NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT

BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT
JUNE 30, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Napa County Mosquito Abatement District
Napa, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Napa County Mosquito Abatement District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, the Proportionate Share of Net Pension Liability/(Asset), Schedule of Contributions – Pension, Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios, and Schedule of Contributions – OPEB be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023, on our consideration of the County of Napa's (the County) internal control over financial reporting related to the District and on our tests of the County's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the County's 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 County's internal control over financial reporting and compliance relating to the District.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
January 12, 2023

This section of Napa County Mosquito Abatement District's (the District) basic financial statements presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2022. We encourage the reader to consider the information presented here in conjunction with the basic financial statements as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's audited financial statements, which are comprised of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments*. The Single Governmental Program for Special Purpose Governments reporting model is used, which best represents the activities of the District.

The required financial statements include the Government-Wide and Fund Financial Statements: Statement of Net Position and Governmental Fund Balance Sheet; Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance; and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of the District.

The Basic Financial Statements

The Basic Financial Statements comprise the Government-Wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the District's financial activities and financial position.

The Government-Wide Financial Statements provide a longer-term view of the District's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the District as a whole, including all of its capital assets and long-term liabilities on the full accrual basis of accounting, similar to that used by corporations. The Statement of Activities provides information about all of the District's revenues and all of its expenses, also on the full accrual basis of accounting, with the emphasis on measuring net revenues or expenses of the District's programs. The Statement of Activities explains in detail the change in Net Position for the fiscal year.

All of the District's activities are grouped into Governmental Activities, as explained on page 5.

The Fund Financial Statements report the District's operations in more detail than the Government-Wide Financial Statements and focus primarily on the short-term activities of the District's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts.

Major Funds account for the major financial activities of the District and are presented individually. Major Funds are explained on the next page.

The Government-Wide Financial Statements

Government-Wide Financial Statements are prepared on the accrual basis of accounting, which means they measure the flow of all economic resources of the District as a whole.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities

The District's basic services are considered to be governmental activities. These services are supported by general District revenues such as taxes, and by specific program revenues such as benefit assessments and service charges.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the District's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually; the District has no Non-Major Funds. Major Funds present the major activities of the District for the fiscal year, and may change from year to year as a result of changes in the pattern of the District's activities.

In the District's case, the General Fund is the only Major Governmental Fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis of accounting, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

Analyses of Major Funds

Governmental Funds

General Fund revenues increased overall by $186,435. Ad valorem property taxes increased $77,597, and overall taxes and assessments reflected an increase of $219,289. Actual revenues received for 2021/2022 were $3,125,698, which was $337,865 more than budgeted amounts.

General Fund expenditures were $3,790,764, an increase of $1,601,393 from the prior year. Total District expenditures were $739,264 less than budgeted.

The District continues to closely manage its pension and Other Post-Employment Benefits (OPEB) debt in order to meet its goal of maintaining a minimum funded status of ninety percent. In support of that goal, the District established an Internal Revenue Code (IRC) 115 trust account with the Public Agency Retirement Services (PARS) to help offset incurred debt when the California Public Employees' Retirement System (CalPERS) pension plan does not meet its net annual investment return target of 6.8 percent or makes changes to its discount rate or actuarial assumptions. Contributions to this IRC trust totaled $1,431,000 for 2021/2022. The District also contributes to the CalPERS California Employee Retiree Benefit Trust (CERBT) OPEB Trust to help offset incurred debt related to OPEB. No contributions were made to the CalPERS CERBT OPEB Trust for 2021/2022. Contributions to the PARS IRC OPEB trust reserve account totaled $381,000 for 2021/2022. Careful vigilance of both the CalPERS pension and OPEB debt as well as future additional contributions to the PARS IRC 115 trust and CERBT trust will be required if the District is to meet its goal of achieving and maintaining a net positive position with sufficient reserves to withstand increased market volatility (downturns) as well as changes made by CalPERS to the discount rate or actuarial assumptions.

