the impact of changes in laws and regulations that may apply to the District.

The government wide financial statements in these financial statements include only governmental type activities.

Fund Financial Statements
The fund financial statements present the financial picture of the District in more detail than the government wide statements by describing the individual parts or funds. Funds are used to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and the District itself may establish other funds to control and manage assets for particular purposes at its discretion.

The District has only one fund type known as a governmental fund. Governmental fund types are presented on the modified accrual basis of accounting and a current resources focus. Assets expected to be used up, deferred outflows of resources and deferred inflows of resources in existence, and liabilities that come due during the year or soon thereafter are reflected. Capital assets acquisitions are treated as expenditures. Revenues for which cash is received during the year or soon thereafter are included. Expenditures for goods and services that have been received and for which payment is due during the year or soon thereafter are included.

The statements are presented using a *combination approach*, reflecting both the fund financial statements and the government-wide statements. The adjustments reconciling the different methods are disclosed in the notes to the financial statements.

The following condensed financial information is provided:

Condensed Statement of Net Position

ASSETS	$ 8,218,350
DEFERRED OUTFLOWS OF RESOURCES	333,348
Total assets and deferred outflows of resources	$ 8,551,698
LIABILITIES	1,310,169
DEFERRED INFLOWS OF RESOURCES	507,524
NET POSITION	
Investment in capital assets, net of related debt	340,814
Unrestricted	6,393,191
Total net position	6,734,005
Total liabilities, deferred inflows of resources, and net position	$ 8,551,698

Management comments of the condensed financial information:

It is the opinion of District management that the District continues to be in excellent financial condition. The District has sufficient assets to cover liabilities and has adequate cash flow to meet current obligations.

- The District's total net position increased $851,407 over the course of the year's operation.

Condensed budget comparison:

The District adopts an annual Operating Budget following review of the previous year's operational needs and anticipated needs of the District. The operating budget includes proposed expenses and the anticipated tax revenues to finance them. The District's operating budget remains in effect for the entire year and is normally not revised unless dramatic changes in income or expense were to occur.

	Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES	$ 1,891,904	$ 1,987,305	$ 95,401
EXPENSES	1,805,200	1,589,574	215,626
OPERATING (LOSS) INCOME	86,704	397,731	311,027
NON-OPERATING REVENUE AND EXPENSE	70,000	69,772	228
(DEFICIENCY) EXCESS REVENUE OVER EXPENDITURES	$ 156,704	$ 467,503	$ 310,799

Condensed budget comparison (Continued):

The District received more property tax revenue than anticipated. Expenditures were substantially less than budgeted for, especially in repairs and maintenance costs and chemical purchases.

The District's planned budget for the next fiscal year of operations is very conservative regarding anticipated revenue from property tax and miscellaneous sources of income. In addition, anticipated carryover from the previous budget is very conservative. In turn, the anticipated spending for the next fiscal year budget included high anticipated costs in all categories of the budget. This is done to assure operations will not have a shortfall in any category. We feel the nature of our operations is unpredictable enough to warrant this approach to our budget process.

Management comments on the investment of District funds:

The responsibility for the accounting and investment of District funds resides with the Board of Directors. The Board is limited in its investment choices. Currently the District keeps its excess funds with the County of Tulare. These funds are managed by the County to achieve an adequate return with minimal risk.

Management comments on capital assets and long term-debt:

The District's capital assets consist of buildings and equipment. The buildings include the District office and miscellaneous other service structures. The District has various types of equipment to provide mosquito abatement services, including ground spray vehicles.

Overall analysis

The District is in a healthy financial condition. Our cash carryover has increased this year as well as in the past several years. Growth of the tax base in our District has given the District additional revenue despite changes in the allocations of revenue sharing for Special Districts at the County level.

