PLACER MOSQUITO AND VECTOR CONTROL DISTRICT

INDEPENDENT AUDITORS' REPORTS, MANAGEMENT'S DISCUSSION AND ANALYSIS, BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Placer Mosquito and Vector Control District
Roseville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Placer Mosquito and Vector Control District (District), as of and for the year ended June 30, 2017, 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 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 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 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 the general fund of the District, as of June 30, 2017, 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.

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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, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of the District's pension contributions, and schedule of funding progress for the other postemployment benefits plan on pages 3–11 and 38–42 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
January 31, 2018

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

As management of the Placer Mosquito and Vector Control District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of the resources at the close of fiscal year 2016-17 by $4,303,707 (net position).
- The District had program and general revenue of $4,263,385 and program and general expenses of $4,195,721 for the fiscal year ended June 30, 2017.
- As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of $3,426,186.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. **Required supplementary information** is included in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those of a private-sector business. These statements provide both long-term and short-term information about the District's overall financial status. The government-wide financial statements can be found on pages 12-13 of this report.

The S*tatement of Net Position* presents information on all of the District's assets and liabilities and deferred inflows/outflows of resources as of the end of the fiscal year, with the differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The S*tatement of Activities* presents information on how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements report on the function of the District that is principally supported by charges for services-benefit assessments. The District's function is to control mosquitoes in order to increase the quality of life and decrease the risk of disease transmission in Placer County.

Fund financial statements are the more familiar groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The governmental fund is used to account for essentially the same function 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 financial resources, such as cash, that (1) have been spent on District programs during the fiscal year and (2) that will be available for financing such programs in the near future. The governmental fund financial statements can be found on pages 14 through 17 of this report.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 18 through 37 of this report.

Required Supplementary Information is presented to reflect a budgetary comparison schedule for the General Fund, as well as the schedule of District's proportionate share of the net pension liability, schedule of pension plan contributions, and schedule of other postemployment employee benefits (OPEB) funding progress. Required supplementary information can be found on pages 38 through 42 of this report.

Government-Wide Financial Analysis

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, net position (assets and deferred outflows in excess of liabilities and deferred inflows) was $4,303,707 as of June 30, 2017, the close of the District's fiscal year.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

District's Net Position

	FY2017	FY2016	Increase/ Decrease %
Assets:			
Current and other assets	$ 3,601,551	$ 3,702,153	-2.7%
Capital assets, net	4,455,515	4,692,707	-5.1%
Total assets	8,057,066	8,394,860	-4.0%
Deferred outflows of resources:			
Related to pensions	455,562	318,467	43.0%
Liabilities:			
Current and other liabilities	233,791	336,233	-30.5%
Long-term liabilities	3,552,519	3,749,369	-5.3%
Net pension liability	384,878	269,960	42.6%
Total liabilities	4,171,188	4,355,562	-4.2%
Deferred inflows of resources:			
Related to pensions	37,733	121,722	-69.0%
Net position:			
Net investment in capital assets	1,424,666	1,451,847	-1.9%
Restricted for debt service	399,659	--	100.0%
Unrestricted net position	2,479,382	2,784,196	-10.9%
Total net position	$ 4,303,707	$ 4,236,043	1.6%

The District's net position increased by $67,664, or 1.6% when compared to fiscal year 2016 primarily due to decreases in current and long-term liabilities, and changes in the deferred inflows and outflows of pension related resources. The District's primary source of revenue is benefit assessments, which is shown in the financial statements under "charges for services (benefit assessments)." The $399,659 is due to restricting net position for debt service.

The District has capital assets (e.g. structures and equipment). Net investment in capital assets is not in spendable form and therefore is not available to provide future program services. The unrestricted net position of the District is available for future use to provide program services.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

District's Change in Net Position

	FY 2017	FY 2016	Percentage Change
Revenue:			
Program revenue:			
Charges for services (benefit assessments)	$ 4,198,191	$ 4,019,301	4.5%
General revenue (expense):			
Property taxes	47,812	44,035	8.6%
Loss on disposal of capital assets	(2,952)	-	-100.0%
Interest and other	17,382	72,410	-76.0%
Total general revenue	62,242	116,445	-46.5%
Total revenue	4,260,433	4,135,746	3.0%
Expenses:			
Public health and vector control management	4,016,062	3,531,260	13.7%
Interest on long term debt	176,707	185,159	-4.6%
Total expenses	4,192,769	3,716,419	12.8%
Change in net position	67,664	419,327	-83.9%
Net position, beginning of year	4,236,043	3,816,716	11.0%
Net position, end of year	$ 4,303,707	$ 4,236,043	1.6%

Total revenue increased in response to an increase in the number of assessed properties and CPI adjustment to the assessment rate. Total expenses increased due to increased staffing and pension expense.

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's governmental fund is discussed below:

General Fund

The focus of the District's *general fund* 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, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of the end of the current fiscal year, the District's general fund reported an ending fund balance of $3,426,186, a decrease of $1,027 from FY 2016.

