

**FINANCIAL REPORT WITH
INDEPENDENT AUDITOR'S REPORT
THEREON
TURLOCK MOSQUITO
ABATEMENT DISTRICT**

JUNE 30, 2016

**TURLOCK MOSQUITO ABATEMENT DISTRICT
FINANCIAL REPORT**

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Craig R. Fechter, CPA, MST
Scott A. German, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities of each major fund of the Turlock Mosquito Abatement District as of and for the year ended June 30, 2016, 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.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, each major fund, and the aggregate remaining fund information of the Turlock Mosquito Abatement District as of June 30, 2015, 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.


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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, on pages 3-7 and 27-30, respectively, 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.

Fechter & Company,
Certified Public Accountants

A handwritten signature in cursive script that reads "Fechter & Company, CPAs". The signature is written in black ink and is positioned to the left of the date and location text.

October 18, 2016
Sacramento, California

**TURLOCK MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the Turlock Mosquito Abatement District (The District), this narrative overview and analysis reflects the District's financial activities for the fiscal year ending June 30, 2016. We recommend that the readers consider this information in conjunction with the financial statements as a whole.

FINANCIAL POSITION SUMMARY

Fund and government-wide financial statements are presented on pages 8-13.

The government-wide financial statements, the Statement of Net Position and Statement of Activities, are prepared using the full accrual basis of accounting, much like a for-profit organization. These statements reflect inventory and capital investments of the District, as well as presentation of the finances of the District as a whole (rather than by funds).

Fund financial statements tell how these services were paid for as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements providing information about the District's two funds.

Notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the basic financial statements. Required supplemental information consists of more detailed data on budget to actual revenues and expenditures and retirements fund schedule of funding progress.

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,521,010 at the close of the fiscal year. The District's liabilities accounted for \$1,125,268 with the largest liability as long-term liabilities for the net pension liability of \$971,914.

The change in the District's assets over liabilities from last year's audit compared to this year's audit is \$241,816. This reflects the change in revenues, expenditures, and changes in fixed asset values.

The District's member contingency account in the Vector Control Joint Powers Agency (VCJPA) is designed to pay for unexpected self-insured losses and losses not covered under the VCJPA, such as cost associated with pollution remediation and lawsuits exceeding coverage limits for violations of the clean water act. This account has an ending account balance of \$275,961.

The District's ending fund balance decreased \$251,029 from the previous fiscal year. The District's unrestricted fund balance decreased from \$2,391,425 from the previous fiscal year to \$2,140,396 for fiscal year 2015/2016.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

The District fully prefunded the District's OPEB liability in the California Employer Retiree Benefit Trust (CERBT). The District earned \$14,208 from investment earnings and incurred administrative expenses of \$283. This resulted in an ending balance of 349,303.57 as of June 30, 2016. As part of the valuation process, the Board selected an amortization period of 20-years and to prefund the District's OPEB liability by contributing at least 100% of the Annual Required Contribution each year. The District continues to invest in CERBT asset allocation Strategy 3 with an annual return rate estimated at 6.12%.

Summary of Assets, Liabilities and Fund Balance

Assets	2016	2015
Current and other Assets	\$ 2,275,403	\$ 2,483,467
Capital Assets, net	370,875	323,836
Total Assets	\$ 2,646,278	\$ 2,807,303
 Liabilities		
Current and Other Liabilities	\$ 1,125,268	\$ 1,528,109
Total Liabilities	\$ 1,125,268	\$ 1,528,109
 Net Position		
Invested in Capital Assets	\$ 370,875	\$ 323,836
Unrestricted Net Position	1,150,135	955,358
Total Net Position	1,521,010	1,279,194
Total Liabilities and Net Position	\$ 2,646,278	\$ 2,807,303

As the District completed the year, its governmental funds (as presented on the reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balance of Governmental funds on page 12) reported a fund balance showing a net decrease of \$251,029.