Michelle Dempsey, Manager

Tulare Mosquito Abatement District

Governmental Funds Balance Sheet / Statement of Net Position

June 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	General Fund	Adjustments (Note 4)	Statement of Net Position
ASSETS			
Current assets:			
Cash and investments	$ 7,657,748	$ 0	$ 7,657,748
Inventory	130,504	0	130,504
Prepaid insurance	48,350	0	48,350
Net pension asset	0	40,934	40,934
Property and equipment, net of accumulated depreciation	0	340,814	340,814
Total assets	7,836,602	381,748	8,218,350
DEFERRED OUTFLOWS OF RESOURCES			
Pension	0	166,773	166,773
Other post-employment benefits	0	166,575	166,575
Total deferred outflow of resources	0	333,348	333,348
Total assets and deferred outflows of resources	$ 7,836,602	$ 715,096	$ 8,551,698

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	General Fund	Adjustments (Note 4)	Statement of Net Position
LIABILITIES			
Current liabilities:			
Accounts payable	$ 12,139	$ 0	$ 12,139
Accumulated compensated absences	16,827	0	16,827
Total current liabilities	28,966	0	28,966
Long term liabilities:			
Other post-employment benefits	0	1,194,288	1,194,288
Accumulated compensated absences	0	86,915	86,915
Total long term liabilities	0	1,281,203	1,281,203
Total liabilities	28,966	1,281,203	1,310,169
DEFERRED INFLOWS OF RESOURCES			
Pension	0	118,876	118,876
Other post-employment benefits	0	388,648	388,648
Total deferred inflow of resources	0	507,524	507,524
FUND BALANCE			
Reserved for inventory	130,504	(130,504)	0
Unrestricted - general fund	7,677,132	(7,677,132)	0
Total fund balance	7,807,636	(7,807,636)	0
Total liabilities, deferred inflows of resources, and fund balance	$ 7,836,602	$ (6,018,909)	$ 1,817,693
NET POSITION			
Invested in capital assets, net of related debt		340,814	340,814
Net position, unrestricted		6,393,191	6,393,191
Total net position		6,734,005	6,734,005
Total liabilities, deferred inflows of resources, and net position		$ 715,096	$ 8,551,698

Tulare Mosquito Abatement District

Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Net Position / Statement of Activities
For the Year Ended June 30, 2022

	General Fund	Adjustments (Note 4)	Statement of Activities
REVENUES			
Property taxes, including penalties and interest	$ 1,958,872	$ 0	$ 1,958,872
Other	28,433	0	28,433
Total revenues	1,987,305	0	1,987,305
EXPENSES			
Salaries, employee benefits and payroll taxes	993,634	(113,632)	880,002
OPEB expense	0	119,548	119,548
Agricultural	237,090	0	237,090
Telecommunications	1,468	0	1,468
Household expense	1,921	0	1,921
Insurance	48,906	0	48,906
Repairs and maintenance, equipment	23,203	0	23,203
Repairs and maintenance, structures	1,382	0	1,382
Fuel	43,730	0	43,730
Memberships	15,922	0	15,922
Office supplies	8,869	0	8,869
Professional fees	25,871	0	25,871
Rent	9,288	0	9,288
District special expense	8,157	0	8,157
Utilities	5,599	0	5,599
Travel	9,331	0	9,331
Other	41,315	0	41,315
Capital outlay	113,888	(113,888)	0
Depreciation	0	58,270	58,270
Total expenses	1,589,574	(49,702)	1,539,872
Operating income	397,731	49,702	447,433
NON-OPERATING REVENUE AND EXPENSES			
Use of money - interest	69,772	0	69,772
Pension income	0	334,202	334,202
Total non-operating revenue and expenses	69,772	334,202	403,974
EXCESS OF REVENUES OVER EXPENSES	467,503	(467,503)	0
Change in net position	0	851,407	851,407
Fund balances / Net position, beginning of year	7,340,133	$ 0	5,882,598
Fund balances / Net position, end of year	$ 7,807,636	$ 0	$ 6,734,005

NOTE 1 - Summary of Significant Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles as applicable to government agencies. The following is a summary of the more significant provisions:

1. The Reporting Entity

   The District, for financial purposes, includes only the funds related to the mosquito control operations.

2. Fund Accounting

   The accounts of the District are organized on the basis of funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, deferred outflows of resource, liabilities, deferred inflows of resources, fund balance, revenue, and expenditures. Government resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements in this report are as follows:

   GOVERNMENTAL FUND TYPES

   General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except for those specifically required to be accounted for in another fund.

