GREATER LOS ANGELES COUNTY
VECTOR CONTROL DISTRICT

SANTA FE SPRINGS, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2017

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GREATER LOS ANGELES COUNTY
VECTOR CONTROL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

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CPAs AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Greater Los Angeles County Vector Control District, (the District), as of and for the year ended June 30, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special District. 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 and each major fund of the Greater Los Angeles County Vector Control 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.

203 N. Brea Blvd., Suite 203 | Brea, CA 92821 | Phone: 714.672.0022

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund and the Mobile Science and Vector Education Foundation, the schedule of proportionate share of the net pension liability, the schedule of plan contributions, and the OPEB schedule of funding progress, 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 October 6, 2017, 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.

Lance, Soll & Lunghard, LLP

Brea, California
October 6, 2017

As management of the Greater Los Angeles County Vector Control District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance of the District for the fiscal year ended June 30, 2017. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

The District's net position increased 7.7% to $10,595,933 as a result of an increase of $756,269 change in net position.

During the year, the District's property (benefit) assessment revenue increased by .1% or $9,676 to $10,221,135 and the District's property tax revenue increased by 6.1% or $99,785 to $1,734,433.

Total revenues from all sources increased 1.3% or $157,406 to $12,287,765, from the prior year, which is primarily the result of increased assessment and miscellaneous income.

Total expenses increased 8.4% or $893,112 to $11,531,496 from the prior year.

Total cost for the District's general fund programs was over the 2017 adopted final budget by 4.2% or $501,918.

Using This Financial Report

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

District Activities

The District is an independent special district, organized since early 1952 to control primarily mosquitoes, but also nuisance black flies and midges. The District's mosquito control, surveillance, and outreach efforts were amplified to fight West Nile virus beginning in 2003 when the virus first appeared in California. After the discovery of invasive *Aedes* species mosquitoes in the San Gabriel Valley in 2011, the District recalibrated again to implement new control and surveillance strategies that would be most effective against the *Aedes'* day-biting behavior and egg-laying habits. Operational staff increased source identification and treatment efforts using door-to-door campaigns and the creation of a dedicated *Aedes* control team. In February 2016, the World Health Organization declared an international public health emergency after an outbreak of Aedes-transmitted Zika virus was linked to birth defects. The end of the fiscal year 2015-2016 was aimed at preparing *Aedes* and Zika virus response plans for the District and Los Angeles County and ramping up control, surveillance, and outreach capabilities for prevention and potential response to local outbreaks. Preparations and inter-agency training continued countywide in 2016-2017 in conjunction with an intensified *Aedes* control program.

The District utilizes an enhanced GIS/ARCVIEW mapping technology to track all of its breeding and treatment sources and continues to implement a hand-held, field data collection system for each operational field division to improve operational efficiency. The new field technology was first implemented with the *Aedes* control program and has proven successful in streamlining data collection and analysis. The fiscal year ending June 30, 2017 was focused on the continued control of vector-borne diseases such as West Nile virus, containing invasive threats such as the *Aedes* mosquitoes, and roll-out of the urban water program targeting widespread implementation of municipal water recapture devices.

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

Government-wide Financial Statements

Statement of Net position and Statement of Activities

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

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

Governmental Funds Financial Statements

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

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

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21 through 42.

Other Information

The basic financial statements also present information concerning the District's budgetary information and compliance. The information can be found starting on page 45.

Government-wide Financial Analysis

Condensed Statement of Net Position

	2017	2016	Change
Assets:			
Current assets	$11,081,738	$11,115,679	($33,941)
Capital assets, net	8,263,900	7,653,802	610,098
Total Assets	19,345,638	18,769,481	576,157
Deferred Outflows of Resources:			
Deferred pension-related items	2,181,762	786,794	1,394,968
Total Deferred	2,181,762	786,794	1,394,968
Liabilities:			
Current and non-current liabilities	10,664,244	9,076,726	1,587,518
Total Liabilities	10,664,244	9,076,726	1,587,518
Deferred Inflows of Resources:			
Deferred pension-related items	267,223	639,885	(372,662)
Total Deferred Inflows	267,223	639,885	(372,662)
Net Position:			
Invested in capital assets	8,263,900	7,653,802	610,098
Restricted and unrestricted	2,332,033	2,185,862	146,171
Total Net Position	$10,595,933	$9,839,664	$756,269

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of the District exceeded liabilities and deferred inflows by $10,595,933.

A portion of the District's net position (78% or $8,263,900) reflects its investment in capital assets. The District uses these capital assets for operations; consequently, these assets are *not* available for future spending. At the end of fiscal year 2017, the District reflected a positive balance in its unrestricted net position of $2,297,655 that may be utilized in future years.