Revenue by Source General Fund

	FY 2017	FY 2016	Percentage Change
Benefit assessments	$ 4,198,191	$ 4,019,301	4.5%
Property taxes	47,812	44,035	8.6%
Investment and other earnings	17,382	72,410	-76.0%
Total Revenues	$ 4,263,385	$ 4,135,746	3.1%

Expenditures by Function General Fund

	FY 2017	FY 2016	Percentage Change
Public health and vector control management	$ 3,781,737	$ 3,346,173	13.0%
Debt service	394,574	392,721	0.5%
Capital outlay	94,485	14,697	542.9%
Total expenditures	$ 4,270,796	$ 3,753,591	13.8%

Benefit assessments increased $178,890 or 4.5% during 2017 primarily due to an increase in assessed parcels and CPI increase in benefit assessment rates.

District operation expenditures increased $435,564 or 13.0% during 2017 primarily due to the District's ongoing need for additional staff and resources to prevent mosquito development and limit spread of West Nile Virus, and conduct pre-detection surveillance for invasive mosquito species.

Capital outlay expenditures increased $79,788 or 542.9% during 2017 due to vehicle and other equipment replacements compared to the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for the fiscal year ended June 30, 2017 resulted in a $77,090 increase in appropriations. Mid-year budget changes were as follows:

- Revenue was increased by $35,830 to reflect actual collected assessment.
- Salaries and Benefits was decreased by $22,216 to reflect retirement of Field Operations Manager and hiring of Program Manager.
- Professional services was increased by $73,973 for increased need of aerial pesticide applications.
- Public Health Pesticides was increased by $20,000 due to increased West Nile risk.
- Administration and public information decreased by $995 due to lower than anticipated costs.
- Collection Charges increased by $217 due to increased amount of assessments collected.
- Utilities was increased by $1,111 for increased rates for water, sewer and electricity.
- Capital outlay was increased by $5,000 to cover additional equipment needs.

The District's final budget appropriations for expenditures exceeded actual expenditures by $92,740 or 2.2%. The major areas where appropriations and expenditures vary are as follows:

- Salaries and Benefits $11,587
  Appropriations exceeding expenditures for salaries and benefits were due to savings on staffing changes resulting in reduced benefits expense.
- Professional Services $16,554
  Appropriations exceeding expenditures for professional services were due primarily to savings on facilities and repair services and aerial applicator services which were less than expected.
- Public Health Pesticides $46,082
  Expenditures exceeding appropriations for public health pesticides were due to inventory being depleted by prior year demands, and reserve inventory being replenished in order to meet immediate future needs.
- Administration and Public Information $60,728
  Appropriations exceeding expenditures for administration and public information related expenditures were due primarily to public information and outreach projects that were budgeted to address projected needs, but were not actually needed.
- Collection Charges $23,421
  Appropriations exceeding expenditures for collection charges were due to lower than anticipated assessments collected.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

- Fuel and lubricants $3,757
  Appropriations exceeding expenditures for fuel and lubricants related expenditures were due primarily to lower fuel costs.

- Maintenance $12,322
  Appropriations exceeding expenditures for maintenance related expenditures were due primarily to maintenance services and supplies that were budgeted to address projected needs, but were not actually needed.

- Travel and Transportation $4,979
  Appropriations exceeding expenditures for travel and transportation related expenditures were due primarily to travel & transportation expenses that were budgeted to accommodate projected needs, but were not actually needed.

- Legal Services $4,680
  Appropriations exceeding expenditures for legal services related expenditures were due primarily to legal services that were budgeted to accommodate anticipated legal needs, but were not needed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of depreciation, is $4,445,515. Net investment in capital assets includes land, buildings and improvements, and equipment and vehicles. The District's equipment and vehicles component of capital assets increased by $94,485 during the fiscal year primarily caused by the District's purchase of one microscope, a vehicle and two foggers. See Note C for additional details on capital assets in the basic financial statements.

Long-term Liabilities

At June 30, 2017, the District had total long-term liabilities outstanding of $3,552,519. During the fiscal year the District made a debt service payment reducing long-term liabilities by $215,000. The District also had an increase of $12,822 in long-term liabilities resulting in the net change in the compensated absences during the year. Detailed information about the District's long-term liabilities is presented in Note D in the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget for the fiscal year ending (FYE) June 30, 2018 is $4,540,911. The District conducted a three year budget projection that suggests that in order to support existing levels of service, and meet future reserve goals, the District considered and approved the CPI adjustment for the District Benefit Assessments. The District Benefit Assessments is subject to an annual adjustment tied to the Consumer Price Index (CPI).

This increase was necessary for the District to operate effectively in a fiscally sustainable manner. The District will reevaluate the need for future changes in assessment rates on an annual basis with the goal of maintaining fiscal sustainability while meeting the District's mandate to protect public health from vectors and vector-borne disease.

The following factors were considered in preparing the District's budget for the FYE 2018:

- Continued need to develop and implement early detection and response plan for invasive mosquito species and mosquito-borne diseases.

- Continued need to effectively identify and respond to occurrence of West Nile Virus, Lyme disease and other vector-borne diseases in Placer County.

