CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT CONCORD, CALIFORNIA

BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2017

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CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
ELECTED OFFICIALS AND MANAGEMENT TEAM
JUNE 30, 2017

BOARD OF TRUSTEES

MANAGEMENT TEAM

Paula Macedo, General Manager
Ray Waletzko, Assistant Manager

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INDEPENDENT AUDITORS' REPORT ON
BASIC FINANCIAL STATEMENTS

Board of Trustees
Contra Costa Mosquito and
Vector Control District
Concord, California

Report on Financial Statements

We have audited the basic financial statements of the governmental activities, the General Fund and the fiduciary fund, of the Contra Costa Mosquito and Vector Control District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 District'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 District'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the General Fund and the fiduciary fund, of the Contra Costa Mosquito and Vector Control District, as of June 30, 2017, and the changes in financial position thereof and the budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Management adopted the provisions of the Governmental Accounting Standards Board Statement, Statement No. 74 – *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans*, which became effective during the year ended June 30, 2017 as discussed in Note 2I of the notes to the financial statements.

The emphasis of this matter does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

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

Maze & Associates

Pleasant Hill, California
February 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Contra Costa Mosquito and Vector Control District's (the District) basic financial statements presents management's overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage the reader to consider the information represented here in conjunction with the 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 Decision 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 Combined Government-wide and Fund Financial statements; Statement of Net Position and Governmental Funds Balance Sheet; Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances; and the Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-General Fund.

These statements are supported by notes to the 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 Combined 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, 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, 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 year.

All of the District's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report the District's operations in more detail than the Government-wide 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 below.

The Government-wide Financial Statements

Government-wide financial statements are prepared on the accrual basis, 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 contract fees and 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, with all Non-major funds summarized and presented only in a single column. Major Funds present the major activities of the District for the year, and may change from year to year as a result of changes in the pattern of the District's activities.

The District only has one fund, the General Fund, which is a Major Fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis, 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 as required by GASB 34.

Current Year Financial Highlights

The District fiscal year 2016/2017 total current assets increased 12.5% from fiscal year 2015/2016. The majority of this $964,616 increase was due to the growing assessed value of properties in Contra Costa County and the property taxes that are passed on to the District.

District general fund revenues were $537,013 over the amount budgeted for fiscal year 2016/2017, primarily due to the increase in property taxes. District general fund expenditures were down approximately $247,604 from the amount budgeted for fiscal year 2016/2017. This was related to savings in the areas of Lab Supplies, Professional Special Services and Transportation and Travel.

The District has been contributing to an irrevocable trust for Other Post-Employment Benefits (OPEB), designed to cover medical costs for retirees of the District. Per actuarially determined requirements the District contributed $145,000 to this trust in fiscal year 2016/2017 and we took a distribution of $46,032 to cover the current year cost of our retirees medical coverage. The fund grew by 19% in fiscal year 2016/2017 and had a balance of $1,742,107 at 6/3017.

Total net pension liability of the district at June 30, 2017, was $5,140,418. This amount is determined by the Contra Costa County Employees Retirement Association Act 37 retirement plan. This District liability decreased by 9.27% from June 30, 2016, due to an increase in investment earnings above the goal of the retirement system in the previous year.

Capital Assets

Total Capital Assets (net of Accumulated Depreciation) were recorded at approximately $1.6 million. See Note 4 in the accompanying financial statements for more information of current year activity.

Requests for Information

This financial report is designed to provide, citizens, customers, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the District at (925) 685-9301.

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

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments (Note 3)	$7,749,662
Deposit with VCJPA (Notes 3 and 8)	928,409
Interest receivable	16,389
Total current assets	8,694,460
Non current assets:	
Capital assets, nondepreciable (Note 4)	778,640
Capital assets, depreciable, net of accumulated depreciation (Note 4)	841,120
Net OPEB asset (Note 7)	233,082
Total non current assets	1,852,842
Total Assets	10,547,302
DEFERRED OUTFLOWS OF RESOURCES	
Pension related (Note 6)	1,718,599
Total deferred outflows of resources	1,718,599
LIABILITIES	
Non current liabilities:	
Compensated absences (Note 2E)	353,456
Collective net pension liability (Note 6)	5,140,418
Total non current liabilities	5,493,874
Total liabilities	5,525,126
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 6)	711,546
Total deferred inflows of resources	711,546
NET POSITION (Note 5)	
Net investment in capital assets	1,619,760
Unrestricted	4,409,469
Total Net Position	$6,029,229