Summary of Revenues and Expenses

	2016	2015
Revenues	\$ 2,073,299	\$ 1,947,646
Operating Expenses	2,324,328	1,920,708
Excess of Revenues and Expenses	\$ (251,029)	\$ 26,938

Significant Events

At the end of the 2014 mosquito season, California had experienced one of the worst years for West Nile virus (WNV) transmission with (801) human cases diagnosed. Ten of those cases occurred within the Turlock Mosquito Abatement District which made 2014 one of the District's worst years, as well. In 2015, California experienced similar numbers statewide with (783) human cases

**TURLOCK MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

diagnosed but only (4) of those cases occurring within the District. In early 2016, a relatively weak El Nino brought late season rains to California. The amount of precipitation wasn't enough to

completely alleviate drought concerns but local water districts did significantly increase the amount of water allocated to landowners for irrigation purposes. These late season spring rains provided abundant habitat for *Culex tarsalis* mosquitoes which are very efficient vectors of West Nile virus (WNV). As such, the District (and California in general) observed record levels of early season WNV activity. By July 2016, more mosquito pools had tested positive for the presence of WNV than had been collected during entire seasons in previous years. This early peak of WNV activity was very concerning considering that the worst months of the mosquito season were to come and landowners would be irrigating with more water for a longer period due to increased allocations of water from the local water districts. Mosquitoes such as *Culex pipiens*, which are much more closely associated with humans, typically have population peaks later in the summer; so, this early peak of WNV activity was very concerning as the risk of human infection would increase as the summer progressed, temperatures increased, and mosquito species more associated with humans became more dominant.

The District utilizes surveillance data gathered weekly to guide decision making in regards to performing wide area adulticiding activities to lower adult mosquito populations and the risk of disease transmission. This protocol and the utilization of aerial pesticide treatments were very effective in 2015 in reducing the human case count in Stanislaus County, even though California experienced a high number of human cases statewide. The significant amount of WNV activity observed during June/July of 2016 served as an "early warning system" and District officials, with Board approval, utilized reserve funds set aside for public health emergencies to increase the frequency of aerial applications in areas with high WNV activity (in accordance with the California Department of Health guidelines). This prompt reaction saw mosquito levels plummet, as well as the amount of WNV transmission occurring, which played a key role in preventing an epidemic of WNV cases in the human population.

In 2015, (1,990) mosquito samples were submitted for testing which represents a 39% increase over 2014. The good news is that in 2014, out of the (1,435) mosquito pools submitted (151) tested positive (11%). In 2015, although more mosquitoes were submitted for testing, only (76) tested positive (4%). This reduction was also observed in dead bird testing, with (32) birds testing positive for WNV in 2014 and only (5) birds testing positive in 2015. As such, this reduction in WNV transmission led to a significant decrease in exposure to the human population with the number of neuro-invasive human cases falling from (10) in 2014 to (4) in 2015.

There are several policy issues outlined below that will have a significant impact on District operations in the future:

Clean Water Act & NPDES Permit: In recent years, there have been a few lawsuits involved with the release of pesticides or their residues (termed "pollutants") into waters of the United States (WOTUS). On November 27, 2006, the EPA issued a final rule clarifying two specific circumstances in which a Clean Water Act (CWA) permit is not required to apply pesticides to or around WOTUS. They are: 1) the application of pesticides directly to water to control pests; and 2) the application of pesticides to control pests that are present over or near water, where a portion of the pesticides will unavoidably be deposited to the water to target the pests. The action put into effect a rule that

**TURLOCK MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

confirms EPA's past operating approach that pesticides legally registered under FIFRA for application to or near aquatic environments, and legally applied to control pests at those sites, are not subject to NPDES permit requirements.

In 2008, this rule was challenged by several environmental groups and the U.S. Sixth Circuit court of Appeals held that this rule was not a proper interpretation of the Clean Water Act. The Sixth Circuit ruled that a CWA permit would be required for all biological and chemical pesticide applications that leave a residue in water. After a couple lengthy stays granted by the court, this mandate went into effect October 31, 2011. No further legal appeals are expected, so any further help regarding this matter would be legislative in nature.

The District's NPDES permit with the State Water Resource control Board (SWRCB) expired on February 29, 2016. Although no "federal fix" has been forthcoming, the District's new NPDES permit was granted by the SWRCB with no significant changes or additions. The new Water Quality Order 2016-0039-DWQ (General Permit No. CAG990004) will expire June 30, 2021.