- Continued need to effectively prevent adult mosquitoes through the use of source reduction measures, biological control and appropriate use of mosquito larvicides, as well as the ability to quickly respond to high adult mosquito populations with appropriate adult mosquito control treatments.

- Continued operation of year-around Tahoe-area substation to provide enhanced services to eastern Placer County residents.

- Increase in cost or changes in availability and need for mosquito control materials, application equipment, and application services.

- Increasing costs to purchase and apply organic-certified public health pesticides to apply to mosquito development and harborage sites located on and in association with organic agricultural fields.

- Continued need to evaluate efficacy of mosquito control techniques and products, and continually assess and manage pesticide resistance in local mosquito populations.

- Continued need for public outreach and education that addresses immediate and long-term issues relevant to the District's ability to provide services, and to advise the public about vector risks and personal protective measures.

- Increasing need to collaborate with neighboring vector control agencies, business and governmental agency partners, and state association to address issues affecting vectors and vector control on a regional and state-wide basis.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

- Continued need for regular maintenance of facility, vehicle fleet, field data collection and database systems, laboratory, and equipment.
- Continued need to fund measures to comply with the regulatory requirements including the NPDES Vector Control General Permit.
- Increasing need to develop innovative vector and vector-borne disease surveillance and management strategies, techniques, and equipment.

Future Events that will Financially Impact the District

- Expected need to comply with continued current and future regulations.
- Should invasive mosquito species become detected in Placer County, a substantial increase in costs of surveillance, public outreach, and control measures will be necessary.
- Increasing costs associated with monitoring and managing pesticide-resistant mosquito populations.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Placer Mosquito and Vector Control District, 2021 Opportunity Drive, Roseville, California 95678.

BASIC FINANCIAL STATEMENTS

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets	
Cash and investments	$ 3,144,222
Restricted cash and investments	399,659
Accounts receivable	8,120
Interest receivable	3,562
Prepaid items	45,988
Capital assets	
Nondepreciable	438,627
Depreciable, net	4,016,888
Total assets	8,057,066
Deferred outflows of resources	
Deferred outflows related to pensions	455,562
Liabilities	
Accounts payable	175,365
Accrued interest payable	58,426
Long-term liabilities:	
Due within one year	226,873
Due in more than one year	3,325,646
Net pension liability	384,878
Total liabilities	4,171,188
Deferred inflows of resources	
Deferred inflows related to pensions	37,733
Net Position	
Net investment in capital assets	1,424,666
Restricted for debt service	399,659
Unrestricted	2,479,382
Total net position	$ 4,303,707

The notes to the basic financial statements are an integral part of this statement.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Governmental Activities
Program Expenses	
Public health and integrated vector management	$ 4,016,062
Interest on long-term debt	176,707
Total program expense	4,192,769
Program Revenue	
Charges for services (benefit assessments)	4,198,191
Net program expense	5,422
General Revenue (Expense)	
Property taxes	47,812
Investment earnings	8,264
Loss on disposal of capital assets	(2,952)
Miscellaneous	9,118
Total general revenue	62,242
Change in net position	67,664
Net position, beginning of year	4,236,043
Net position, end of year	$ 4,303,707

The notes to the basic financial statements are an integral part of this statement.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2017

Assets	
Cash and investments	$ 3,144,222
Restricted cash and investments	399,659
Accounts receivable	8,120
Interest receivable	3,562
Prepaid items	45,988
Total assets	$ 3,601,551
Liabilities and fund balance	
Liabilities:	
Accounts payable	$ 175,365
Fund Balance:	
Nonspendable for prepaid items	45,988
Restricted for debt service	399,659
Assigned for future capital asset purchases	133,406
Assigned for applied research and special projects	48,424
Assigned for emergency vector control	491,887
Unassigned	2,306,822
Total fund balance	3,426,186
Total liabilities and fund balance	$ 3,601,551

The notes to the basic financial statements are an integral part of this statement.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Fund balance	$ 3,426,186
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the District's fund.	4,455,515
Deferred outflows of resources - contributions to the pension plan subsequent to the measurement date of the net pension liability and before the end of the reporting period, the change in proportion and difference between expected and actual experience and net differences between projected and actual earnings on pension plan investments are reported as a deferred outflow of resources related to pensions.	455,562
Deferred inflows of resources related to pensions are deferred and amortized	
Changes of assumptions	(37,733)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund as follows:	
Certificates of Participation outstanding	(3,490,000)
Original issuance discount	59,492
Compensated absences	(122,011)
Accrued interest payable	(58,426)
Net pension liability	(384,878)
Net position of governmental activities	$ 4,303,707

The notes to the basic financial statements are an integral part of this statement.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Revenues:	
Charges for services (benefit assessments)	$ 4,198,191
Property taxes	47,812
Investment earnings	8,264
Miscellaneous	9,118
Total revenues	4,263,385
Expenditures:	
Current:	
Public health and integrated vector management:	
Salaries and benefits	2,146,736
Professional services	436,710
Public health pesticides	586,139
Administration and public information	229,408
Insurance	119,309
Collection charges	53,725
Fuel and lubricants	31,543
Utilities	74,005
Maintenance	34,648
Rents and leases	27,395
Membership dues and subscriptions	15,872
Travel and transportation	22,563
Legal services	3,320
Miscellaneous	364
Debt service:	
Interest	179,574
Principal	215,000
Capital outlay	94,485
Total expenditures	4,270,796
Excess of expenditures over revenues	(7,411)
Other financing sources:	
Sale of capital assets	6,384
Net change in fund balance	(1,027)
Fund balance, July 1, 2016	3,427,213
Fund balance, June 30, 2017	$ 3,426,186