See accompanying notes to financial statements

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

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position Governmental Activities
Governmental Activities:			
District operations	$6,365,332	$75,372	($6,289,960)
Total Governmental Activities	$6,365,332	$75,372	(6,289,960)
General revenues:			
Property taxes (Note 2C)			5,401,903
Benefit assessments			2,019,712
Medical insurance reimbursements			76,859
Interest			42,710
Miscellaneous			124,935
Total General Revenues			7,666,119
Change in Net Position			1,376,159
Net Position - Beginning			4,653,070
Net Position - Ending			$6,029,229

See accompanying notes to financial statements

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
GOVERNMENTAL FUND - GENERAL FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS	
Cash and investments (Note 3)	$7,749,662
Deposit with VCJPA (Notes 3 and 8)	928,409
Interest receivable	16,389
Total Assets	$8,694,460
LIABILITIES	
Accounts payable	$31,252
Total Liabilities	31,252
FUND BALANCES (Note 5)	
Nonspendable:	
Deposit with VCJPA	928,409
Committed for:	
Africanized Honey Bee	165,000
Emerging Disease Surveillance	1,500,000
Building Fund	1,222,584
Public Health Emergency	1,000,000
Unassigned	3,847,215
Total Fund Balances	8,663,208
Total Liabilities and Fund Balances	$8,694,460

See accompanying notes to financial statements

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances reported on the governmental funds balance sheet	$8,663,208
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	1,619,760
DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	
Deferred outflows of resources - pension related	1,718,599
Deferred inflows of resources - pension related	(711,546)
LONG TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Non-current portion of compensated absences	(353,456)
Collective net pension liability	(5,140,418)
Net OPEB asset	233,082
NET POSITION OF GOVERNMENTAL ACTIVITIES	$6,029,229

See accompanying notes to financial statements

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
GOVERNMENTAL FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

REVENUES	
Property taxes (Note 2C)	$5,401,903
Benefit assessment	2,019,712
Contract billing	75,372
Medical insurance reimbursements	76,859
Interest income	42,710
Other	112,985
Total Revenues	7,729,541
EXPENDITURES	
Current:	
Salaries	3,152,493
Fringe benefits	2,001,961
Other post employment benefits (OPEB) contributions (Note 7)	145,000
Agriculture	171,668
Clothing/personal supplies	25,205
Communications	19,227
Household expenses	13,952
Insurance	225,756
Equipment maintenance	37,669
Building maintenance	20,649
Lab supplies	13,581
Professional memberships	22,300
Office expense	28,824
Professional special services	90,688
Publications and legal notices	53,821
Small tools	6,507
District special expense	36,086
Transportation/travel	73,064
Utilities	33,257
Taxes and assessments	339,966
Rents and leases	510
Capital outlay	228,950
Total Expenditures	6,741,134
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	988,407
OTHER FINANCING SOURCES (USES)	
Proceeds from sale of capital assets	11,950
Total other financing sources (uses)	11,950
NET CHANGE IN FUND BALANCE	1,000,357
BEGINNING FUND BALANCE	7,662,851
ENDING FUND BALANCE	$8,663,208

See accompanying notes to financial statements

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT

Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$1,000,357
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Purchase of capital assets	258,920
Depreciation expense is deducted from fund balance	(278,811)
NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Compensated absences	15,023
Pension expense, net of deferred inflows and outflows	377,691
Salary and benefit expenses related to OPEB	2,979
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$1,376,159

See accompanying notes to financial statements

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	$4,962,842	$5,401,903	$439,061
Benefit assessment	2,011,686	2,019,712	8,026
Contract billing	40,000	75,372	35,372
Medical insurance reimbursements	88,000	76,859	(11,141)
Interest income	20,000	42,710	22,710
Other	70,000	112,985	42,985
Total Revenues	7,192,528	7,729,541	537,013
EXPENDITURES			
Salaries	3,131,361	3,152,493	(21,132)
Fringe benefits	2,098,616	2,001,961	96,655
Other post employment benefits (OPEB) contributions	145,000	145,000	
Agriculture	200,000	171,668	28,332
Clothing/personal supplies	26,100	25,205	895
Communications	23,900	19,227	4,673
Household expenses	20,700	13,952	6,748
Insurance	227,732	225,756	1,976
Equipment maintenance	38,300	37,669	631
Building maintenance	23,150	20,649	2,501
Lab supplies	38,500	13,581	24,919
Professional memberships	23,000	22,300	700
Office expense	33,040	28,824	4,216
Professional special services	149,356	90,688	58,668
Publications and legal notices	55,115	53,821	1,294
Small tools	8,400	6,507	1,893
District special expense	28,250	36,086	(7,836)
Transportation/travel	119,460	73,064	46,396
Utilities	33,000	33,257	(257)
Research projects	25,000		25,000
Taxes and assessments	340,000	339,966	34
Rental and leases	6,500	510	5,990
Capital outlay	194,258	228,950	(34,692)
Total Expenditures	6,988,738	6,741,134	247,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	203,790	988,407	784,617
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets		11,950	11,950
Total other financing sources (uses)		11,950	11,950
NET CHANGE IN FUND BALANCE	$203,790	1,000,357	$796,567
BEGINNING FUND BALANCE		7,662,851	
ENDING FUND BALANCE		$8,663,208	