Invasive Species: California currently has (2) new invasive species within its borders, the Yellow Fever mosquito (*Aedes aegypti*) and the Asian Tiger mosquito (*Aedes albopictus*). Both of these mosquitoes are known to transmit diseases such as: Zika, Yellow Fever, Dengue Fever, and Chikungunya virus. At one time, these mosquitoes and the viruses they transmit were limited to more tropical environments but climate change has been a catalyst for dispersal worldwide. West Nile virus was once a stable disease in Northern Africa; however, in only 10-15 years it is now found globally. Diseases such as Dengue and Chikungunya are on the move and may follow the path of West Nile virus across the United States – this becomes much more possible if the vector mosquitoes become established in California.

In 2014, the District began surveillance activities for *Aedes aegypti* which has been found in the nearby counties of Fresno, Kern, Madera, San Mateo, and Tulare. The appearance of this mosquito may have a large and fundamental impact on the District and its operations. It has been shown that the current control protocols we use against native mosquitoes will not be effective against a mosquito such as *Aedes aegypti* which breeds in very close association with humans in backyard sources. District personnel have seen firsthand the frustration in arranging access to properties to inspect and treat swimming pools.

In preparation for the arrival of the Yellow Fever mosquito, the Board elected to create a committed fund balance account established at 8% (1-month) of the District's Adjusted Operating Expenses with a maximum balance set at 16% (2-months) of the District's Adjusted Operating Expenses.

Pesticide Resistance: The issue of chemical resistance has become a very hot topic in California, especially with regulatory and legislative concerns limiting the number of products available for use and where these products can be applied. In 2014, the California Department of Public Health adopted a new program to test for the presence of the *kdr* mutation gene in mosquitoes. Mosquitoes with this mutation are resistant to pyrethrins which is the chemical being used by the District to control adult mosquitoes. After sending in hundreds of mosquitoes for testing, the results indicated that the presence of this gene mutation was found in virtually 100% of the wild mosquito population. Additional related testing indicated that some mosquito populations are also exhibiting some resistance to larvicide products containing methoprene. Methoprene mimics a hormone found

**TURLOCK MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

naturally in mosquitoes which prevent them from developing into adults and keeps them in the aquatic stage.

Review of the District's application records, it became apparent that the District had not been properly rotating chemicals and had a history of treating at the lowest label rates (or lower) thereby increasing the rate of resistance in wild mosquito populations. In 2014, the Insecticide Resistance Guidelines were implemented which provided staff information regarding resistance, how it develops, and how to combat it by rotating chemical use for larvicides and adulticides.

Starting in 2015, the District began using adulticide aerial applications using a different adulticide chemical with the active ingredient naled. Naled is in the organophosphate chemical family and has a different mode of action than pyrethrin based chemicals. By rotating this chemical in at various times of the year, we are hoping to target mosquitoes that may be more resistant to pyrethrin based chemicals and remove them from the population. In addition, staff has begun to rotate larvicides using chemicals with different modes of action at various times of the year to prevent mosquitoes from developing resistance to repeated use of one type of chemical.

Capital Assets

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	\$ 7,937	\$ 7,937
Structures and improvements	288,415	288,415
Motor vehicles	631,963	618,382
Office and lab equipment	127,689	62,174
Spray equipment	226,493	226,493
Operations and safety	19,912	19,912
	<u>1,302,409</u>	<u>1,223,313</u>
Less Accumulated Depreciation	<u>(931,534)</u>	<u>(899,477)</u>
Capital Assets, Net	<u>\$ 370,875</u>	<u>\$ 323,836</u>

Budgetary Highlights

The District's budget for FY 2015-2016 saw the addition of aerial mosquito control costs added to the budget as a recurring line-item. The success of these applications, in addition to the resistance concerns, means that aerial control needs to continue to be a significant tool in the District's mosquito control program moving forward. According to the June 30, 2016 audit, the District ended the FY 2015-2016 with expenditures exceeding revenues by \$251,029. The District continues to collect its Special Tax to bridge the gap between revenues and expenditures.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to David Heft, Manager, Turlock Mosquito Abatement District, 4412 N. Washington Road, Turlock, CA 95380.