Government-wide Financial Analysis, Continued

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

Condensed Statement of Activities

	2017	2016	Change
Expenses:			
Mosquito and vector control	$ 11,531,496	$ 10,562,417	$969,079
Total Expenses	11,513,496	10,562,417	969,079
Program revenues	10,343,111	10,214,309	128,802
General revenues	1,944,654	1,916,050	28,604
Total Revenues	12,287,765	12,130,359	157,406
Change in Net position	756,269	1,567,942	(811,673)
Net Position - Beginning of Period	9,839,664	8,246,394	1,593,270
Net Position Restatement	-	25,328	(25,328)
Net Position - End of Period	$ 10,595,933	$ 9,839,664	$756,269

The statement of activities shows how the District's net position changed during the fiscal year. In the case of the District, net position increased by $756,269 during the fiscal year ending June 30, 2017.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year. These statements can be found on pages 17 through 20.

As of June 30, 2017, the District reported a fund balance of $10,447,911. An amount of $10,326,613 constitutes the District's *spendable fund balance,* which is further classified as restricted, committed or unassigned.

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

Designated for operations reserves	400,000
Designated for disease emergency	1,200,000
Designated for OPEB reserves	300,696
Designated for capital assets	486,860
Designated for vehicle replacements	200,000
	$ 2,587,556

General Fund Budgetary Highlights

The final actual expenditures for the General Fund at year-end were $501,918 more than budgeted. The variance is a result of the District using designated reserves to purchase vehicles and capital improvements. Actual revenues were greater than the anticipated budget by $269,457. The General Fund budget to actual comparison schedule can be found on page 45.

Capital Asset Administration

Changes in capital assets for the year were as follows:

	Balance 2016	Additions	Deletions/ Transfers	Balance 2017
Non-depreciable assets	$ 2,228,045	$	$	$ 2,228,045
Depreciable assets	11,159,670	986,432	27,849	12,118,253
Accumulated depreciation	(5,733,913)	(376,334)	(27,849)	(6,082,398)
Total capital assets, net	$ 7,653,802	$ 610,098	$	$ 8,263,900

At the end of fiscal year 2017, the District's invested in capital assets amounted to $8,263,900 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, vehicles, equipment, machinery and furniture and fixtures. Major capital asset additions during the year included vehicles, various equipment, furniture, and machinery items (totaling $ 986,432).

Conditions Affecting Current Financial Position

The District has been able to create and project a substantial cash flow reserve to defray expenses between the beginning of a fiscal year and the time of distribution of the tax receipts in the fiscal year (dry period) to yield sufficient revenue. Currently, the District has cash flow reserves over 56% of revenue received in 2017, and 55% of the 2017 expenditures. The budgeted expenditures for fiscal year 2018 is $12,237,200, and cash flow reserves will cover 57% of these expenditures which provides the District with a reasonable cushion of funds prior to the County of Los Angeles Auditor's Office initial distribution of property taxes and assessments in late December.

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

Conditions Affecting Current Financial Position, Continued

The District has implemented a TIER II benefit structure for all employees hired after February 1, 2009 in an effort to control and reduce ever increasing benefit costs. This effort has materially reduced employee benefit costs for the 15 TIER II employees hired since February 1, 2009. As additional employees are hired to replace existing staff, future savings will accrue mitigating rising costs. Effective January 1, 2013 a TIER Ill was established for new hires that were not previously in the California Public Employees' Retirement System prior to coming to the District. TIER Ill employees will now be subject to the new pension rules established under the Public Employees' Pension Reform Act (PEPRA). PEPRA will result in substantial savings in future pension cost for the District. Currently, the District has 21 TIER Ill employees.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets	
Current Assets:	
Cash and investments	$ 10,511,042
Receivables:	
Taxes and assessments	431,454
Accrued interest	17,944
Inventories	121,298
Total Current Assets	11,081,738
Noncurrent Assets:	
Capital assets not being depreciated	2,228,045
Capital assets, net of depreciation	6,035,855
Total Noncurrent Assets	8,263,900
Total Assets	**19,345,638**
Deferred Outflows of Resources	
Deferred pension related items	2,181,762
Total Deferred Outflows of Resources	**2,181,762**
Liabilities	
Current Liabilities:	
Accounts payable	279,475
Accrued liabilities	121,398
Unearned revenue	232,954
Total Current Liabilities	633,827
Noncurrent Liabilities:	
Compensated absences,	
Due within one year	125,630
Due in more than one year	958,457
Net OPEB liability	3,482,562
Net pension liability	5,463,768
Total Noncurrent Liabilities	10,030,417
Total Liabilities	**10,664,244**
Deferred Inflows of Resources	
Deferred pension related items	267,223
Total Deferred Inflows of Resources	**267,223**
Net Position	
Investment in capital assets	8,263,900
Restricted for:	
Mobile science and vector education	34,378
Unrestricted	2,297,655
Total Net Position	**$ 10,595,933**