The notes to the basic financial statements are an integral part of this statement.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Net change in fund balance	$	(1,027)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		94,485
Depreciation expense		(322,341)
The sale of capital assets provides current financial resources to governmental funds, but effects net position, only to the extent of the gain on sale.		
Loss on the disposal of capital assets are reported as a general revenue in the statements of activities		(9,336)
The repayment of principal on the certificates of participation consumes the District's current financial resources, however, does not have any impact on net position.		215,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the District's fund.		
Amortization of bond discount		(5,328)
Change in accrued interest payable		2,867
Change in compensated absences		(12,822)
Change in net pension liability and related deferral accounts		106,166
Change in net position of governmental activities	$	67,664

The notes to the basic financial statements are an integral part of this statement.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

In May 2000, Placer County voters approved an assessment to provide funds to set up the Placer Mosquito and Vector Control District (District). The District's objective is to control mosquitoes in the western portion of Placer County. Program activities include eliminating mosquitoes in their larval stage chemically, as well as with mosquitofish, monitoring diseases associated with local mosquitoes, fogging to reduce adult populations, and public education.

The District has a governing board composed of one member appointed by each of the following: Cities of Auburn, Colfax, Lincoln, Rocklin, and Roseville, Town of Loomis, and the Placer County Board of Supervisors.

Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the County of Placer (County). The accounting policies of the District conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the District's activities. The District is only engaged in governmental activities and is supported by benefit assessments.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include direct charges to customers based on voter-approved debt by property assessment.

Separate financial statements are provided for the District's governmental fund. The General Fund is the general operating fund of the District and is used to account for all of the District's financial resources.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or "financial flow" measurement focus. Their reported fund balance is considered a measure of "available spendable resources."

The governmental fund is accounted for using the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

expenditures of the current accounting period. Expenditures are recognized when the related fund liability is incurred (when goods are received or services rendered). Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year.

Cash and Investments

The District maintains cash in the Placer County Treasury where it is pooled with other County funds. The County Treasurer's investment pool is subject to oversight by the Treasury Review Panel. The District also maintains funds with Vector Control Joint Powers Agency (VCJPA) and fiscal agents.

The County's pooled investments are stated at fair value. The value of the District's pool shares that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

Capital Assets

Capital assets, which include property (e.g. land), plant (e.g. buildings and improvements), land improvements (e.g. fences and parking lots), equipment (e.g. vehicles, computers, office equipment and software), infrastructure (e.g. roads, bridges, sewers, and similar items) and intangible assets (e.g. software, easements), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the date of donation. Capitalization thresholds are $5,000 for equipment, $50,000 for buildings, improvements and infrastructure and $100,000 for intangible assets.

Depreciation on capital assets and improvements is provided using the straight-line method. The estimated useful lives are as follows: buildings and improvements – 10 to 50 years; land improvements – 10 to 40 years; equipment – 2 to 25 years; infrastructure – 10 to 65 years; and intangible assets – 5 to 15 years.

Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then. Employer pension contributions made subsequent to the measurement period, differences between expected and actual experience, and changes in proportion are recorded as deferred outflows of resources.

The statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents the changes in assumptions. Accordingly, these amounts are unavailable and recognized as an inflow of resources in the period that the amounts become available.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Compensated Absences

District employees accrue vacation at varying amounts based on length of service and sick leave at a rate of ninety-six (96) hours a year. An employee's vacation accrual may not exceed two hundred and forty (240) hours. Sick leave hours not used during the period are carried forward to the following years with no limit as to the number of hours that can be accumulated. Employees are not compensated for accrued but unused sick leave upon termination of employment; however, accrued but unused sick leave at the time of termination can be used as service time for purposes of retirement benefits, so long as consistent with the applicable contract and statutes of the California Public Employees' Retirement System (CalPERS).

Net Position

The government-wide financial statements utilize a net position presentation. Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The District's net position is categorized as net investment in capital assets and unrestricted.

> ***Net Investment in Capital Assets*** – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation of these assets reduces the balance in this category. Debt incurred and outstanding to construct and/or acquire capital assets, net of unspent proceeds, also reduces the balance in this category.
>
> ***Unrestricted*** – This category represents net position of the District, not restricted for any project or other purpose.

Fund Balance

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

> *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

> *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
>
> *Assigned fund balance* – amounts that are constrained by the District's *intent* to be used for specific purposes. The intent can be established at the highest level of decision making (Board of Trustees).
>
> *Unassigned fund balance* – amounts that constitute the residual balances that have no restrictions placed on them.