TURLOCK MOSQUITO ABATEMENET DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS

Cash and investments	\$ 1,689,881
Accounts receivable	1,658
Inventory	199,131
	1,890,670
Total current assets	1,890,670
Deposits - non-current	275,961
Capital assets, net	370,875
	2,537,506
TOTAL ASSETS	2,537,506

DEFERRED OUTFLOWS OF RESOURCES (NOTE 10)

Deferred pension payments	108,772
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LIABILITIES

Accounts payable and accrued expenses	26,235
Long-term liabilities:	
Net pension liability	971,914
Compensated absences	63,359
	1,061,508
TOTAL LIABILITIES	1,061,508

DEFERRED INFLOWS OF RESOURCES (NOTE 10)

Deferred pension payments	63,760
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NET POSITION

Invested in capital assets, net of related debt	370,875
Unrestricted	1,150,135
	1,521,010
NET POSITION	\$ 1,521,010

The accompanying notes are an integral part of these financial statements

**TURLOCK MOSQUITO ABATEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Governmental Activities:					
Public Safety	\$ 1,831,483	\$ -	\$ -	\$ -	\$ (1,831,483)
Total Governmental Activities	<u>\$ 1,831,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,831,483)</u>

General Revenues

Property taxes and assessments	1,928,745
Other governmental revenues	91,820
Interest income	12,570
Miscellaneous	<u>40,164</u>
Total general revenues	<u>2,073,299</u>
Change in net position	241,816
Net position at beginning of fiscal year	<u>1,279,194</u>
Net position at end of fiscal year	<u>\$ 1,521,010</u>

The accompanying notes are an integral part of these financial statements

**TURLOCK MOSQUITO ABATEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

ASSETS	<u>General Fund</u>
Cash and investments	\$ 1,689,881
Accounts receivable	1,658
Inventory	<u>199,131</u>
Total current assets	<u>1,890,670</u>
Deposits - non-current	<u>275,961</u>
TOTAL ASSETS	<u><u>\$ 2,166,631</u></u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 26,235</u>
Total liabilities	<u>26,235</u>
FUND BALANCES	
Fund balance:	
Non-spendable	475,092
Assigned for contingencies/public health emergency	351,918
Assigned for compensated absences	56,530
Assigned for operations	854,105
Assigned for capital replacement	77,940
Unassigned	<u>324,811</u>
Total fund balance	<u>2,140,396</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,166,631</u></u>

The accompanying notes are an integral part of these financial statements

**TURLOCK MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total fund balances - governmental funds	\$ 2,140,396
<p>In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>	
Capital assets at historical cost, net	370,875
<p>Deferred outflows of resources are not reported in the Statement of Net Position</p>	108,772
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:</p>	
Deferred inflows of resources	(63,760)
Net pension liability	(971,914)
Compensated absences	(63,359)
	(1,038,033)
Net position of governmental activities	\$ 1,521,010

The accompanying notes are an integral part of these financial statements

**TURLOCK MOSQUITO ABATEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General fund</u>
REVENUES	
Property taxes and assessments	\$ 1,928,745
Other governmental revenues	91,820
Interest income	12,570
Miscellaneous	<u>40,164</u>
Total revenues	2,073,299
EXPENDITURES	
Current:	
Salaries and benefits	1,184,670
Services and supplies	1,060,562
Capital outlay	<u>79,096</u>
Total expenditures	<u>2,324,328</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(251,029)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>2,391,425</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 2,140,396</u></u>

The accompanying notes are an integral part of these financial statements

**TURLOCK MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES	\$ (251,029)
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances	79,096
Depreciation expense not reported in governmental funds	(32,057)

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Change in accrued pensions	448,004
Change in compensated absences	(2,198)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>241,816</u></u>
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The accompanying notes are an integral part of these financial statements

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

The Turlock Mosquito Abatement District (the "District") was formed in January 1946 to protect the public from mosquito borne diseases and the discomfort caused by mosquito bites. Originally, the District controlled mosquitoes within an area of 342 square miles; today, the District controls mosquitoes within an area of 966 square miles. The governing body is made up of appointed members, five from the cities and three from the county. The eight-person board represents the cities of Newman, Patterson, Turlock, Hughson, Ceres, and unincorporated areas within the County of Stanislaus. The District operates under the California Health and Safety Code, Department of Health Services Vector Control Program and Local Agencies Engaged in Mosquito and Vector Control. Stanislaus County is responsible for the District's cash. The County collects and apportions the taxes that are the main source of revenue for the district. All disbursements, other than petty cash, are made using checks issued by Stanislaus County.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations. This is required supplementary information.
- Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting for all of the District's activities.