See Notes to the Financial Statements

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Contributions and Grants**	**Capital Contributions and Grants**	**Governmental Activities**
Governmental Activities:					
Vector control	$ 11,326,336	$ 10,221,135	$ 105,426	$ -	$ (999,775)
Mobile science and vector education	205,160	-	16,550	-	(188,610)
Total Governmental Activities	**$ 11,531,496**	**$ 10,221,135**	**$ 121,976**	**$ -**	**(1,188,385)**

General Revenues	
Taxes:	
Property taxes, levied for general purpose	1,734,433
Use of money and property	111,805
Other	95,811
Gain on sale of capital asset	2,605
Total General Revenues	**1,944,654**
Change in Net Position	756,269
Net Position, Beginning of Year	9,839,664
Net Position, End of Year	**$ 10,595,933**

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund Mobile Science and Vector Education Foundation	Total Governmental Funds
Assets			
Cash and investments	$ 10,476,664	$ 34,378	$ 10,511,042
Receivables:			
Taxes and assessments	431,454	-	431,454
Accrued interest	17,944	-	17,944
Inventories	121,298	-	121,298
Total Assets	**$ 11,047,360**	**$ 34,378**	**$ 11,081,738**
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 279,475	$ -	$ 279,475
Accrued liabilities	121,398	-	121,398
Unearned revenues	232,954	-	232,954
Total Liabilities	**633,827**	**-**	**633,827**
Fund Balances			
Nonspendable:			
Inventories	121,298	-	121,298
Restricted for:			
Mobile science and vector education	-	34,378	34,378
Committed to:			
Disease emergency	1,200,000	-	1,200,000
Capital asset replacement	486,860	-	486,860
Operations	400,000	-	400,000
Other post-employment benefits	300,696	-	300,696
Vehicle replacement	200,000	-	200,000
Unassigned	7,704,679	-	7,704,679
Total Fund Balances	**10,413,533**	**34,378**	**10,447,911**
Total Liabilities and Fund Balances	**$ 11,047,360**	**$ 34,378**	**$ 11,081,738**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Fund balances of governmental fund		$ 10,447,911
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation that have not been included as financial resources in governmental fund activity.		8,263,900
Pension related deferred outflows of resources that have not been included as financial uses in the governmental fund activity:		
Contribution after measurement date	$ 981,455	
Adjustment due to differences between expected and actual experience	22,616	
Adjustment due to differences between actual and proportionate share of contributions	35,033	
Net difference between projected and actual earnings on pension plan investments	1,113,655	
Adjustment due to differences in proportions	29,003	2,181,762
Long-term items such as compensated absences, net pension liability and OPEB that have not been included in the governmental fund activity:		
Compensated Absences	(1,084,087)	
Net Pension Liability	(5,463,768)	
OPEB Liability	(3,482,562)	(10,030,417)
Pension related deferred inflows of resources that have not been included as financial resources in the governmental fund activity:		
Changes in assumptions	(213,972)	
Adjustment due to differences between expected and actual experience	(5,182)	
Adjustment due to differences in proportions	(32,903)	
Adjustment due to differences between actual and proportionate share of contributions	(15,166)	(267,223)
Net position of governmental activities		**$ 10,595,933**

See Notes to the Financial Statements

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund: Mobile Science and Vector Education Foundation	Total Governmental Funds
Revenues			
Taxes	$ 1,734,433	$ -	$ 1,734,433
Assessments	10,221,135	-	10,221,135
Intergovernmental	105,426	-	105,426
Use of money and property	111,805	-	111,805
Contributions	-	16,550	16,550
Miscellaneous	95,811	-	95,811
Total Revenues	**12,268,610**	**16,550**	**12,285,160**
Expenditures			
Current			
Vector control	11,311,644	-	11,311,644
Mobile science and vector education	-	205,160	205,160
Capital outlay	986,432	-	986,432
Total Expenditures	**12,298,076**	**205,160**	**12,503,236**
Excess of Revenues Over Expenditures	(29,466)	(188,610)	(218,076)
Other Financing Sources (Uses)			
Transfers in	-	205,600	205,600
Transfers out	(205,600)	-	(205,600)
Proceeds from sale of capital assets	2,605	-	2,605
Total Other Financing Sources (Uses)	**(202,995)**	**205,600**	**2,605**
Net Change in Fund Balances	(232,461)	16,990	(215,471)
Fund Balances, Beginning of Year	10,645,994	17,388	10,663,382
Fund Balances, End of Year	**$ 10,413,533**	**$ 34,378**	**$ 10,447,911**