The Board of Trustees establishes, modifies and rescinds fund balance commitments and assignments by passage of an ordinance or resolution. Assignments also require adoption of the budget and subsequent budget amendments that occur throughout the fiscal year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the assigned, committed, and unassigned resources as they are needed. Committed, assigned and unassigned fund balances are considered unrestricted.

Revenues

The County administers the District's revenue. The County bills and collects revenues through benefit assessments added to property tax billings. In addition, the District receives a percentage of the 1% property tax ad valorem rate. All receipts are deposited directly into the County's pooled cash fund for the District, after charging the District a 1% administrative fee. The District considers interest earned and property tax allocations to be general revenues.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurement

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles, which provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District is a participant in the Placer County Treasurer's Pool (County Pool). The County Pool is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). The Placer County Treasurer's Review Panel conducts County Pool oversight. Cash on deposit in the County Pool at June 30, 2017, is stated at fair value. The County Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. The District also has cash invested with bond fiscal agents and Vector Control Joint Powers Agency (VCJPA). For further information regarding the County Pool, refer to the County of Placer Comprehensive Annual Financial Report.

Current Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68.* The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this statement are effective for reporting periods beginning after June 15, 2016. The District has determined this statement to be not applicable.

GASB Statement No. 74 – In June 2015, GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is effective for periods beginning after June 15, 2016. The District has determined this statement to be not applicable.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Governmental Accounting Standards Board (GASB) Pronouncements (Continued)

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures.* This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. The District has determined this statement to be not applicable.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. The District has determined this statement to be not applicable.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* – an amendment of GASB No. 14. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2016. The District has determined this statement to be not applicable.

Future Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement is effective for periods beginning after June 15, 2017. The District has not determined the effect, if any, on the financial statements.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The District has not determined the effect, if any, on the financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Governmental Accounting Standards Board (GASB) Pronouncements (Continued)

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assts. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. The District has not determined the effect, if any, on the financial statements.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District has not determined the effect, if any, on the financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus.* The objective of this Statement is to address practice issues that have been identified during implementation of application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District has not determined the effect, if any, on the financial statements.

GASB Statement No. 86 – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues.* The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District has not determined the effect, if any, on the financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Governmental Accounting Standards Board (GASB) Pronouncements (Continued)

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019. The District has not determined the effect, if any, on the financial statements.

NOTE B – CASH AND INVESTMENTS

Cash and investments at June 30, 2017 consist of the following:

	Unrestricted	Restricted	Total
Cash in County Treasury	$ 3,007,345	$ -	$ 3,007,345
Cash held with fiscal agents	136,477	399,659	536,136
Imprest cash	400	-	400
Total	$ 3,144,222	$ 399,659	$ 3,543,881

Cash and investments shown on the statement of net position and the balance sheet represent the District's share of the County Treasurer's cash and investment pool and its deposits with outside financial institutions and fiscal agents.

The District involuntarily participates in the County Treasurer's cash and investment pool. California Government Code Section 53600, et. seq., and the County investment policy authorizes the following investments; U.S. Treasury securities, U.S. agency securities, local agency bonds, bankers acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, corporate notes, collateralized certificates of deposit, California Local Agency Investment Fund (LAIF), CDARS certificates of deposit and Supranationals. Other allowable investments pursuant to Government Code Section 53601, although restricted by the County's investment policy, include mutual funds, mortgage and collateral-backed securities, asset-backed securities, reverse repurchase agreements, and joint powers agency investment pools.

As identified in the table on the previous page, the restricted portion of cash held with fiscal agents represent the District's investment in a money market mutual fund, which is held in an account restricted for debt service payments on the Series 2008 VV Certificates of Participation (refer to Note D). The unrestricted cash and investments held by fiscal agents represents uncommitted funds held with the Vector Control Joint Powers Agency (VCJPA) Contingency Fund. These funds are used to pay for costs not covered under the VCJPA's insurance pool programs.

NOTE B – CASH AND INVESTMENTS (CONTINUED)

The County has a Treasury Review Panel, which performs regulatory oversight for its pool as required by Treasurer Policy. Investments are stated at fair value in accordance with generally accepted accounting principles. However, the value of the District's shares in the County investment pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. The District's investment in the County Treasurer's pool and the VCJPA as of June 30, 2017 are stated at fair value. The money market mutual fund for debt service is stated at net asset value. The County's comprehensive annual financial report, containing information relating to the County's cash and investments by risk category, can be obtained from the County Auditor-Controller's office.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, requires additional disclosures about a government's deposit and investment risks that include credit risk, custodial credit risk, concentration of credit risk and interest rate risk. The District does not have an investment policy that addresses these specific types of risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. The weighted average to maturity of the County's external investment pool as of June 30, 2017 was 1,595 days. The weighted average to maturity of the Vector Control Joint Powers Agency (VCJPA) external investment pool as of June 30, 2017 was 1043 days and the District's money market mutual fund held by Bank of New York Mellon is 31 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County and VCJPA external investment pools are not rated. The District's investment in the money market mutual fund is rated AAAm by Standard & Poor's.