These and other changes are reflected in the accompanying financial statements which includes these notes to financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government.

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 charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Other items not properly included among program revenues are reported instead as general revenues.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fund Accounting

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

The “measurement focus” of a Governmental Fund is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds used by the District:

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

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of the funds present increases (i.e., revenues) and decreases (i.e., expenditures) in net current assets.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The modified accrual basis of accounting is used by the governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available.) "Measurable" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes and other revenues as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Those revenues susceptible to accrual are property taxes, special assessments, interest revenue, and charges for services. Revenues consist mainly of property taxes that are calculated by Turlock. Tax levies are established in March of each year and are generally due in two installments, in April and December of each year. Tax payments are remitted to the District by the respective county offices.

Inventory

Inventory is valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventory are recorded as expenditures when consumed rather than when purchased. Substantially all inventory is purchased from one supplier.

Capital Assets

Capital assets are those purchased or acquired with an original cost of \$1,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over a period of 5-45 years.

Compensated Absences

The current accumulated unpaid employee vacation benefits are reported as a liability in the General Fund. The long term unpaid employee vacation benefits are reported as a liability in the statement of net position. Vacation benefits are recorded as expenditures in the period that vacation leaves are taken.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave. Accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reserved Fund Balances

Reservations or restrictions of fund balances are used to indicate the portion of the fund balance that is not available for expenditure or is segregated for a specific future use. It is the District's policy to first use restricted resources, when available.

Portions of unreserved fund balances may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or debt service. Such plans or intent are subject to change and may never be legally authorized or result in expenditures.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by District legislation or external restrictions by creditors, grantors, laws, or regulations of other governments.

Budgets and Budgetary Accounting

The Board of Trustees approves a tentative budget no later than June 30 of each year, and adopts a final budget no later than August 30.

From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations. The Board of Trustees may amend the budget by motion during the fiscal year or make transfers from one object or purpose to another within the same budget unit. The original budget is presented in the financial statements. Appropriations lapse at the end of each fiscal year.

A budget is adopted for the General Fund on an accounting basis that materially conforms to accounting principles generally accepted in the United States of America.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes accounting and financial reporting standards for all governments that report governmental funds. Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (i.e. – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

NOTE 2: CASH AND INVESTMENTS

The District maintains substantially all of its cash in the Stanislaus County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost. The fair market value of the pool as of the above date is shown by the pools sponsor, the County of Stanislaus, which produces a comprehensive annual financial report. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. Government securities, state registered warrants, notes or bonds, State Treasurer’ investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Information regarding the amount of dollars invested in derivatives with the county treasury pool was not available.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and District ordinance. Copies of the PERS annual financial report may be obtained from the executive office at 400 P Street, Sacramento, CA 95814.

Employee and Employer Contribution Obligations

All full-time District employees are eligible to participate in PERS. The Plan requires an employee contribution of 7% of annual covered salary. The District is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the Board of Administration. The contribution requirements of plan members and the District are established and may be amended by PERS.

Funding Status and Progress

Participants are required to contribute 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the current rate is 110.32% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

At June 30, 2016, the District reported a liability of \$971,914 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$(339,232) in its Government-Wide financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions, and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

The District's contribution rate for the June 30, 2016 fiscal year was 11.032% while the covered payroll was \$751,954.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

**NOTE 3: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) –
(continued)**

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.5%, net of investment expense
- Inflation Rate – 2.75%
- Salary increases – Varies by Entry Age and Service
- COLA Increases – up to 2.75%
- Post-Retirement Mortality – Derived using CalPERS’ Membership Data for all Funds

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

The long-term expected rate of return on pension plan investments (7.5%) 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	47.0%	5.71%
Global Fixed Income	19.0%	2.43%
Inflation Sensitive	6.0%	3.36%
Private Equity	12.0%	6.95%
Real Estate	11.0%	5.13%
Infrastructure and Forestland	3.0%	5.09%
Liquidity	2.0%	(1.05)%

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3: EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN – continued)

Actuarial Assumptions (continued)

The discount rate used to measure the total pension liability was 7.5 %. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund’s fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease 6.50%	Discount Rate 7.5%	1% Increase 8.5%
District’s proportionate share of the net pension plan liability	\$ 1,629,968	\$ 971,914	\$ 428,614