See accompanying notes to financial statements

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2017

ASSETS	
Investments with Trustees:	
Managed investment account (Note 3)	$1,742,107
Total Assets	$1,742,107
NET POSITION	
Net position held in trust for OPEB benefits	$1,742,107

See accompanying notes to basic financial statements

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2017

ADDITIONS	
Contributions:	
District	$145,000
Total contributions	145,000
Investment income:	
Net appreciation in fair value of investments	196,432
Less: investment expenses	(9,169)
Total net investment income	187,263
Total Additions	332,263
Deductions:	
Distributions	46,032
Total Deductions	46,032
Change in net position	286,231
NET POSITION	
Beginning of year, as adjusted (Note 2J)	1,455,876
End of year	$1,742,107

See accompanying notes to basic financial statements

NOTE 1 - GENERAL

The Contra Costa Mosquito Abatement District was formed in 1926 and began operations on April 15, 1927. The original district, comprised of approximately 61 square miles, then annexed and merged with other districts to become the county-wide Contra Costa Mosquito Abatement District, effective July 1, 1986. Effective July 1, 1993, Contra Costa County's Vector Control program was merged into Contra Costa Mosquito Abatement District, forming the Contra Costa Mosquito and Vector Control District (the District).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform with accounting principles generally accepted in the United States of America and are applicable to governments. The following is a summary of the significant policies.

A. Basis of Presentation

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

These Statements require that the financial statements described below be presented.

Government-wide Financial Statements: The District's 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, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements: Fund Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. General fund operations are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures (or expenses) as appropriate. The District's resources are accounted for based on the purposes for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds, each of which is displayed in a separate column. The District has elected to show each of its funds as a major fund.

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

Governmental Funds:

General Fund – The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund:

Other Post-Employment Benefit Trust Fund - The Other Post-Employment Benefit Trust Fund consists of the Public Agencies Post-Retirement Health Care Plan, which was established in 2011. The fundamental purpose of the trust is to fund post-employment benefits (other than pension benefits), such as medical, dental, vision, life insurance, long-term care and similar benefits.

B. 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 time liabilities are *incurred*, regardless of when the related cash flows take 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 year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property, certain charges for services, and interest revenue.

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

The District may fund programs with a combination of cost-reimbursement grants, categorically block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

C. Property Taxes

Property Tax Levy, Collection and Maximum Rates – The State of California (State) Constitution Article XIII (A) provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value when an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100 percent of market value as define by Article XIII (A) and may be adjusted by no more than two percent per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent tax levy to the counties, cities, school districts and other districts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County of Contra Costa is responsible for assessing, collecting and apportioning property taxes for the District. Taxes are levied for each fiscal year on taxable real and personal property situated in the District. The levy is based on the assessed values as of the preceding January 1st, which is also the lien date. State code requires tax rates to be set no later than the first workday in September unless the County of Contra Costa Board of Supervisors elects to extend the deadline to October 3rd. Property taxes on the secured roll are due in two installments: November 1st and February 1st and become delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales or construction and the preceding assessment date. The additional supplemental property taxes are prorated from the first day of the month following the date of such occurrence. Property taxes on the unsecured roll are due in the lien date (January 1st), and become delinquent if unpaid by August 31st.

D. Budgets and Budgetary Accounting

The District follows the procedures established by the State of California for special districts in establishing the budgetary data reflected in the financial statements.

During the year, the General Fund was the only fund for which a budget was required. The budget was prepared on the cash basis. Differences between the cash basis budget and the modified accrual financial records are not considered to be material.

E. Accumulated Compensated Absences

Compensated absences are comprised of unpaid vacation. Vacation is accrued as earned and sick leave is not accrued since it does not vest. The General Fund has been used to liquidate compensated absences.

F. Use of Estimates

The Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

H. Fair Value Measurements

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 generally accepted accounting principles. 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.

I. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 74 – *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans* - The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for periods beginning after December 15, 2015 and required the District to include fiduciary fund statements for its trust with Public Agency Retirement Services (PARS), additional disclosures in Note 7 of the notes to the basic financial statements, and additional tables in the Required Supplementary Information.

GASB Statement No. 77 – *Tax Abatement Disclosures*. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The statement is effective for the periods beginning after December 15, 2015, and had no impact on the District's financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for the periods beginning after June 15, 2015, and had no significant impact on the District's financial statements.