NOTE B – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of the failure of a depository institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (i.e. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Fair Value Measurement

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 significant other observable inputs; Level 3 inputs are significant unobservable inputs. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Money Market Mutual funds held by the District are reported at $1 net asset value (NAV) per share. The total fair value of these at June 30, 2017 was $399,659, with $0 unfunded commitments. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short-term U.S. Treasury and government agency securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities). Deposits and withdrawals from the County and VCJPA external investment pools are made on the basis of $1 and not fair value. Accordingly, the District's proportionate share of cash and investments in the County and VCJPA pools at June 30, 2017 are $3,007,345 and $136,477, respectively. These types of investments are based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

NOTE C – CAPITAL ASSETS

Changes in the capital assets during the fiscal year ended June 30, 2017 were as follows:

	Balance July 1, 2016	Additions	Retirements/ Transfers	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	$ 438,627	$ -	$ -	$ 438,627
Capital assets, being depreciated:				
Buildings and improvements	5,708,316	-	-	5,708,316
Equipment and vehicles	818,372	94,485	(57,709)	855,148
Total capital assets, being depreciated	6,526,688	94,485	(57,709)	6,563,464
Less accumulated depreciation for:				
Buildings and improvements	(1,708,861)	(272,586)	-	(1,981,447)
Equipment and vehicles	(563,747)	(49,755)	48,373	(565,129)
Total accumulated depreciation	(2,272,608)	(322,341)	48,373	(2,546,576)
Total capital assets, being depreciated, net	4,254,080	(227,856)	(9,336)	4,016,888
Capital assets - net	$ 4,692,707	$ (227,856)	$ (9,336)	$ 4,455,515

NOTE D – LONG-TERM LIABILITIES

Changes in the District's long-term liabilities during the fiscal year ended June 30, 2017, were as follows:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Amounts Due Within One Year
Compensated absences	$ 109,189	$ 131,454	$ (118,632)	$ 122,011	$ 12,201
Certificates of participation	3,705,000	-	(215,000)	3,490,000	220,000
Original issuance discount	(64,820)	-	5,328	(59,492)	(5,328)
Total	$ 3,749,369	$ 131,454	$ (328,304)	$ 3,552,519	$ 226,873

On August 20, 2008, the District issued $5,000,000 of Series 2008 VV Certificates of Participation (Certificates). The proceeds of the 2008 Certificates were used to provide funds to the District to finance the acquisition of a new administration building located in Roseville, California; to fund, in whole or in part, a reserve fund for the Certificates, and to pay certain costs of executing and delivering the Certificates. The interest rate varies between 3.25% and 5.25% and is payable in semi-annual installments on September 1 and March 1. The Certificates mature annually on September 1 ending in 2028. The Certificates are payable by benefit assessments levied against each lot, tract or parcel within the District.

On August 1, 2008, the District entered into a lease/purchase agreement with CSDA (California Special District Association) Finance Corporation to pay the principal and interest when due for the right to use and occupy the building.

NOTE D – LONG-TERM LIABILITIES (CONTINUED)

The following is a schedule of total debt service requirements to maturity as of June 30, 2017 for the Series 2008 VV certificates of participation:

Year Ending June 30,	Principal	Interest
2018	$ 220,000	$ 170,658
2019	230,000	161,150
2020	240,000	150,263
2021	255,000	137,887
2022	265,000	124,887
2023-2027	1,545,000	402,138
2028-2029	735,000	38,981
Total	$ 3,490,000	$ 1,185,964

NOTE E – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions and injuries to employees. The District and various other districts throughout the State of California formed the Vector Control Joint Power Agency (VCJPA) to provide coverage for workers' compensation, general and property liability exposures and to pay for the administration of the program. The Joint Powers Agreement established for its members the VCJPA General Liability and Workers' Compensation Plans.

As defined by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the VCJPA is a "risk-sharing pool." The VCJPA manages one pool for all members. The arrangement allows its members to transfer or pool risks and share in the cost of losses. The District currently reports all of its risk management activities in its General Fund. Premiums due to the VCJPA are reported when incurred. Each member of the VCJPA pays an annual premium to the insurance system which is evaluated each year.

The agreement for the formation of the VCJPA provides that the system will be self-sustaining through member premiums and is insured through a commercial company for claims in excess of the self-insured retention.

VCJPA members are also permitted to deposit unobligated funds with the VCJPA in the Member Contingency Fund and the Property Contingency Fund. The purpose of these funds is to pay for items not covered under VCJPA's pool programs. The District did not have any claims outstanding not covered by the pool programs. Deposit and withdrawal of unobligated funds may be made by the District at any time.

As of June 30, 2017, the District had $135,889 in the Member Contingency Fund and $588 in the Property Contingency Fund.

NOTE F – PENSION PLAN

Plan Description

All qualified permanent and probationary District employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within the Miscellaneous risk pool. Rate plans within the Safety and Miscellaneous risk pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan. The District sponsors three rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides 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 and the retirement formula of 2.0% at 55 for existing "Miscellaneous Classic" members, 2.0% at 60 for existing "Miscellaneous Second Tier" members and 2.0% at 62 for "PEPRA Miscellaneous Tier" existing members and all future members. The cost of living adjustments for each plan are applied as specified by California Public Employees' Retirement Law (PERL).