Governmental Activities

Table 1

Governmental Net Position

	Governmental Activities			
	2022	2021	$ Change	% Change
Cash and investments	$ 3,495,117	$ 4,205,926	$ (710,809)	-17%
Other assets	376,792	309,129	67,663	22%
Investment held in PARS IRC 115 Pension and OPEB IRC 115 Trusts	2,652,533	1,191,059	1,461,474	123%
Net pension and OPEB assets	4,882,153	2,763,260	2,118,893	77%
Capital assets	1,231,072	1,389,563	(158,491)	-11%
Total Assets	12,637,667	9,858,937	2,778,730	28%
Deferred outflows of resources	2,970,223	924,552	2,045,671	221%
Current liabilities	126,468	106,760	19,708	18%
Noncurrent liabilities	19,370	23,413	(4,043)	-17%
Total Liabilities	145,838	130,173	15,665	12%
Deferred inflows of resources	3,811,270	635,444	3,175,826	500%
Net Position				
Net investment in capital assets	1,231,072	1,389,563	(158,491)	-11%
Restricted for pensions and OPEB	7,534,686	3,954,319	3,580,367	91%
Unrestricted	2,885,024	4,673,990	(1,788,966)	-38%
Total Net Position	$ 11,650,782	$ 10,017,872	$ 1,632,910	16%

The District's governmental net position amounted to $11,650,782 as of June 30, 2022, an increase of $1,632,910 from fiscal year 2021. This increase is the Change in Net Position reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The District's net position as of June 30, 2022, comprised the following:

- Cash and investments of $3,495,117. Substantially all of these amounts were held in short-term investments in government securities, as detailed in Note 5 of the basic financial statements.

- Net pension asset and net OPEB asset of $2,124,745 and $2,757,408, respectively. The details of these plans can be found in Notes 8 and 10, respectively.

- Accounts receivable of $153,942.

- Inventory (pesticide storage) of $222,850.

- Investments held in PARS IRC 115 Pension and OPEB Trusts of $2,203,796 and $448,737, respectively.

- Capital assets of $1,231,072 net of depreciation charges, which includes all the District's capital assets used in governmental activities.

- Current liabilities, including accounts payable, claims, and other current amounts due, totaling $126,468. Noncurrent liabilities include compensated absences of $19,370.

- Net investment in capital assets of $1,231,072, representing the District's investment in capital assets used in governmental activities, net of amounts borrowed to finance that investment.

- Restricted net position of $7,534,686 – This amount consists of amounts restricted for pension payments and retiree health premiums in the CERBT with CalPERS and the investment held in the PARS IRC 115 Pension Trust.

- Unrestricted net position of $2,885,024 represents all remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

Table 2

Changes in Governmental Net Position

	Governmental Activities			
	2022	2021	$ Change	% Change
Expenses				
Public health	$ 1,820,121	$ 2,153,618	$ (333,497)	-15%
Total Expenses	1,820,121	2,153,618	(333,497)	-15%
Revenues				
Program revenues:				
Charges for services	32,323	25,147	7,176	29%
Total program revenues	32,323	25,147	7,176	29%
General revenues:				
Taxes and assessments	3,083,441	2,864,153	219,288	8%
Interest	303,330	93,072	210,258	226%
Other	33,936	25,894	8,042	31%
Total general revenues	3,420,707	2,983,119	437,588	15%
Total Revenues	3,453,030	3,008,266	444,764	15%
Change in Net Position	$ 1,632,909	$ 854,648	$ 778,261	91%

As Table 2 above shows, $32,323, or 0.1%, of the District's fiscal year 2022 governmental revenue came from program revenues and $3,420,707, or 99%, came from general revenues, primarily from taxes and assessments. Expenses of $1,820,121 consists of Public Health services.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Capital Assets: Detail on capital assets, and current year additions and deletions, can be found in Note 6.

Debt Administration: The District currently does not utilize long-term debt to fund operations or growth.

Pension: The District achieved a positive net position in its pension debt obligation in the current year. Due to the small size of the District (fewer than 10 employees), the District participates in a multiple-employer risk pool – the CalPERS Miscellaneous Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. The GASB Statement No. 68 accounting valuation report (measurement date June 30, 2021) indicates the District's proportionate share of the risk pool collective net position and liability/(asset) as follows:

	Increase (Decrease)		
	District Total Pension Liability (a)	District Fiduciary Net Position (b)	District Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2020 (Valuation Date)	$ 7,649,259	$ 8,399,530	$ (750,271)
Balance at June 30, 2021 (Measurement Date)	8,014,126	10,138,871	(2,124,745)
Net Changes During 2020-2021	$ 364,867	$ 1,739,341	$ (1,374,474)

The District will continue its conservative approach as well as prefunding OPEB liabilities by contributing at least 100% of the annual required contribution each year. Similar to the pension liability, the District will continue to closely monitor its OPEB liability as well as make additional contributions in future years, as needed, in an effort to achieve and maintain its goal of fully funded status.

Economic Outlook and Major Initiatives: The District's financial position continues to be adequate. Financial planning is based on specific assumptions from recent trends in real property values, new residential development, State of California economic forecasts, and historical growth patterns in the various communities served by the District.