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Net change in fund balances of governmental funds		$ (215,471)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	$ 986,432	
Depreciation	(376,334)	610,098
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(52,454)
Pension expenses are determined by actuarial calculation rather then the amount paid into the plan by the employer.		527,302
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.		(113,206)
Change in net position of governmental activities		**$ 756,269**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Reporting Entity and Summary of Significant Accounting Policies

a. Organization and Operations of the Reporting Entity

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

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

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

<u>Blended Component Unit</u>

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

b. Basis of Accounting and Measurement Focus

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

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

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

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

Governmental funds are accounted for using a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded only when received in cash, except for those revenues subject to accrual, which are recognized when due. For this purpose, the District considered amounts due as of the end of the

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

fiscal year to be revenue if it is collected within 60 days of the end of the fiscal year, except for assessments, which are recognized if received within 120 days of the end of the fiscal year. The primary sources susceptible to accrual for the district are property taxes and assessments, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

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

1. Cash and Investments

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

2. Investments and Investment Policy

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

- Los Angeles County Pooled Investment Fund (LACPIF)
- State of California Local Agency Investment Fund (LAIF)
- Vector Control Joint-Powers Authority (VCJPA)

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Los Angeles County Pooled Investment Fund

The Los Angeles County Pooled Investment Fund (LACPIF) is a pooled investment fund program governed by the County of Los Angeles Board of Supervisors, and administered by the County of Los Angeles Treasurer and Tax Collector. Investments in LACPIF are highly liquid as deposits and withdrawals can be made at any time without penalty. LACPIF does impose a minimum investment limit of $50,000; however, the District's Board has approved a maximum balance of $200,000 to remain in LACPIF with the remaining collected revenues to be deposited in LAIF.

The County of Los Angeles' bank deposits are either federally insured or collateralized in accordance with the California Government Code. Pool detail is included in the County of Los Angeles' Comprehensive Annual Financial Report (CAFR). Copies of the CAFR may be obtained from the County of Los Angeles Auditor-Controller's Office — 500 West Temple Street — Los Angeles, CA 90012.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

Local Agency Investment Fund

LAIF is regulated by California Government Code (Code) Section 16429 and is under the management of the State of California Treasurer's Office with oversight provided by the Local Agency Investment Advisory Board.

LAIF is carried at fair value based on the value of each participating dollar as provided by LAIF. The fair value of the District's position in the LAIF is the same as the value of its pooled share. Investments in securities of the U.S. government or its agencies are carried at fair value based on quoted market prices. Bank balances are secured by the pledging of a pool of eligible securities to collateralize the District's deposits with the bank in accordance with the Code.

Vector Control Joint Powers Authority

Certain funds are deposited with the Vector Control Joint Powers Authority, which was formed to provide member districts with self insurance risk financing. Funds are held in trust and pooled with other districts' funds and are primarily deposited with PFM Asset Management LLC.

Authorized investments below are permitted by the District, but only when yields of these instruments may become exceptionally or significantly higher than those noted above and are fiscally advantageous to the District.

- Negotiable certificates of deposit
- United States treasury securities
- Government agency issues
- California municipals
- Certain repurchase agreements
- Medium-term corporate notes
- Insured certificates of deposit

3. Materials and Supplies Inventory

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

4. Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, building, building improvements, equipment and furniture and fixtures. District policy has set the capitalization threshold for reporting capital assets at $500. Donated assets are recorded at estimated fair market value at the date of donation. Capital outlay is recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

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

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

5. Net Pension Liability

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

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

Valuation Date (VD) June 30, 2015

Measurement Date (MD) June 30, 2016

Measurement Period (MP) July 1, 2015 to June 30, 2016

6. Compensated Absences

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

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

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

7. Deferred Outflows/Inflows of Resources

   In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. The deferred outflows relating to the net pension obligation reported in the statement of net position. See Note 7 for relating deferred outflows of resources. Pension contributions subsequent to the measurement date are treated as a reduction of net pension liability in the subsequent period. All other amounts are deferred and amortized over the expected average remaining service life time.

   In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category which are deferred inflows relating to the net pension liability reported in the statement of net position. See Note 7 for relating deferred inflows of resources. These amounts are deferred and amortized over the expected average remaining service life time.

8. Net Position and Net Position Flow Assumption

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

   - Net Investment in Capital Assets — This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets. Since, no outstanding is related to the capital assets this will be noted as Investment in Capital assets.

   - Restricted — This component consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

   - Unrestricted — This consists of net position that does not meet the definition of restricted or net investment in capital assets.

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

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

9. Fund Balance and Fund Balance Flow Assumptions

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

- Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

- Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, Board of Trustees. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through resolution.