NOTE 4: CAPITAL ASSETS

The District’s recorded capital asset balances changed during the year as follows:

	July 1, 2015	Additions	Disposals & Adjustments	June 30, 2016
Land	\$ 7,937	\$ -	\$ -	\$ 7,937
Structures and imp.	288,415	-	-	288,415
Motor vehicles	618,382	13,581	-	631,963
Office and lab equipment	62,174	65,515	-	127,689
Spray equipment	226,493	-	-	226,493
Operations and safety	19,912	-	-	19,912
	1,223,313	79,096	-	1,302,409
Less Accumulated Depreciation	(899,477)	(32,057)	-	(931,534)
Capital Assets, Net	\$ 323,836	\$ 47,039	\$ -	\$ 370,875

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: CAPITAL ASSETS (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation expense was \$32,057 for the year ended June 30, 2016.

NOTE 5: VECTOR CONTROL JOINT POWERS AGREEMENT

The District is a signatory of a Vector Control Joint Powers Agency Agreement (VCJPA). This agreement is a joint power agreement as authorized by Section 6500 and following of the California Government Code. The VCJPA arranges for and provides insurance for its member districts; it is not a component unit of the District. This VCJPA is accountable for its own fiscal matters. The District had \$275,961 held in trust by the agency at June 30, 2016.

NOTE 6: WORKERS' COMPENSATION

The VCJPA provides workers' compensation coverage for the District in excess of the District's retained limit of \$25,000 up to \$500,000 per occurrence. The VCJPA is also a member of an excess risk-sharing pool (LAWCX) that provides coverage for losses that exceed the \$500,000 per occurrence limit up to the statutory limit.

NOTE 7: RISK MANAGEMENT

Employment Practices Liability – The VCJPA provides employment practices liability coverage to the District up to \$2,000,000 in coverage for employment practices liability type claims. The first \$25,000 is provided by the VCJPA with the District retaining its own self-insured retention of \$10,000. Coverage between \$25,000 and \$2,000,000 is provided by an excess risk-sharing pool (ERMA).

Commercial General Liability, Auto Liability, Errors and Omissions – The VCJPA provides coverage to the District for bodily injury, property damage, personal injury, and public officials' liability through pooled sharing of losses. The VCJPA provides the District with \$1,000,000 per occurrence with the District retaining a portion of each loss at \$10,000. The VCJPA is also a member of an excess risk-sharing pool (CARMA) that provides coverage for losses that exceed the \$1,000,000 per occurrence limit up to \$14,000,000.

Property – The VCJPA provides coverage for real and personal property from the District's deductible of \$500, up to \$10,000 per loss. The excess provider (PEPIP) provides coverage in excess of \$10,000 up to \$1,000,000,000. This coverage provides replacement cost for the District's scheduled property.

Boiler & Machinery – The PEPIP portion of the program also provides coverage up to \$100,000,000 of repair or replacement cost with a deductible of \$2,500 and up for the sudden and accidental breakdown of boiler and machinery equipment.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: RISK MANAGEMENT (continued)

Auto Physical Damage – The VCJPA also provides coverage for the District’s vehicles up to a maximum of \$35,000 per vehicle, unless otherwise declared. The District’s deductible is \$500 per accident, per vehicle.

Group Fidelity – The District, along with other VCJPA members, has purchased coverage up to \$1,000,000 with a \$15,000 deductible per loss.

Business Travel Accident – The District has purchased coverage up to \$150,000 per accident with no deductible.

NOTE 8: LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2015, is shown below:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Compensated Absences	\$ 61,161	\$ 2,198	\$ -	\$ 63,359
Net pension liability	1,100,310	-	128,396	971,914
Total	<u>\$ 1,161,471</u>	<u>\$ 2,198</u>	<u>\$ 128,396</u>	<u>\$ 1,035,273</u>

NOTE 9: POST-RETIREMENT BENEFITS

Plan Description

The District provides post-employment health care benefits to certain employees who are eligible to retire with CalPERS and have completed a minimum of 10 years of employment with the District.

For the year ended June 30, 2015, 6 retirees received health benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2015, expenditures of \$8,892 were recognized for post-employment health care benefits.