The economic condition of the District as it appears on the balance sheet reflects financial stability and the potential for organizational growth. The District will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality service to the citizens of the area.

Contacting the District's Financial Management

This annual financial report is intended to provide citizens, taxpayers, and creditors with a general overview of the District's finances. Questions about this report should be directed to Napa County Mosquito Abatement District, P.O. Box 10053, American Canyon, CA 94503.

BASIC FINANCIAL STATEMENTS

NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2022

	General Fund	Adjustments (Note 3)	Statement of Net Position
ASSETS			
Cash and investments	$ 3,495,117	$ -	$ 3,495,117
Prepaids	1,514	-	1,514
Accounts receivable	152,428	-	152,428
Inventory (pesticide storage)	222,850	-	222,850
Investment held in PARS IRC 115 Pension Trust	-	2,203,796	2,203,796
Investment held in PARS IRC 115 OPEB Trust		448,737	448,737
Net OPEB asset	-	2,757,408	2,757,408
Net pension asset	-	2,124,745	2,124,745
Capital assets:			
Non-depreciable	-	142,128	142,128
Depreciable	-	1,088,944	1,088,944
Total assets	$ 3,871,909	8,765,758	12,637,667
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources - OPEB		611,254	611,254
Deferred outflow of resources - pension		2,358,969	2,358,969
Total deferred outflows of resources		2,970,223	2,970,223
LIABILITIES			
Accounts payable	$ 39,415	-	39,415
Accrued expenses	56,485	-	56,485
Compensated absences due in one year	-	30,568	30,568
Long-term liabilities:			
Compensated absences due in more than one year	-	19,370	19,370
Total liabilities	95,900	49,938	145,838
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources - OPEB		1,011,571	1,011,571
Deferred inflow of resources - pension		2,799,699	2,799,699
Total deferred inflows of resources		3,811,270	3,811,270
FUND BALANCE			
Assigned for public health	3,776,009	(3,776,009)	-
Total fund balance	3,776,009	(3,776,009)	-
Total liabilities and fund balance	$ 3,871,909		
NET POSITION			
Net investment in capital assets		1,231,072	1,231,072
Restricted for OPEB		3,206,145	3,206,145
Restricted for pension		4,328,541	4,328,541
Unrestricted		2,885,024	2,885,024
Total net position		$ 11,650,782	$ 11,650,782

The accompanying notes are an integral part of these financial statements.

NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Adjustments (Note 4)	Statement of Activities
Expenditures/expenses:			
Public health	$ 3,790,764	$ (1,970,644)	$ 1,820,120
Total expenditures/expenses	3,790,764	(1,970,644)	1,820,120
Program revenues:			
Charges for services	32,323	-	32,323
Net program expense (revenue)	3,758,441	(1,970,644)	1,787,797
General revenues:			
Property taxes	1,833,553	-	1,833,553
Benefit assessments	1,249,888	-	1,249,888
Interest (loss) income	(24,003)	327,333	303,330
Other	33,936	-	33,936
Total general revenues	3,093,374	327,333	3,420,707
Excess (deficiency) of revenues over (under) expenditures	(665,067)	665,067	-
Changes in net position	-	1,632,910	1,632,910
Fund balance/net position at beginning of year	4,441,076	5,576,796	10,017,872
Fund balance/net position at end of year	$ 3,776,009	$ 7,874,773	$ 11,650,782

NOTE 1 – GENERAL

Napa County Mosquito Abatement District (the District) was established in 1925 as a special district of the State of California formed and operated pursuant to Health and Safety Code Section 2000 et. seq., for the purpose of controlling mosquitoes, flies, or other disease-carrying organisms in Napa County. Controls include the direct treatment or reduction of habitat such as standing water, swamp land, marshes, or excess growth of weeds within the territory of the District and areas with a proximity that such vectors may disperse from there into the territory.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The District has chosen to present its basic financial statements using the reporting model for special purpose governments engaged in a single government program.

This model allows the fund financial statements and the government-wide financial statements to be combined using a columnar format that reconciles individual line items of fund financial data to government-wide financial data in a separate column on the face of the financial statements rather than at the bottom of the statements or in an accompanying schedule.

Government-Wide Financial Statements

The statement of net position and the statement of activities include the financial activities of the overall District government.

The District's basic financial statements reflect only its own activities; it has no component units (other government units overseen by the District). The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, a benefit assessment, intergovernmental revenues, and other non-exchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for the governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Major Funds

GASB Statement No. 34 defines major funds and requires that the District's major governmental type funds be identified and presented separately in the fund financial statements. Major funds are defined as funds that have assets, liabilities, revenues, or expenditures equal to ten percent of their fund-type total and five percent of the grand total.