The rate plan provisions and benefits in effect as of June 30, 2017 are summarized as follows:

	Miscellaneous Classic Plan	Miscellaneous Second Tier Plan	PEPRA Miscellaneous Tier Plan
Hire Date	Hired on or before June 30, 2011	Hired on or after July 1, 2011	Hired on or after January 1, 2013
Benefit formula	2.0% at 55	2.0% at 60	2.0% at 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% - 2.00%	1.09% - 2.00%	1.00% - 2.00%

Contributions

Section 20814(c) of 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.

NOTE F – PENSION PLAN (CONTINUED)

Contributions (Continued)

For public agency cost-sharing plans covered by the Miscellaneous 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. Employees under the Miscellaneous Classic, Miscellaneous Second Tier and PEPRA Miscellaneous Tier rate plans are required to contribute 7%, 7% and 6.25% of their annual pay, respectively. The District's contractually required contribution rates for the year ended June 30, 2017, for the Miscellaneous Classic, Miscellaneous Second Tier and PEPRA Miscellaneous Tier, were 8.377%, 7.159% and 6.555%, respectively, of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions to the pension plan were $124,838 for the year ended June 30, 2017.

Pensions Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a net pension liability of $384,878 for its proportionate share of the net pension liability. The net pension liability of the Plan was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial evaluation as of June 30, 2015. The District's proportion of the net pension liability of the Plan was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District's proportion was 0.00445%, which was an increase of 0.00051% from its proportion measured as of June 30, 2015.

As of June 30, 2017, the District reported a pension expense of $18,672 and reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,894	$ 892
Change in Assumptions	-	36,841
Employer pension contributions paid by District subsequent to measurement date	124,838	-
Net difference between projected and actual earnings on pension plan investments	191,746	-
Changes in proportion and differences between District contributions and proportionate share of contributions	135,084	-
	$ 455,562	$ 37,733

NOTE F – PENSION PLAN (CONTINUED)

Pensions Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources of $124,838 results from pension contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the next fiscal year. Amounts reported as deferred outflows and deferred inflows of resources related to pensions, will be recognized in future pension expense as follows:

Year Ended June 30	
2018	$ 84,135
2019	71,192
2020	88,000
2021	49,664
	$ 292,991

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation, rolled forward to June 30, 2016, was determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Services
Investment Rate of Return	7.65% Net of Pension Plan Investment, includes Inflation
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for All Funds

[1] The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increases, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

NOTE F – PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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.

		Long-term expected real rate of return	
Asset Class	Target Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
	100.0%		

[1] An expected inflation of 2.5% used for this period
[2] An expected inflation of 3.0% used for this period

NOTE F – PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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.

Sensitivity of the District's 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, calculated using the discount rate of 7.65%, 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 (6.65%) or 1 percentage point higher (8.65%) than the current rate.

Discount Rate - 1%		6.65%
Net Pension Liability	$	684,350
Current Discount Rate		7.65%
Net Pension Liability	$	384,878
Discount Rate + 1%		8.65%
Net Pension Liability	$	137,379

NOTE G – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District participates in a single-employer defined benefit healthcare plan administered by CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). The plan provides postemployment healthcare benefits to employees, for life or until coverage is discontinued, who are eligible to retire with CalPERS and have completed at least 10 years of employment with the District. The District contributes $128 per month per eligible retiree. The District has established an other postemployment benefits (OPEB) trust account with the California Employers' Retiree Benefit Trust (CERBT), an agent multiple employer plan administered by CalPERS. CalPERS' issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The District's minimum required contribution is set by California Government Code Section 22892. Contribution requirements in excess of the minimum for plan members and the District are established and may be amended by the District's Board of Trustees. The District's actuarially determined contribution rate (the annual required contribution) was 6.0% of annual covered payroll. The District fully funded the initial unfunded actuarial accrued liability (UAAL) plus subsequent normal costs by June 30, 2011. Subsequent changes in the UAAL are amortized over a closed 30 year period.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding, that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The annual required contribution and the actual contributions for the year ended June 30, 2017 were $107,030.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed and net OPEB obligation as of and for the fiscal year ended June 30, 2017 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/15	$ 72,074	100%	-
6/30/16	74,416	100%	-
6/30/17	107,030	100%	-

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	937,873
Actuarial value of plan assets	690,072
Unfunded actuarial accrued liability (UAAL)	$ 247,801
Funded ratio (actuarial value of plan assets/AAL)	73.58%
Covered payroll (active plan members)	$1,289,603
UAAL as percentage of covered payroll	19.20%

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the basic financial statements.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the District's July 1, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 6.73% investment rate of return and medical premiums have been assumed to rise at a decreasing rate from 7.5% in 2017 to 4.64% in 2025. Both rates assume a 2.75% inflation factor. The OPEB plan's UAAL is being amortized on a level percentage of projected payroll basis over a closed 30 year period beginning July 1, 2012, with 25 years remaining as of June 30, 2017. The amortization does not exceed the maximum acceptable period of 30 years.