- Assigned includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees is authorized to assign amounts to a specific purpose, which was established by the governing body in [state policy, resolution, ordinance, etc].

- Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

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

d. Property Taxes and Assessments

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

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

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

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

e. Use of Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Note 2: Stewardship, Compliance, and Accountability

Excesses of Expenditures over Appropriations

At June 30, 2017, excesses of expenditures over appropriations are as follows:

	Expenditures	Appropriations	Excess
General Fund			
Vector control			
Salaries and benefits	$ 9,105,689	$ 8,786,108	$ 319,581
Public education	60,740	23,100	37,640
Capital Outlay	986,432	465,005	521,427

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

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

Cash on hand	$ 500
Deposits held with financial institutions	2,409,236
Deposits held with Los Angeles County Pooled Investment Fund (LACPIF)	239,492
Deposits held with Vector Control Joint Powers Agency (VCJPA)	947,865
Deposits held with California Local Agency Investment Fund (LAIF)	6,913,949
Total	$10,511,042

Authorized Deposits and Investments

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

At June 30, 2017, the carrying amount of the District's deposits was $2,409,236 and the bank balance was $3,117,328. The $708,092 difference represents outstanding checks and other reconciling items.

Custodial Credit Risk

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

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LACPIF and LAIF).

Note 3: Cash and Investments (Continued)

Interest Rate Risk

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

As of June 30, 2017, the District had the following investments and original maturities:

	6 months or less
Investments:	
Los Angeles County Pooled Investment Fund (LACPIF)	$ 239,492
Vector Control Joint Powers Agency (VCJPA)	947,865
California Local Agency Investment Fund (LAIF)	6,913,949
Total Investments	$ 8,101,306

Credit Risk

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

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's deposit portfolio with governmental agencies, LAIF, is 87% of the District's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments.

Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2017:

	Total	Level		
	Fair Value	1	2	3
Investments:				
LACPIF	$ 239,492	$ -	$ 239,492	$ -
VCJPA	947,865	-	947,865	-
LAIF	6,913,949	-	6,913,949	-
Total Investments	$ 8,101,306	$ -	$ 8,101,306	$ -

Note 4: Capital Assets

Capital assets activity for the year ended June 30, 2017, was as follows:

	Beginning Balance, as Restated	Additions	Disposals	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,228,045	$ -	$ -	$ 2,228,045
Total capital assets, not being depreciated	2,228,045	-	-	2,228,045
Capital assets, being depreciated:				
Building and improvements	7,116,418	406,825	-	7,523,243
Vehicles	2,630,374	543,691	27,849	3,146,216
Exhibits	31,942	-	-	31,942
Equipment	854,019	35,378	-	889,397
Machinery	247,341	-	-	247,341
Furniture and fixtures	279,576	538	-	280,114
Total capital assets, being depreciated	11,159,670	986,432	27,849	12,118,253
Less accumulated depreciation:				
Building and improvements	2,447,272	161,030	-	2,608,302
Vehicles	1,976,181	179,683	27,849	2,128,015
Exhibits	12,161	-	-	12,161
Equipment	809,489	27,315	-	836,804
Machinery	224,443	4,588	-	229,031
Furniture and fixtures	264,367	3,718	-	268,085
Total accumulated depreciation	5,733,913	376,334	27,849	6,082,398
Total capital assets being depreciated, net	5,425,757	610,098	-	6,035,855
Governmental Activities Capital Assets, Net	$ 7,653,802	$ 610,098	$ -	$ 8,263,900

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

Governmental activities:	
Vector control	$ 373,083
Mobile science and vector education	3,251
Total depreciation expense - governmental activities	$ 376,334

Note 5: Interfund Transactions

During the normal course of business, the District moves resources from a fund receiving revenue to the fund through with the resources are expended. Such transactions are recorded as transfers. Transfers for the year ended June 30, 2017 are as follows:

	Transfers Out	
	General Fund	Total
Transfers In		
Mobile Science and Vector Education Foundation	$ 205,600	$ 205,600
Total	$ 205,600	$ 205,600

The general fund made a transfer in the amount of $205, 600 to the Mobile Science and Vector Education Foundation special revenue fund to cover payroll costs, scientific and laboratory costs, public education costs, materials and services costs, and insurance costs for the year.

Note 6: Compensated Absences

Compensated absences activity for the year ended June 30, 2017, was as follows:

Balance at beginning of year	$ 1,031,633
Additions	172,006
Payments to employees	(119,552)
Balance at end of year	$ 1,084,087
Due within one year	$ 125,630
Due in more than one year	958,457
	$ 1,084,087

The District's liability for vested and unpaid compensated absences (accrued vacation and compensatory time) in the governmental activities has been accrued, and amounts to $1,084,087 at June 30, 2017. There is no fixed payment schedule for compensated absences. Compensated absences are paid, if matured, out of the General Fund.