3. Basis of Presentation – Government Wide and Fund Financial Statements

   Government wide financial statements are comprised of the statement of net position and the statement of activities. They contain information on all the activities of the primary government and are presented on the accrual basis of accounting. The statement of net position and statement of activities include all the assets of the District (including its infrastructure), deferred outflows of resources, all liabilities (including any long-term debt), and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

   The fund financial statements are comprised of the governmental funds balance sheet and the statement of governmental revenues, expenditures and changes in fund net position. These statements reflect the activity of the various governmental funds of the District and are accounted for on the modified accrual basis of accounting. Assets expected to be used up, deferred outflows of resources and deferred inflows of resources in existence, and liabilities that come due during the year or soon thereafter are reflected. Capital assets acquisitions are treated as expenditures. Revenues for which cash is received during the year or soon thereafter are included. Expenditures for goods and services that have been received and for which payment is due during the year or soon thereafter are included.

4. Net Position

   Governmental Accounting Standard Board Statement (GASBS) No. 63, requires the classification of net position into three components - invested in capital assets, net of related debt; restricted, and unrestricted. These classifications are defined as follows:

   - Invested in capital assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding debt balances, net of unamortized debt expenses, unspent debt proceeds and deferred inflows of resources related to the acquisition, construction, or improvement of the capital assets.

   - Restricted – This component of net position consists of assets with external constraints placed on their use. Constraints include those imposed by bond indentures, grants or laws and regulations of other governments, by law through constitutional provisions or enabling legislation.

   - Unrestricted – This component of net position consists of net amounts of assets, deferred outflows of resources, liabilities and deferred inflow that do not meet the definition of restricted or net investment in capital assets.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

5. Basis of Accounting

The basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Gross receipts and taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. All major revenues are susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

6. Budgets and Budgetary Accounting

The District follows these procedures in establishing budgetary data reflected in these financial statements:

a. Formal budgets are established and approved by the Tulare County Board of Supervisors for all fund types. These budgets are used as a management control device and are adopted on a basis consistent with generally accepted accounting principles.

b. The budgetary comparison schedule presents comparisons of legally adopted budgets with actual data. Since both the actual data and the budget amounts are presented on a basis consistent with generally accepted accounting principles, no additional reconciliation is required.

c. The Tulare County Board of Supervisors approves total budget appropriations only. The District's Board of Directors can authorize transfers between departments in any fund.

d. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

7. Cash and Investments

The District follows the practice of pooling cash investments of most funds with the County Treasurer. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. As of June 30, 2022, the district was within the FDIC insured limit in its checking account. The District does not maintain any separate investment accounts.

8. Property, Plant, and Equipment

The District's property, plant and equipment is recorded at cost. The cost of additions, renewals and betterments are capitalized; repairs and minor acquisitions and replacements are charged to operating expense as incurred. Interest costs incurred that are related to the construction of property are capitalized.

Depreciation is computed on the straight-line method using the following estimated useful lives:

Building and improvements	15-40 years
Equipment	5-20 years

9. Inventory

Inventory consists of chemicals held for future use. Inventories are stated at the lower of cost or market accounted for on the consumption method.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

10. Accumulated Compensated Absences

Employees earn up to twelve days (96 hours) of sick leave each year and are allowed to accrue an unlimited amount. Vacation time is earned at a rate of 10 days (80 hours) per year for the first five years; after five years employees earn one extra vacation day for each year worked, up to a maximum of 15 days. Unused vacation time may be accumulated to a total of 30 working days. Accrued compensated absences have been provided for based on each employee's sick leave and vacation at June 30, 2022.

11. Revenue Recognition - Property Taxes

Real property taxes attach as an enforceable lien on property five years from the end of the applicable tax year. Unsecured property taxes attach as an enforceable lien after the penalty date, which varies depending upon when the unsecured taxes were billed. Taxes are levied on March 1 and are due and payable at that time. One half of the unpaid real property taxes levied March 1 become delinquent December 10 of the current year and the remaining half become delinquent April 10 of the following year.

In a prior year, Tulare County (tax collecting agency for the District), adopted the "Teeter Plan." The Teeter Plan is an alternative procedure for the distribution of property tax revenues under Revenue and Taxation Code Sections 4701 through 4717. The Teeter Plan provides for a buyout of prior secured taxes, and advance payments of the secured levy throughout the year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

12. Reserves of Fund Equity

The District also designated amounts in the General Fund as follows:

Inventory	$ 126,315
Oil Tank Removal & Replacement	100,000
Asphalt Removal & Replacement	150,000
Emergency Invasive Aedes Outbreak	300,000
Replacement Spray Vehicles / Tablets	225,000
Reserve for OPEB Liability	1,482,604
Reserve for Property/Building Purchases	3,500,000
General Reserves	5,384,500
Total	$ 11,268,419

Reserves for inventory are required because they do not represent "available spendable resources," even though they are a component of net current assets.