The District reported the following major governmental fund in the accompanying financial statements:

General Fund – The General Fund is the main operating fund of the District. This fund is used to account for financial resources not accounted for in other funds.

C. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the times liabilities are incurred, regardless of when the related cash flow takes place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. The District's policy is to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device.

E. Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Taxes

The District receives property taxes from the County of Napa (the County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on July 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the July 1 lien date and become delinquent if unpaid by August 31.

The District participates in the County's "Teeter Plan" method of ad valorem property tax distribution and thus receives 100% of the District's apportionment each fiscal year, eliminating the need for an allowance for uncollectible taxes. The County, in return, receives all penalties and interest on the related delinquent taxes. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year. Property tax is recognized when it is available and measurable. The District considers property tax as available if it is received within 60 days after fiscal year-end. The Teeter Plan does not apply to the District's voter approved benefit assessment.

G. Benefit Assessment Revenue

The District receives approximately 39.7% of its funding from a 2003 voter approved benefit assessment (this excludes interest received). These revenues are also collected by the County and as noted, the Teeter Plan does not apply. The receipt of these revenues is similar to receipt of property taxes.

H. Other Revenues

Other revenues include, but are not limited to, sales of equipment/vehicles, rebate checks, and insurance refunds.

I. Capital Assets

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of $5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets, which range from 15 to 20 years for field equipment, 5 to 10 years for office equipment, 8 to 10 years for vehicles, and 20 to 30 years for buildings.

J. Encumbrances

Encumbrance accounting is used during the fiscal year for budgetary control. Encumbrances outstanding at the fiscal year-end do not constitute expenditures or liabilities, but rather, a reservation of fund balance. The District honors contracts represented by fiscal year-end encumbrances and the appropriations carried over provide authority to complete these transactions in the following fiscal year. The District did not have any reserve for encumbrances at June 30, 2022.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Inventory

Inventory represents various pesticide materials that have been stated at cost determined by the first-in, first-out method. The costs of inventory are recorded as expenses when consumed rather than when purchased.

L. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

M. Pensions

For purposes of measuring the net pension liability/(asset), deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The District established an Internal Revenue Code (IRC) 115 trust account with the Public Agency Retirement Services (PARS) to help offset those years when CalPERS pension does not meet its annual net investment target return thus minimizing incurred pension debt.

N. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability/(asset), deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Net Position and Fund Balance

Government-Wide Financial Statements:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that contributed to the acquisition, construction, or improvement of the capital assets.

Restricted Net Position – This amount consists of amounts restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Net Position and Fund Balance (Continued)

Government-Wide Financial Statements: (Continued)

Unrestricted Net Position – This amount is all remaining net position that does not meet the definition of “net investment in capital assets or “restricted net position.”

Fund Financial Statements:

Restricted Fund Balance – Amounts with constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (Board of Directors) and which remain in place unless removed by taking the same type of action it employed to commit those amounts. The formal action that commits fund balance to a specific purpose must occur prior to the end of the reporting period.

Assigned Fund Balance – Amounts intended to be used by the District for specific purposes but that do not meet the criteria to be classified as restricted or committed.

Unassigned Fund Balance – The residual classification for the District’s General Fund that includes all amounts not contained in other classifications.

NOTE 3 – RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET WITH THE STATEMENT OF NET POSITION

Reconciling adjustments are as follows:

Capital assets used in governmental activities are not current assets or financial resources and, therefore, are not reported in the governmental fund.	$ 1,231,072
Cash with fiscal agent relates to PARS IRC 115 Pension and OPEB Trusts	2,652,533
Compensated absences	(49,938)
Deferred inflows of resources related to OPEB	(1,011,571)
Deferred inflows of resources related to pensions	(2,799,699)
Deferred outflows of resources related to OPEB	611,254
Deferred outflows of resources related to pensions	2,358,969
Net OPEB asset	2,757,408
Net pension asset	2,124,745
Total fund balance - governmental fund	3,776,009
Net position of governmental activities	$ 11,650,782

NOTE 4 – RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE WITH THE STATEMENT OF ACTIVITIES

Reconciling adjustments are as follows:

Net change in fund balance - total governmental fund	$ (665,067)
Depreciation expense is deducted from fund balance.	(158,491)
The amounts below included in the statement of activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental fund (net change).	
Change in compensated absences	6,256
Contribution and interest on PARS IRC 115 Pension and OPEB Trusts	1,461,474
Change in net OPEB asset	643,896
Change in net pension asset	344,842
Change in net position of governmental activities	$ 1,632,910