Note 7: Other Post-Employment Benefits (OPEB) Obligation

Plan Description

In addition to the pension benefits described in Notes 8 and 9, the District provides post-retirement health care, vision care and dental care benefits through participation in the California Employer's Retiree Benefit Trust Program (CERBT) Prefunding Plan. CERBT is administered by CalPERS and is an agent multiple-employer plan. Copies of CalPERS annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814. The District has three benefit plans (Tier I, Tier II, and Tier III) for employees depending on when they were hired.

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

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

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

Eligibility Requirements

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

- Tier I: (1) be a minimum age of 50, and have worked a minimum of 5 consecutive years of full-time service with the District, and (2) qualify for retirement from CalPERS to obtain 100% fully paid health care. To obtain fully paid dental and vision benefits the Tier I employee must (1) be a minimum age of 50, and have worked a minimum of 10 consecutive years of full-time service with the District, and (2) qualify for retirement from CalPERS.

- Tier II and Tier III: Upon qualifying for CalPERS retirement employees must have worked a minimum of 10 years with the District to receive 50% paid health care benefit upon retirement. For every year of employment beyond 10 years, the District contribution for retirement health care increases 5% per year of service reaching 100% contribution after 20 years of employment. Tier II and Tier III employees do not receive dental or vision benefits.

Plan membership:

	2017	2016	2015
Active plan members	70	67	66
Retirees and beneficiaries receiving benefits	25	25	26
Separated plan members entitled to but not yet receiving benefits	5	3	4
Total plan membership	100	95	96

Note 7: Other Post-Employment Benefits (OPEB) Obligation (Continued)

Funding Policy

The District is required to contribute the Annual Required Contribution (ARC) of the Employer, 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 the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The District will pay 100% of the cost of the post-employment benefit plan. The District funds the plan on a prefunding basis and maintains reserves (and records a liability) for the difference between prefunding and the actuarially determined ARC cost. The current ARC rate is 18.2% of the annual covered payroll.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the District's annual OPEB cost, the amount actually contributed to the plan, and changes in the District's net OPEB obligation for the year ended June 30, 2017, and the preceding two fiscal years:

	2017	2016	2015
Annual OPEB Cost:			
Annual Required Contribution (ARC)	$ 898,150	$ 845,148	$ 818,757
Interest on net OPEB obligation	249,876	256,222	260,197
Adjustment to ARC	(173,909)	(316,128)	(315,880)
Total annual OPEB cost	974,117	785,242	763,074
Contributions:			
Contributions to OPEB Trust	(600,000)	(600,000)	(600,000)
Age adjusted contributions made	(260,911)	(232,185)	(216,070)
Change in net OPEB obligation	**113,206**	**(46,943)**	**(52,996)**
Net OPEB obligation - July 1, 2016	**3,369,356**	**3,416,299**	**3,469,295**
Net OPEB obligation - June 30, 2017	**$ 3,482,562**	**$ 3,369,356**	**$ 3,416,299**

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

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2017	$ 974,117	$ 860,911	88.38%	$ 3,482,562
2016	785,242	832,185	105.98%	3,369,356
2015	763,074	816,070	106.95%	3,416,299

Note 7: Other Post-Employment Benefits (OPEB) Obligation (Continued)

Funded Status and Funding Progress of the Plan

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

Actuarial accrued liability (AAL)	$ 9,292,020
Actuarial value of plan assets	2,098,826
Unfunded actuarial accrued liability (UAAL)	$ 7,193,194
Funded ratio (actuarial value of plan assets/AAL)	22.6%
Covered payroll (annual payroll of active employees covered by the plan	$ 4,914,469
UAAL as a percentage of covered payroll	146.4%

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 rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claims costs per retiree, healthcare inflation and interest rates. 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 liability for benefits.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2015
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Remaining amortization period	22 Years as of the valuation dale
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	7.28%, (net of administrative expenses)
Healthcare Trend Rate	7.5% increase per year for medical, 4.50% increase for Dental and Vision Plan premiums
Discount Rate	7.28%
Projected salary increase	3.0% per year, used only to allocate the cost of benefits between service years
Inflation	2.75% per year

Note 8: Deferred Compensation Savings Programs and Defined Contribution Plan

Deferred Compensation Savings Programs

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by Nationwide Retirement Solutions and ICMA Retirement Corporation, at June 30, 2017, was $913,967, and $460,649, respectively. Market value of the plan assets held in trust by Tax Deferred Solutions at June 30, 2017, was approximately $683,199 for 16 participants.