13. Pensions

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

NOTE 1 - Summary of Significant Accounting Policies (Continued)

13. Pensions (Continued)

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, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

14. Subsequent Events

Subsequent events have been evaluated through January 13, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – Property, Plant and Equipment

The following is a summary of the changes in Capital Assets:

COST:	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Structures	$ 411,676	$ 0	$ 0	$ 411,676
Equipment	548,760	113,888	98,025	564,623
Total	$ 960,436	$ 113,888	$ 98,025	$ 976,299

ACCUMULATED DEPRECIATION:	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Structures	$ 271,449	$ 10,621	$ 0	$ 282,070
Equipment	403,791	47,649	98,025	353,415
Total	$ 675,240	$ 58,270	$ 98,025	$ 635,485

NOTE 3 – Defined Benefit Pension Plan

A. GENERAL INFORMATION

Plan Description
All qualified permanent and probationary employees were eligible to participate in the Miscellaneous Plan of the Tulare Mosquito Abatement part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as common investment and administrative agent for participating member employers. New hires subsequent to January 1, 2013, or a CalPERS member who has a break in service greater than six months who is subsequently rehired by a different CalPERS employer is included in the Tulare Mosquito Abatement District PEPRA (Public Employee's Pension Reform Act of 2013) Miscellaneous Plan. Benefits 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.

NOTE 3 - Defined Benefit Pension Plan (Continued)

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. The basic benefit will be 2% of "final compensation" for each year of credited service upon retirement at age 60. Final compensation is defined as the average monthly pay during the last 36 consecutive months of work or another period of 36 consecutive months selected by the member if the average pay rate was higher. 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 adjustment for each plan is applied as specified by the Public Employee's Retirement law.

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% - 2.5%	1.0% - 2.5%

Employees Covered
At June 30, 2020, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous Plan	PEPRA
Inactive employees or beneficiaries currently receiving benefits	8	0
Inactive employees entitled to but not yet receiving benefits	0	0
Active employees	3	3
Total	11	3

Contributions
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.

B. NET PENSION LIABILITY

The District's net pension liability for the plan is measured as the total pension liability, less the pensions plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 3 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions
The total pension liabilities in the June 30, 2020, and June 30, 2021, actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post-Retirement Benefits Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% therein.

Discount Rate
The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

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

The long-term expected rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021.

NOTE 3 - Defined Benefit Pension Plan (Continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0	1.00	2.62
Inflation Assets	0.00	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.00	0.00	(0.92)
[1] An expected inflation of 2.00% used for this period			
[2] An expected inflation of 2.92% used for this period			

C. Changes in the Net Pension Liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) 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:

MISCELLANEOUS PLAN

	Discount Rate - 1% (6.15%)	Assumed Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	$ 353,667	$ (40,934)	$ (367,144)

NOTE 3 - Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2022, the District recognized pension income of $334,202. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Expected and Actual Experience	$0	$0
Changes of Assumptions	$(4,590)	$0
Differences between Projected and Actual Investment Earnings	$35,733	$0
Change in Employers Proportion	$96,173	$0
Differences between Employer's Contributions and Proportionate Share of Contributions	$0	$118,876
Adjustment due to Differences in Proportions	$39,457	$ 0
Total	$166,773	$118,876

Deferred outflows of resources in the amount of $39,457 are reported as contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income).

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal Year Ending June 30:		
2023	$	(10,290)
2024		466
2025		8,389
2026		9,875
Thereafter		-
		8,440

NOTE 4 – Adjustments

The following adjustments are required to reconcile the fund financial data to government-wide data. Government-wide financial data presents the financial information of the District under the accrual method of accounting, as required by Statement No. 63 of the Governmental Accounting Standards Board.

1. Assets reported as property, plant and equipment under the general fixed asset account group at $976,299, are now reported as property and equipment, net of accumulated depreciation at $340,814.