NOTE 5 – CASH AND INVESTMENTS

Cash and investments at June 30, 2022, consisted of the following:

Pooled cash at the County	$ 2,209,348
Met-Life common stock	2,852
PARS IRC 115 Pension Trust	2,203,796
PARS IRC 115 OPEB Trust	448,737
Deposit - Vector Control Joint Powers Agency (VCJPA)	1,282,917
	$ 6,147,650

Authorized Investments

Under provision of the District's Investment Policy, and in accordance with Section 53601 of the California Government Code, the District may invest in the following types of investments: the County cash and investment pool, negotiable certificates of deposit, VCJPA investment pool, Public Agency Retirement Services (PARS) Pool, California Employers' Retiree Benefit Trust (CERBT), and Local Agency Investment Fund (State Pool) Deposits.

NOTE 5 – CASH AND INVESTMENTS (Continued)

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District maintains specific cash deposits with the County and voluntarily participates in the external investment pool of the County. The County is restricted by state code in the types of investments it can make. The District's balance at June 30, 2022, was $2,209,348. Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than the state code as to terms of maturity and type of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. At June 30, 2022, the District's cash with the County Treasurer is stated at fair value. However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

The District maintains specific cash deposits with the VCJPA (see related Note 9). The balance at June 30, 2022, was $1,282,917.

NOTE 5 – CASH AND INVESTMENTS (Continued)

Fair Value Hierarchy (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2022:

Investment Type	Total	Level 1	Level 2	Level 3
VCJPA	$ 1,282,917	$ -	$ 1,282,917	$ -
PARS IRC 115 Pension Trust	2,203,796	-	2,203,796	-
PARS IRC 115 OPEB Trust	448,737	-	448,737	-
Met-Life common stock	2,852	2,852	-	-
Total Investments	3,938,302	$ 2,852	$ 3,935,450	$ -
Investments measured at amortized cost:				
County Treasurer's Investment Pool	2,209,348			
Total Investments	$ 6,147,650			

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The VCJPA and the PARS IRC 115 Pension Trust, classified in Level 2 of the fair value hierarchy, are valued using quoted prices for a non-active market portfolio at fiscal year-end. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

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. The actual ratings as of June 30, 2022, are provided by Standard and Poor's Corporation except as noted.

Investment Type	Total
Not rated:	
VCJPA	$ 1,282,917
County Treasurer's Investment Pool	2,209,348
PARS IRC 115 Pension Trust	2,203,796
PARS IRC 115 OPEB Trust	448,737
Met-Life common stock	2,852
Total Investments	$ 6,147,650

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not depreciated				
Land	$ 142,128	$ -	$ -	$ 142,128
Total capital assets, not depreciated	142,128	-	-	142,128
Capital assets, being depreciated				
Buildings	2,508,981	-	-	2,508,981
Vehicles	500,047	-	-	500,047
Equipment	415,186	-	-	415,186
Total capital assets, being depreciated	3,424,214	-	-	3,424,214
Less: accumulated depreciation	(2,176,779)	(158,491)	-	(2,335,270)
Total capital assets, being depreciated, net	1,247,435	(158,491)	-	1,088,944
Capital assets, net	$ 1,389,563	$ (158,491)	$ -	$ 1,231,072

Depreciation expense for the fiscal year ended June 30, 2022, was $158,491.

NOTE 7 – LONG-TERM DEBT

A. Summary of Changes in Long-Term Debt

The following represents changes in long-term debt during the fiscal year:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Compensated absences	$ 56,194	$ -	$ (6,256)	$ 49,938	$ 30,568
Total	$ 56,194	$ -	$ (6,256)	$ 49,938	$ 30,568

B. Compensated Absences

Compensated absences consist of accrued vacation at June 30, 2022. The District's full-time employees accrue between 3.08 and 4.7 vacation hours every two weeks; additional hours are accrued due to anniversary date tiers. The District's part-time employees' accrual is pro-rated based on the number of hours worked.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, 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 District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides 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 (Classic) and age 57 (PEPRA) 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, 2022, are summarized as follows:

Hire date	Prior to January 3, 2013	On or after January 3, 2013
Benefit formula	2.7% at 55	2.0% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	57-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.25%
Required employer contribution rates	14.87%	7.73%

The District's Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors two miscellaneous rate plans.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

A. General Information about the Pension Plans (Continued)

For the fiscal year ended June 30, 2022, the contributions recognized as part of pension expense for the Plans were as follows:

	Miscellaneous
Contributions - employer	$ 102,985

B. Pension Asset, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, the District reported a net pension asset for its proportionate share of the net pension asset of the Plans as follows:

	Proportionate Share of the Net Pension Asset
Miscellaneous	$ 2,124,745

The District's net pension asset for the Plans is measured as the proportionate share of the net pension asset. The net pension asset of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District's proportion of the net pension asset 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 asset for the Plans as of June 30, 2021 and 2020, was as follows:

	Miscellaneous
Proportion - June 30, 2020	-0.018%
Proportion - June 30, 2021	-0.112%
Change - Increase (Decrease)	-0.094%

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

For the fiscal year ended June 30, 2022, the District recognized pension expense of $(241,857). At June 30, 2022, 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	$ 102,985	$ -
Differences between actual and expected experience	-	238,265
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	1,854,790	-
Differences in proportions	230,795	2,248,963
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	170,399	312,471
	$ 2,358,969	$ 2,799,699

$102,985 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2023	$ (394,342)
2024	(454,493)
2025	(207,445)
2026	512,565
2027	-
Thereafter	-
	$ (543,715)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Actuarial Assumptions – For the measurement period ended June 30, 2021, the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.625%
Payroll Growth	2.875%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.25% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)

(1) Net of pension plan investment expenses, including inflation
(2) The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2017 experience study report available on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle. Any changes to the discount rate will require CalPERS Board of Administration action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and No. 68 calculations through at least the 2018-2019 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their 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.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long term (11-60 years) using a building block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the 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 rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability/(asset) for the Plans, calculated using the discount rate for the Plans, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability/(Asset)	$ (1,066,632)
Current Discount Rate	7.15%
Net Pension Liability/(Asset)	$ (2,124,745)
1% Increase	8.15%
Net Pension Liability/(Asset)	$ (2,999,470)

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 9 – INSURANCE

The District participates with other public entities in a joint venture under a joint powers agreement that established the VCJPA. The VCJPA is a consortium of 35 mosquito abatement or vector control districts in the State of California. It was established under the provisions of California Government Code Section 6500 et. seq. The day-to-day business is handled by a risk management group employed by VCJPA.

The District is covered for the first $1,000,000 of each general liability claim and $350,000 of each workers' compensation claim through VCJPA. The District has the right to receive dividends 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 that provides general liability coverage from $1,000,000 to $9,000,000. The VCJPA participates in an excess pool that provides workers' compensation coverage from $1,000,000 to $25,000,000. The District is covered for property damage from $5,000 to $500,000,000 and auto damage up to $30,000 per accident, business travel up to $150,000 and environmental damage from $5,000 to $1,000,000.

Cash deposits of $1,282,917 with the VCJPA are maintained to help offset costs of unexpected potential claims including required deductible contributions. The deposits with the VCJPA also cover the 15% deductible for earthquake insurance that the District has as a separate policy outside of the VCJPA.

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (OPEB)

Plan Description

The District's defined benefit post-employment healthcare plan, the District Other Post-Employment Benefit Program, provides medical benefits to eligible retired District employees and their beneficiaries. Napa County Mosquito Abatement District Other Post-Employment Benefit Program is affiliated with the CERBT, an agent multiple-employer post-employment healthcare plan administered by CalPERS. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for CERBT. That report may be obtained by writing to the Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the CERBT Board of Trustees. The District Other Post-Employment Benefit Program members receiving benefits contribute $0 per month for retiree-only coverage and $0 per month for retiree and spouse coverage to age 65, and $0 and $0 per month, respectively, thereafter.

The District passed resolutions to participate in the CERBT, an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of the District's Board of Directors. This trust is not considered a component unit by the District and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Liability/(Asset)

Employees Covered by Benefit Terms

At June 30, 2022, the benefit terms covered the following employees:

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	-
Active plan members	9

Contributions

The District establishes rates based on an actuarially determined rate.

For the fiscal year ended June 30, 2022, the District's contribution rate is 51.67% of covered payroll. The District currently pays the monthly premium.

Net OPEB Asset

The District's net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.75%

Salary increases: Aggregate salary increases of 3.25%.

Investment rate of return: 5.00%

Healthcare cost trend rates: 6.00% in the first year, trending down to 5.00% over 3 years. Mortality rates were based on MacLeod Watts Scale 2017 applied generationally.