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

Defined Contribution Plan

In addition to the above deferred compensation plan, the District for the benefit of its' employees offers a Defined Contribution Plan (Plan). The Plan provides for a fixed annual contribution by the District of 6.75% of eligible salaries for each fiscal year and optional contributions by covered employees.

The Plan covers only regular and limited-term full-time employees hired before February 1, 2009, after one year of service. Full vesting of the employer's contribution occurs after five years. As a defined contribution plan, it carries no obligation on the part of the District to meet investment objectives and the individual plan members may choose, within certain limitations, the investment securities in his or her plan account. Market value of the plan assets held in trust by ICMA Retirement Corporation at June 30, 2017, was $5,933,714.

Note 9: Defined Benefit Pension Plan

Plan Descriptions

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

Note 9: Defined Benefit Pension Plan (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	PEPRA Miscellaneous
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.500%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	14.030%	6.568%

Contribution Description

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

For the year ended June 30, 2017, the District's contributions recognized as a reduction to the net pension liability for both the Miscellaneous and PEPRA Miscellaneous plans was $632,834.

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

For the year ended June 30, 2017, the District reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan in the amount of $5,463,768.

Note 9: Defined Benefit Pension Plan (Continued)

The District's net pension liability for each plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the plans is measured as of June 30, 2016, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each plan as of June 30, 2015 and 2016 was as follows:

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

	Miscellaneous
Proportion - June 30, 2015	0.15395%
Proportion - June 30, 2016	0.15728%
Change - Increase (Decrease)	0.00334%

For the year ended June 30, 2017 the District recognized pension expense of $454,153 for all plans in total. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 981,455	$ -
Changes in assumptions	-	(213,972)
Differences between expected and actual experience	22,616	(5,182)
Net difference between projected and actual earnings on pension plan investments	1,113,655	-
Differences between actual contributions and the proportionate share of contributions	35,033	(15,166)
Adjustment due to difference in proportions	29,003	(32,903)
Total Deferred Pension Related Items	**$ 2,181,762**	**$ (267,223)**

The $981,455 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Note 9: Defined Benefit Pension Plan (Continued)

Measurement Period ended June 30,	Deferred Outflows/(Inflows) of Resources
2017	$ 66,726
2018	79,752
2019	498,156
2020	288,450
	$ 933,084

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2016, (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and the June 30, 2016, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(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 period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Note 9: Defined Benefit Pension Plan (Continued)

Change of Assumptions

There were no changes of assumptions during the measurement period ended June 30, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent for each plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18, fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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

Note 9: Defined Benefit Pension Plan (Continued)

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. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	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)

(1) An expected inflation of 2.5% used for this period
(2) An expected inflation of 3.0% used for this period

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

Miscellaneous	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Plan's Net Pension Liability/(Assets)	$ 8,562,386	$ 5,463,768	$ 2,902,914

Pension Plan Fiduciary Net Position

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

Note 10: Risk Management

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

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

The District is covered for the first $1,000,000 of each general liability claim and $500,000 of each workers' compensation claim through the VCJPA. The District has the right to receive dividends, if declared by the Board of Directors for a program year in which the District participated, and the obligation to pay assessments based on a formula which, among other expenses, charges the District's account for liability losses under $10,000 and workers' compensation losses under $25,000. The VCJPA participates in an excess pool which provides general liability coverage from $1,000,000 to $29,000,000 and in an excess pool which provides worker's compensation coverage over $500,000 to $5,000,000 and purchases excess insurance above $5,000,000 up to the statutory limit. Financial statement information for the VCJPA can be obtained at 1750 Creekside Oaks, Dr., Suite 200, Sacramento, CA 95833 or (916) 244-1100.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the year ending June 30, 2017. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payables as of June 30, 2017.

Note 11: Contingencies

Litigation

The District is a real party in interest in an action brought by the Long Beach Unified School District (“School District”) against Los Angeles County seeking an order to compel the County to pay over $11 million dollars in statutory “pass through” payments which were allegedly diverted over the last 18 years to the County, various redevelopment agencies, cities and special districts. The District is one of the dozens of taxing entities which were named as real parties in interest. In the event the School District is successful, the District may be obligated to reimburse the County for a portion of its share of the distribution of the prior subject pass through payments.