2. Accumulated compensated absences reported in the amount of $86,915 are now reported as long-term liabilities.

3. Various fund balances reserved by the Board of Directors have been eliminated and are now reported as a component of net position.

4. Capital outlay expense reported at $113,888 is reported.

NOTE 4 – Adjustments (Continued)

5. Depreciation expense not previously reported is now reported at $58,270.

6. The District's prior fiscal year ending June 30, 2021, fund balance in the amount of $5,882,598 includes the following items.
   a. Investment in Capital Assets, net of related debt of $285,196.
   b. Unrestricted Fund Balance in the amount of $5,597,402.

NOTE 5 – Fair Value Disclosure

GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The district utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

GASB 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by GASB No. 72 are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs that reflect the District's own assumptions about factors that market participants would use in pricing the asset or liability.

The valuation methods of the fair value measurements are as follows:

Investment Pool – uses the fair value of the pool's share price multiplied by the number of shares held. This pool can include a variety of investments such as U.S. government securities, federal agency securities, and other investments. The fair values of the securities are generally based on quoted market prices.

	Fair value as of June 30, 2021		
	Level 1	**Level 2**	**Total**
Investments, including cash and cash equivalents			
Investment Pool – Tulare County	$ 0	$ 7,027,117	$ 7,027,117
	$ 0	$ 7,027,117	$ 7,027,117

	Fair value as of June 30, 2022		
	Level 1	**Level 2**	**Total**
Investments, including cash and cash equivalents			
Investment Pool – Tulare County	$ 0	$ 7,436,766	$ 7,436,766
	$ 0	$ 7,436,766	$ 7,436,766

NOTE 6 – Other Post-Employment Benefits

As described in Note 3, the District adopted GASB 75 as of July 1, 2018, which replaces GASB statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions (GASB 45). The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

Plan Description - The District provides post-retirement medical benefits in accordance with the Districts policy to qualified retirees and their spouses through the District's Employee Health Care Plan (the "Health Plan"). The medical insurance coverage is provided under the District's group policy plan which covers both current and post-employment retirees. The qualifications requirements for these benefits are the same as those under the District's Retirement Plan.

Benefits Provided - offers integrated medical/prescription drug coverage through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). The District offers the same medical plan (PERS Choice) to its retirees and surviving spouses as to its active employees, with the exception that once a retiree becomes eligible for Medicare, he or she must join the PERS Choice Medicare Supplement, with Medicare becoming the primary payer. Dental, vision, and group-term life insurance benefits are also provided to employees of the District but are not extended to retirees.

Employees become eligible to retire and receive District-paid healthcare benefits upon attaining eligibility to retire under CalPERS, that is, the later of attainment of age 50 (age 52 for PEPRA employees) and 5 years of service. The District pays medical premiums (PERS Choice or PERS Choice Medicare Supplement) for the further lifetime of the retiree, including the cost of spousal and dependent child coverage, if elected, and continued coverage for surviving spouses receiving survivorship benefits under CalPERS.

Employees Covered - At June 30, 2022, the following employees were covered by the benefit terms for each Plan:

	Misc. Plan
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	0
Active employees	7

Net OPEB Liability – The Districts net OPEB liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date as of June 30, 2022.

Actuarial Methods and Assumptions –

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022

Discount Rate – 3.54%

Salary Increases – 2.75% per annum (for spreading of normal cost)

Pre-retirement Turnover: 2017 CalPERS Turnover for Miscellaneous Employees.

Mortality Rate Table – 2017 CalPERS Mortality for Miscellaneous and Schools Employees.

Healthcare Cost Trend Rates – 4.00% per year.

Mortality Projection – 2017 CalPERS Mortality for Miscellaneous and Schools Employees.

The discount rate was based on the Bond Buyer 20 Bond General Obligation Index.