Actuarial cost method: Entry Age Normal

Amortization method and period: Level dollar; 9.0 years

Asset value method: Market Value

Inflation: 2.75%

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Liability/(Asset) (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on OPEB 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 OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	22.00%	4.80%
Fixed Income	49.00%	1.10%
Treasury Inflation-Protected Securities	16.00%	0.25%
Real Estate Investment Trusts	8.00%	3.20%
Commodities	5.00%	1.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the net OPEB liability/(asset) was 4.50%. The projection of cash flows used to determine the discount rate assumed that the District’s contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan’s fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Changes in the Net OPEB Liability/(Asset)

Measurement Date June 30, 2021	$ (2,012,989)
Changes during the period:	
Service cost	149,831
Interest	113,692
Differences between investment experience	(412,175)
Change in plan experience	(394,837)
Changes in assumptions	78,546
Contributions - employer	(82,324)
Net investment income	(199,337)
Administrative expenses	2,185
Net Change in Fiscal Year 2021-2022	(744,419)
Net OPEB Liability/(Asset) at June 30, 2022	$ (2,757,408)

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Liability/(Asset) (Continued)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (3.50%) or one percentage point higher (5.50%) follows:

Plan's Net OPEB Liability/(Asset)		
1% Decrease 3.50%	Current Discount Rate 4.50%	1% Increase 5.50%
$ (2,432,944)	$ (2,757,408)	$ (3,020,941)

Sensitivity of the net OPEB liability/(asset) to changes in the healthcare cost trend rates. The net OPEB asset of the District, as well as what the District's net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower (-1.00%) or one percentage point higher (1.00%) than current healthcare cost trend rates follows:

Plan's Net OPEB Liability/(Asset)		
1% Decrease	Trend Rate	1% Increase
$ (3,046,398)	$ (2,757,408)	$ (2,399,436)

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

For the fiscal year ended June 30, 2022, the District recognized an OPEB expense of $(198,013). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 165,371	$ -
Differences between actual and expected experience	-	632,541
Net differences between projected and actual earnings on investments	-	379,030
Contributions made subsequent to the measurement date	445,883	-
	$ 611,254	$ 1,011,571

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Liability/(Asset) (Continued)

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

The District will recognize the contributions of $445,883 made subsequent to the measurement date in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

Fiscal Year Ended June 30	
2023	$ (256,353)
2024	(250,849)
2025	(206,064)
2026	(132,934)
2027	-
Thereafter	-
	$ (846,200)

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 12, 2023, which is the date the basic financial statements were available to be issued. No events have occurred that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 1,493,500	$ 1,493,500	$ 1,833,553	$ 340,053
Benefits assessments	1,235,633	1,235,633	1,249,888	14,255
Interest	16,500	16,500	(24,003)	(40,503)
Charges for services	36,000	36,000	32,323	(3,677)
Other revenues	10,700	10,700	33,936	23,236
Total revenues	2,792,333	2,792,333	3,125,697	333,364
Expenditures:				
Public health	2,880,029	4,530,029	3,790,764	(739,265)
Total expenditures	2,880,029	4,530,029	3,790,764	(739,265)
Excess (Deficiency) of revenues over (under) expenditures	$ (87,696)	$ (1,737,696)	(665,067)	$ 1,072,629
Fund balance, beginning of year			4,441,076	
Fund balance, end of year			$ 3,776,009	

NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
LAST TEN FISCAL YEARS*

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Proportion of the net pension liability/(asset)	-0.039287%	-0.006896%	-0.007756%	-0.002493%
Proportionate share of the net pension liability/(asset)	$ (2,124,745)	$ (750,271)	$ (794,809)	$ (240,236)
Covered payroll	$ 835,436	$ 845,084	$ 806,111	$ 771,496
Proportionate share of the net pension liability/(asset) as a percentage of covered payroll	-254.33%	-88.78%	-98.60%	-31.14%
Plan fiduciary net position as a percentage of the total pension liability	126.51%	109.81%	110.28%	103.19%

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability/(asset)	0.003996%	0.003223%	0.021556%	0.015430%
Proportionate share of the net pension liability/(asset)	$ 396,246	$ 278,890	$ 591,380	$ 960,167
Covered payroll	$ 740,915	$ 682,007	$ 549,002	$ 666,886
Proportionate share of the net pension liability/(asset) as a percentage of covered payroll	53.48%	40.89%	107.72%	143.98%
Plan fiduciary net position as a percentage of the total pension liability	94.50%	95.70%	90.61%	84.18%

Notes to Schedule:

Changes in Benefit Terms

None.

Changes in Assumptions

None.