NOTE H – RELATED PARTY TRANSACTIONS

Under contractual agreement, the County provides administrative services to the District**,** including personnel, and allocates costs related to these services and facilities to the District. For the fiscal year ended June 30, 2017, the County incurred on the District's behalf $16,076 for salaries and benefits, operating costs and administrative services. The County also charges the District for administrative and collection costs related to benefit assessments and property tax revenues. For the fiscal year ended June 30, 2017, the amount charged was $42,911.

NOTE I – COMMITMENT AND CONTINGENCIES

Operating Lease

The District's operating lease obligations are for the rental of a copier and the rental of a satellite office of a local mosquito and vector control district, including office use, storage of district vehicles and equipment, vehicle and equipment maintenance, and the storage of mosquito/vector control pesticides.

NOTE I – COMMITMENT AND CONTINGENCIES (CONTINUED)

Operating Lease (Continued)

The future minimum lease payments required for these operating leases is as follows:

Fiscal Year Ended June 30,	Amount
2018	$ 27,163
2019	19,702
Total	$ 46,865

Rental expenditures were $27,395 for the fiscal year ended June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Charges for services (benefit assessment)	$ 4,170,814	$ 4,196,459	$ 4,198,191	$ 1,732
Property taxes	43,903	48,026	47,812	(214)
Investment earnings	20,038	26,100	8,264	(17,836)
Miscellaneous	27,350	27,350	9,118	(18,232)
Total revenues	4,262,105	4,297,935	4,263,385	(34,550)
Expenditures:				
Related to pensions				
Salaries and benefits	2,180,539	2,158,323	2,146,736	11,587
Professional services	379,291	453,264	436,710	16,554
Public health pesticides	520,057	540,057	586,139	(46,082)
Administration and public information	291,131	290,136	229,408	60,728
Insurance	117,934	117,934	119,309	(1,375)
Collection charges	76,929	77,146	53,725	23,421
Fuel and lubricants	35,300	35,300	31,543	3,757
Utilities	69,508	70,619	74,005	(3,386)
Maintenance	46,970	46,970	34,648	12,322
Rents and leases	27,431	27,431	27,395	36
Membership dues and subscriptions	15,872	15,872	15,872	-
Travel and transportation	27,542	27,542	22,563	4,979
Legal services	8,000	8,000	3,320	4,680
Miscellaneous	364	364	364	-
Debt service:				
Interest	179,578	179,578	179,574	4
Principal	215,000	215,000	215,000	-
Capital outlay	95,000	100,000	94,485	5,515
Total expenditures	4,286,446	4,363,536	4,270,796	92,740
Excess (deficiency) of revenues over (under) expenditures	(24,341)	(65,601)	(7,411)	58,190
Other financing sources:				
Sale of capital assets	-	-	6,384	6,384
Net change in fund balance	$ (24,341)	$ (65,601)	(1,027)	$ 58,190
Fund balance, July 1, 2016			3,427,213	
Fund balance, June 30, 2017			$ 3,426,186	

See accompanying note to required supplementary information.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
LAST 10 YEARS*

	2017	**2016**	**2015**
District's proportion of the net pension liability	0.00445%	0.00393%	0.00453%
District's proportionate share of the net penion liability	$ 384,878	$ 269,960	$ 281,495
District's covered payroll	$ 1,312,324	$ 1,289,603	$ 1,181,197
District's proportionate share of the net pension liability as a percentage of its covered payroll	29.33%	20.93%	23.83%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	74.06%	78.40%	79.82%
Measurement Date	6/30/2016	6/30/2015	6/30/2014

* - Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
LAST 10 YEARS*

	2017	2016	2015
Actuarially determined contributions	$ 124,838	$ 108,970	$ 133,708
Contributions in relation to the actuarially determined contributi	(124,838)	(108,970)	(133,708)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 1,443,816	$ 1,312,324	$ 1,289,603
Contributions as a percentage of covered payroll	8.65%	8.30%	10.37%

* - Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (a)-(b)	Funded Ratio (b)/(a)	Annual Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(a)-(b)]/(c)
7/1/2011	$426,115	$367,778	$58,337	86.31%	$938,627	6.2%
7/1/2013	606,525	497,523	109,002	82.03%	1,125,815	9.7%
7/1/2015	937,873	690,072	247,801	73.58%	1,289,603	19.2%

PLACER MOSQUITO AND VECTOR CONTROL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

NOTE A – BUDGETS AND BUDGETARY ACCOUNTING

Formal budgetary accounting is employed by the District as a management control for the District's general fund. The Board of Trustees adopts an annual budget each fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is exercised at the fund level. All amendments to the budget are reflected in the financial statements and require the approval of the Board of Trustees. All unencumbered annual appropriations lapse at the end of each fiscal year. There are no encumbrances outstanding at year-end.

OTHER REPORT

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

To the Board of Trustees
Placer Mosquito and Vector Control District
Roseville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Placer Mosquito and Vector Control District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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Purpose of this Report

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

Vavrinek, Trine, Day & Co. LLP

Sacramento, California
January 31, 2018