NOTE 6 - Post-Employment Benefits Other Than Pensions (Continued)

		Total OPEB Liability
Balance at June 30, 2021	$	1,382,590
Changes for the year:		
Service Cost		96,691
Interest on TOL plus service cost, less ½ benefit Payments		30,316
Benefit Payments		(54,872)
Experience (Gains)/Losses		0
Changes in Assumption		(260,437)
Net Changes		(188,302)
Balance at June 30, 2022	$	1,194,288

Sensitivity of the Total OPEB Liability to changes in the Discount Rate – The following presents the District's OPEB liability, calculated using the discount rate of 3.54%, as well as what the District's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

		1% Decrease 2.54%		Current Discount Rate 3.54%		1% Increase 4.54%
Net Pension Liability	$	1,378,645	$	1,194,288	$	1,062,789

Sensitivity of the Total OPEB Liability to changes in the Healthcare Trend Rates – The following presents the District's OPBE Liability using the actuarial rates described above, as well as what the District's OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

		1% Decrease 1.0%		Current Discount Rate 2.0%		1% Increase 3.0%
Net Pension Liability	$	1,013,741	$	1,194,288	$	1,412,912

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

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Changes in assumptions		93,420		(387,175)
Differences between actual and expected experience		73,155		(1,473)
Total	$	166,575	$	(388,648)

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

Year Ended June 30,		Amounts
2023	$	56,921
2024		45,580
2025		47,253
2026		50,640
2027		54,073
Thereafter		234,177

SUPPLEMENTARY INFORMATION

SCHEDULE I - Property Tax Revenues

Current secured taxes	$ 1,540,380
Current unsecured taxes	103,412
Residual distribution	70,939
Supplemental tax, current secured	26,551
Supplemental tax, prior	7,173
Prior year's taxes, unsecured	1,242
Prior year's taxes, secured	28,106
Homeowners' property tax relief	10,757
Other tax revenue	170,312
Total	$ 1,958,872

Tulare Mosquito Abatement District

Schedule II - Budgetary Comparison Schedule

For the Year Ended June 30, 2022

SCHEDULE II - Budgetary Comparison Schedule

	General Fund		
	Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES			
Property taxes, including penalties and interest	$ 1,891,904	$ 1,958,872	$ 66,968
Other	0	28,433	28,433
Total revenues	1,891,904	1,987,305	95,401
EXPENSES			
Salaries, employee benefits and payroll taxes	1,045,700	993,634	52,066
Agricultural	375,000	237,090	137,910
Telecommunications	2,000	1,468	532
Household expense	5,000	1,921	3,079
Insurance	60,000	48,906	11,094
Repairs and maintenance, equipment	30,000	23,203	6,797
Repairs and maintenance, structures	10,000	1,382	8,618
Fuel	35,000	43,730	(8,730)
Memberships	18,000	15,922	2,078
Office supplies	10,000	8,869	1,131
Professional fees	25,000	25,871	(871)
Rent	12,500	9,288	3,212
District special expense	15,000	8,157	6,843
Utilities	10,000	5,599	4,401
Travel	5,000	9,331	(4,331)
Other	41,000	41,315	(315)
Capital outlay	106,000	113,888	(7,888)
Total expenses	1,805,200	1,589,574	215,626
Operating (loss) income	86,704	397,731	311,027
NON-OPERATING REVENUE AND EXPENSE			
Use of money - interest	70,000	69,772	(228)
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	$ 156,704	$ 467,503	$ 310,799
Net position, beginning of year		7,340,133	
Net position, end of year		$ 7,807,636	

SCHEDULE III - Insurance Coverage

Insurance coverage of the District in force at June 30, 2022, is summarized as follows:

General		
Each occurrence/policy limit	$	5,000,000
Automobile		
Each occurrence/policy limit	$	5,000,000
Public Officials' and Employees' Errors and Omissions		
Each occurrence/policy limit	$	5,000,000
Employment Practices Liability		
Each occurrence/policy limit	$	5,000,000
Employee Dishonesty Coverage		
Public employee dishonesty	$	1,000,000
Forgery or alteration and theft	$	1,000,000
Disappearance and destruction	$	1,000,000
Property		
Each occurrence/policy limit	$	1,000,000,000
Broiler and Machinery		
Replacement cost/each occurrence	$	100,000,000
Public Officials Personal Liability		
General aggregate	$	500,000
Each occurrence	$	500,000
Workers Compensation/Employer's Liability		
Each occurrence/employee/policy limit	$	5,000,000

Tulare Mosquito Abatement District

Schedule IV - Proportion share of Net Pension Liability - Last 10 Years* (Unaudited)
For the Year Ended June 30, 2022