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSION
LAST TEN FISCAL YEARS*

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Contractually required contributions (actuarially determined)	$ 102,985	$ 193,418	$ 207,656	$ 92,497
Contributions in relation to the actuarially determined contributions	(102,985)	(193,418)	(207,656)	(767,497)
Contributions deficiency (excess)	$ -	$ -	$ -	$ (675,000)
Covered payroll	$ 857,965	$ 860,873	$ 845,084	$ 806,111
Contributions as a percentage of covered payroll	12.00%	22.47%	24.57%	95.21%

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contributions (actuarially determined)	$ 87,816	$ 128,146	$ 104,030	$ 130,214
Contributions in relation to the actuarially determined contributions	(614,185)	(819,061)	(674,030)	(775,843)
Contributions deficiency (excess)	$ (526,369)	$ (690,915)	$ (570,000)	$ (645,629)
Covered payroll	$ 771,496	$ 740,915	$ 682,007	$ 549,002
Contributions as a percentage of covered payroll	79.61%	110.55%	98.83%	141.32%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS*

Total OPEB Liability	2022	2021	2020	2019	2018
Service cost	$ 149,831	$ 145,115	$ 120,992	$ 117,184	$ 106,280
Interest	113,692	105,652	130,416	121,525	123,751
Benefit payments, including refunds of employee contributions	(82,324)	(71,315)	(60,959)	(68,425)	(67,844)
Differences between actual and expected experience	(394,837)	-	(607,789)	-	(353,746)
Change in assumptions	78,546	-	137,902	-	361,429
Net change in total OPEB liability	(135,092)	179,452	(279,438)	170,284	169,870
Total OPEB liability - beginning of year	2,417,821	2,238,369	2,517,807	2,347,523	2,177,653
Total OPEB liability - end of year	$ 2,282,729	$ 2,417,821	$ 2,238,369	$ 2,517,807	$ 2,347,523
Plan Fiduciary Net Position					
Net investment income	$ 611,512	$ 220,867	$ 236,596	$ 185,418	$ 191,652
Contributions employer - explicit subsidy	82,324	196,315	540,959	293,425	202,844
Benefit payments, including refunds of employee contributions	(82,324)	(71,315)	(60,959)	(68,425)	(67,844)
Administrative expenses	(2,185)	(2,015)	726	(1,622)	-
Other expenses	-	-	-	(3,922)	-
Net change in plan fiduciary net position	609,327	343,852	717,322	404,874	326,652
Plan fiduciary net position - beginning of year	4,430,810	4,086,958	3,369,636	2,964,762	2,638,110
Plan fiduciary net position - end of year	$ 5,040,137	$ 4,430,810	$ 4,086,958	$ 3,369,636	$ 2,964,762
District's net OPEB liability/(asset) - end of year	$ (2,757,408)	$ (2,012,989)	$ (1,848,589)	$ (851,829)	$ (617,239)
Plan fiduciary net position as a percentage of the total OPEB liability	220.79%	183.26%	182.59%	133.83%	126.29%
Covered payroll	$ 860,872	$ 847,551	$ 806,111	$ 786,993	$ 729,741
Net OPEB liability/(asset) as a percentage of covered payroll	-320.30%	-237.51%	-229.32%	-108.24%	-84.58%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

NAPA COUNTY
MOSQUITO ABATEMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN FISCAL YEARS*

	2022	2021	2020	2019	2018
Actuarially determined contribution	$ -	$ -	$ -	$ 11,063	$ 36,561
Contributions in relation to the actuarially determined contribution	(445,883)	(82,324)	(196,315)	(540,959)	(293,677)
Contribution deficiency (excess)	$ (445,883)	$ (82,324)	$ (196,315)	$ (529,896)	$ (257,116)
Covered payroll	$ 862,915	$ 860,872	$ 847,551	$ 806,111	$ 786,993
Contributions as a percentage of covered payroll	51.67%	9.56%	23.16%	67.11%	37.32%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Notes to Schedule:

Assumptions and Methods

Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Closed period, level percent of pay
Amortization period	20 years
Asset valuation method	Market value projected to fiscal year-end 2018 by the District
Inflation	2.75%
Assumed rate of payroll growth	3.25%
Healthcare trend rates	6.00%, trending down to 5.00%
Rate of return on assets	5.00%
Mortality rate	MacLeod Watts Scale 2018 applied generationally

OTHER REPORT

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

To the Board of Directors
Napa County Mosquito Abatement District
Napa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities and the major fund of the Napa County Mosquito Abatement District (the District), as of and for the fiscal year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 12, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95219
209-451-4833

Report on Compliance and Other Matters

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

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
January 12, 2023