Funding Policy

For the fiscal year ended June 30, 2015, the District board decided to pre-fund the actuarially determined unfunded liability that was determined as part of their actuarial study performed at July 1, 2015. The District’s actuarial study performed by Bickmore as of July 1, 2015 indicated there was an unfunded liability of \$80,509.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: POST-RETIREMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016, is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2016	\$ 21,789	100%	\$ -

Funded Status and Funding Process

As of July 1, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$416,067. The covered payroll (payroll of active employees covered by the plan) was \$713,196 and the ratio of the UAAL to the covered payroll was 11.29% percent.

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, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9: POST-RETIREMENT BENEFITS (continued)

Actuarial Methods and Assumptions (continued)

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 the calculations.

In the July 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.12 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate at 4% initially. An inflation rate of 2.75% was used.

NOTE 10: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, the District recognized deferred outflows of resources in the government-wide and proprietary fund statements. These items are a consumption of net position by the District that is applicable to a future reporting period.

The District has one item that is reportable on the Government-Wide Statement of Net Position as Deferred Outflows of Resources which is related to pensions. The total is \$108,772.

The District also recognized deferral inflows of resources in the government-wide financial statements. This is an acquisition of net position by the District that is applicable to a future reporting period. The District has one item related to pensions that is captured as a deferred inflow of resources. The total at year-end was \$63,760.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include deferred inflows of resources for amounts that have been earned but are not available to finance expenditures in the current period.

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$108,772 was reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-end June 30, 2016.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (continued)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 31,985
2017	31,985
2018	29,066
2019	<u>(29,276)</u>
Total	<u>\$ 63,760</u>

NOTE 11: SUBSEQUENT EVENTS

Date of management review is through October 18, 2016. No events occurred outside the ordinary scope of operations that materially impacted the District's financial statements that would require adjustment or recognition at June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

**TURLOCK MOSQUITO ABATEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes and assessments	\$ 2,020,000	\$ 2,020,000	\$ 1,928,745	\$ (91,255)
Other governmental revenues	-	-	91,820	91,820
Interest income	12,500	12,500	12,570	70
Miscellaneous	46,000	46,000	40,164	(5,836)
Total revenues	<u>2,078,500</u>	<u>2,078,500</u>	<u>2,073,299</u>	<u>(5,201)</u>
EXPENDITURES				
Current:				
Salaries and benefits	1,136,000	1,136,000	1,184,670	(48,670)
Services and supplies	994,310	994,310	1,060,562	(66,252)
Capital outlay	81,535	81,535	79,096	2,439
Total expenditures	<u>2,211,845</u>	<u>2,211,845</u>	<u>2,324,328</u>	<u>(112,483)</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>(133,345)</u>	<u>(133,345)</u>	<u>\$ (251,029)</u>	

See notes to required supplementary information

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1: Budgetary Basis of Accounting

Budgets for the operating fund are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
POST EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Valued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2010	\$ 91,252	\$ 265,297	\$ 174,045	34%	\$ 696,726	24.98%
7/1/2012	\$248,252	\$ 218,895	\$ (29,357)	113%	\$ 703,215	-4.17%
7/1/2013	\$298,142	\$ 278,799	\$ (19,343)	107%	\$ 713,196	-2.71%
7/1/2015	\$335,558	\$ 416,067	\$ 80,509	80.6%	\$ 713,196	11.29%

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.

**TURLOCK MOSQUITO ABATEMENT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION - PENSION
FOR THE YEAR ENDED JUNE 30, 2015**

Turlock Mosquito Abatement District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years*:

	<u>FY 2014</u>	<u>FY 2015</u>
District’s proportion of the net pension liability	Varies by plan	Varies by plan
District’s proportionate share of the net pension liability	\$ 1,100,310	\$ 971,914
District’s covered employee payroll	731,429	731,429
District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll	150.43%	132.88%
Plan Fiduciary net position as a percentage of the total pension liability	83.03%	84.64%

*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

CALPERS - Schedule of District contributions

Last 10 Fiscal Years*:

	<u>FY 2014</u>	<u>FY 2015</u>
Actuarially determined contribution	\$ 82,444	\$ 75,357
Total actual contributions	<u>(82,444)</u>	<u>(75,357)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District’s covered-employee payroll	\$ 731,429	\$ 731,429
Contributions as a percentage of covered employee payroll	11.27%	10.30%