Miscellaneous Plan	**2015**	**2016**	**2017**	**2018**	**2019**
Proportion of the net pension liability (asset)	0.00505 %	0.00215 %	0.00460 %	0.00381 %	0.00170 %
Proportionate share of the net pension liability (asset)	$ 314,377	$ (45,934)	$ 132,248	$ 201,456	$ 176,760
Covered - employee payroll	$ 356,623	$ 336,724	$ 385,705	$ 338,495	$ 356,927
Proportionate Share of the net pensions liability (asset) as percentage of covered-employee payroll	88.15 %	(13.64) %	34.29 %	59.52 %	49.52 %
Plan's fiduciary net position	$ 1,921,725	$ 2,805,947	$ 2,493,830	$ 2,638,278	$ 2,738,653
Plan fiduciary net position as a percentage of the total pension liability	172.00 %	88.71 %	88.71 %	92.90 %	94.34 %
Plan's Proportionate Share of Aggregate Employer Contributions	$ 20,177	$ 19,589	$ 23,700	$ 22,185	$ 26,656

Miscellaneous Plan	**2020**	**2021**	**2022**
Proportion of the net pension liability (asset)	0.00126 %	0.00142 %	(0.00952) %
Proportionate share of the net pension liability (asset)	$ 186,510	$ 310,781	$ (40,934)
Covered - employee payroll	$ 393,833	$ 442,493	$ 495,166
Proportionate Share of the net pensions liability (asset) as percentage of covered-employee payroll	47.36 %	70.23 %	(8.27) %
Plan's fiduciary net position	$ 2,917,561	$ 2,811,091	$ 3,029,633
Plan fiduciary net position as a percentage of the total pension liability	93.99 %	90.05 %	101.37 %
Plan's Proportionate Share of Aggregate Employer Contributions	$ 32,587	$ 39,711	$ 36,008

* Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown

Tulare Mosquito Abatement District

Schedule V - Schedule of Contributions - Last 10 Years* (Unaudited)

For the Year Ended June 30, 2022

Miscellaneous Plan		**2015**	**2016**	**2017**	**2018**	**2019**
Contractually required contributions (actuarially determined)	$	19,232	19,589	23,700	22,185	26,656
Contributions in relation to the actuarially determined contributions		(19,232)	(19,589)	(23,700)	(22,185)	(26,656)
Contribution deficiency (excess)		0	0	0	0	0
Covered-employee payroll	$	356,623	336,724	385,705	338,495	356,927
Contributions as a percentage of covered-employee payroll		5.39 %	5.82 %	6.14 %	6.55 %	7.47 %

Miscellaneous Plan		**2020**	**2021**	**2022**
Contractually required contributions (actuarially determined)	$	32,587	39,771	36,008
Contributions in relation to the actuarially determined contributions		(32,587)	(39,771)	(36,008)
Contribution deficiency (excess)		0	0	0
Covered-employee payroll	$	393,833	442,493	495,166
Contributions as a percentage of covered-employee payroll		8.27 %	8.99 %	7.27 %

* Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown

Tulare Mosquito Abatement District

Schedule VI - Other Post-Employment Benefits (Unaudited) - Last 10 Years* (Unaudited)
For the Year Ended June 30, 2022

Schedule of Changes in net OPEB liability and related ratios (Unaudited)

	2019	2020	2021	2022
Changes for the year:				
Service Cost	$ 45,471	$ 46,835	$ 48,240	$ 96,691
Interest on TOL plus service cost, less ½ benefit payments	42,392	43,215	32,526	30,316
Differences between expected and actual experience	0	(3,684)	101,293	0
Changes of assumptions	0	233,550	(225,568)	(260,437)
Benefit Payments	(73,654)	(54,088)	(56,505)	(54,872)
Net Change in Total OPEB Liability	14,209	265,828	(100,014)	(188,302)
Total OPEB Liability - Beginning Balance	1,202,567	1,216,776	1,482,604	1,382,590
Total OPEB Liability - Ending Balance	$ 1,216,776	$ 1,482,604	$ 1,382,590	$ 1,194,288
Plan Fiduciary Net Position	$ 0	$ 0	$ 0	$ 0
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	$ 356,927	$ 393,833	$ 442,493	$ 495,166
Total OPEB Liability as a % of Covered-Employee Payroll	340.90%	376.45%	312.45%	241.19%

Fiscal year 2019 was the first year of implementation, therefore only four years are shown. Ultimately, this schedule will present 10 years of data.