As of June 30, 2017, the District has not recorded a provision for this matter as management intends to vigorously defend these allegations. The ultimate cost of the distribution is not known and could have a material effect on the District’s financial condition and results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

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GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 10,645,994	$ 10,645,994	$ 10,645,994	$ -
Resources (Inflows)				
Taxes	1,544,650	1,544,650	1,734,433	189,783
Assessments	10,198,041	10,198,041	10,221,135	23,094
Intergovernmental	-	-	105,426	105,426
Use of money and property	98,100	98,100	111,805	13,705
Miscellaneous	155,967	155,967	95,811	(60,156)
Proceeds from sale of capital assets	5,000	5,000	2,605	(2,395)
Amounts Available for Appropriations	**22,647,752**	**22,647,752**	**22,917,209**	**269,457**
Charges to Appropriation (Outflow)				
Vector control				
Salaries and benefits	8,833,608	8,786,108	9,105,689	(319,581)
Scientific, field and laboratory	895,080	843,580	647,043	196,537
Public education	23,100	23,100	60,740	(37,640)
Facilities and maintenance	118,304	129,304	118,222	11,082
Materials and services	979,892	979,892	877,112	102,780
Insurance	509,499	509,499	502,838	6,661
Capital outlay	377,005	465,005	986,432	(521,427)
Transfers out	265,270	265,270	205,600	59,670
Total Charges to Appropriations	**12,001,758**	**12,001,758**	**12,503,676**	**(501,918)**
Budgetary Fund Balance, June 30	**$ 10,645,994**	**$ 10,645,994**	**$ 10,413,533**	**$ (232,461)**

See Notes to Required Supplementary Information

BUDGETARY COMPARISON SCHEDULE
MOBILE SCIENCE AND VECTOR EDUCATION FOUNDATION
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1, Restated	$ 17,388	$ 17,388	$ 17,388	$ -
Resources (Inflows)				
Contributions	-	-	16,550	16,550
Transfers in	-	-	205,600	205,600
Amounts Available for Appropriations	**17,388**	**17,388**	**239,538**	**222,150**
Charges to Appropriation (Outflow)				
Mobile science and vector education	265,270	265,270	205,160	60,110
Total Charges to Appropriations	**265,270**	**265,270**	**205,160**	**60,110**
Budgetary Fund Balance, June 30	**$ (247,882)**	**$ (247,882)**	**$ 34,378**	**$ 282,260**

See Notes to Required Supplementary Information

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

OTHER POST-EMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2017

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded Actuarial Accrued Liability (UAAL) (A) - (B)	Funded Ratio (B) / (A)	Annual Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A - B) / C)
7/1/2015	$ 9,292,020	$ 2,098,826	$ 7,193,194	22.59%	$ 4,914,469	146.37%
7/1/2013	7,550,654	657,157	6,893,497	8.70%	4,903,593	140.58%
4/1/2012	7,430,735	-	7,430,735	0.00%	4,695,938	158.24%

GREATER LOS ANGELES COUNTY VECTOR CONTROL DISTRICT

COST-SHARING MULTIPLE-EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2017	2016	2015
Miscellaneous Plan			
Proportion of the Net Pension Liability	0.15728%	0.15395%	0.16774%
Proportionate Share of the Net Pension Liability	$ 5,463,768	$ 4,223,440	$ 4,145,721
Covered Payroll	$ 5,102,579	$ 4,915,469	$ 4,734,266
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	107.08%	85.92%	87.57%
Plan Fiduciary Net Position as a Percentage of Plan Total Pension Liability	74.06%	78.39%	73.52%

Notes to Schedule:

Benefit Changes: None

Changes of Assumptions: None

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only three years are shown.

COST-SHARING MULTIPLE-EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2017	2016	2015
Miscellaneous Plan			
Actuarially Determined Contribution	$ 981,455	$ 632,834	$ 624,491
Contribution in Relation to the Actuarially Determined Contribution	(981,455)	(632,834)	(624,491)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered Payroll	$ 5,405,439	$ 5,102,549	$ 4,915,469
Contributions as a Percentage of Covered Payroll	18.16%	12.40%	12.70%

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	30 years as of valuation date
Assets valuation method	5-year smoothed market
Inflation	2.75%
Salary Increases	3.00% compounded annually
Investment rate of return	7.50% compounded annually (net of expenses)
Retirement age	Minimum 50 years
Mortality	RP-2000 Health Annuity Mortality Table

Notes to Schedule:

Benefit Changes: None

Changes of Assumptions: The CalPERS Board of Administration approved several changes to the demographic assumptions that more clearly align with actual experience based on the most recent experience study. The most significant of these is mortality improvement to acknowledge the greater life expectancies CalPERS is seeing in their membership and expected continued improvements. The new actuarial assumptions are used to set the FY 2016-17 contribution rates for public agency employees. The increase in liability due to new actuarial assumptions calculated in the actuarial valuation is amortized over a 20-year period with a 5-year ramp up/ramp down in accordance with Board amortization policy.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2014-15 was the first year of implementation, therefore only three years are shown.

Note 1: Stewardship, Compliance and Accountability

Budgets and Budgetary Data

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

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