J. New Fund

During the current fiscal year, the District added a new fiduciary fund, Other Post-Employment Benefits (OPEB) Trust Fund, as required by the implementation of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The District made a retroactive adjustment for $1,455,876 to setup beginning net position in this fund.

NOTE 3 - CASH AND INVESTMENTS

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the District's name and places the District ahead of general creditors of the institution. The District has funds held by the VCJPA which are uncollateralized and uninsured.

The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The District's cash and investments consist of the following at June 30, 2017:

Cash in banks	$156,063
Carrying value of investments:	
Local Agency Investment Fund	7,593,599
Deposits with Joint Powers Authority	928,409
Total District cash and investments	8,678,071
Cash and investments held with OPEB trust	1,742,107
Total cash and investments	$10,420,178

NOTE 3 - CASH AND INVESTMENTS (Continued)

B. Investments Authorized by the California Government Code and the District's Investment Policy

The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District, and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the District's Investment Policy where the District's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Investment Fund	Upon Demand	N/A	None	100%
Interest Bearing Checking Account	N/A	N/A	None	100%
United States Treasury Money Market Fund	N/A	N/A	None	10%
Certificates of Deposit	5 years	IUQCI* of 85	None	$100,000
U.S. Treasury Bills and Notes	5 years	N/A	None	100%
U.S. Government and Agency Securities	5 years	N/A	None	100%
Bankers Acceptances	180 days	Moody's A	40%	30%
Commercial Paper	180 days	Moody's A	15%	10%
Repurchase Agreements	30 days	N/A	20%	100%
Medium Term Notes	5 years	Moody's AA	30%	10%
Negotiable Certificates of Deposit	2 years	Moody's A+	30%	10%

*Irwin Union Quality Code Index

As of June 30, 2017, the District's only investments are held in the Local Agency Investment Fund (LAIF), which is in compliance with the District's investment policy.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity is of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

All of the District's investments mature in less than twelve months.

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2017, these investments matured in an average of 194 days.

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. 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. None of the District's investments are subject to credit ratings.

F. Fair Value Hierarchy

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

The California Local Agency Investment Fund is exempt from the fair value hierarchy and is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool.

NOTE 4 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Total depreciation expense for the year was $209,026 which is entirely allocated to the District Operations function. The District has assigned the useful lives listed below to capital assets:

Buildings	30 years
Landscaping	10 years
Vehicles, trailers and boats	8 years
Field and operations equipment	8 - 10 years
Office and administrative equipment	3 - 20 years
Office furniture	10 years
Solar panels	25 years
Solar inverter	10 years

NOTE 4 – CAPITAL ASSETS (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets with a value of $5,000 or more and with a useful life of one year or more are capitalized.

Capital assets at June 30 comprise the following:

	Balance June 30, 2016	Additions	Retirements	Adjustments	Balance June 30, 2017	NBV June 30, 2017
Governmental activities						
Capital assets not being depreciated:						
Land	$778,640				$778,640	$778,640
Total capital assets not being depreciated	778,640				778,640	$778,640
Capital assets being depreciated:						
Building	3,901,628				3,901,628	$212,597
Landscaping	26,226				26,226	
Vehicles, trailers and boats	1,078,761	$181,544	($109,750)	$66,631	1,217,186	303,603
Field and operations equipment	138,026	10,745			148,771	54,212
Office and admin equipment	74,199				74,199	1,590
Office furniture	60,339				60,339	
Solar panels	410,340				410,340	262,618
Solar inverter	65,000				65,000	6,500
Total capital assets being depreciated	5,754,519	192,289	(109,750)	66,631	5,903,689	$841,120
Less accumulated depreciation for:						
Building	(3,559,083)	(129,948)			(3,689,031)	
Landscaping	(26,226)				(26,226)	
Vehicles, trailers and boats	(910,689)	(43,353)	109,750	(69,291)	(913,583)	
Field and operations equipment	(85,833)	(8,726)			(94,559)	
Office and admin equipment	(68,030)	(4,085)		(494)	(72,609)	
Office furniture	(60,339)				(60,339)	
Solar panels	(131,308)	(16,414)			(147,722)	
Solar inverter	(52,000)	(6,500)			(58,500)	
Total accumulated depreciation	(4,893,508)	(209,026)	109,750	(69,785)	(5,062,569)	
Total depreciable assets	861,011	($16,737)		($3,154)	841,120	
Total capital assets	$1,639,651				$1,619,760	

NOTE 5 – FUND BALANCES AND NET POSITION

A. Net Position

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities, deferred inflows, regardless of fund. Net Position is divided into two captions. These captions apply only to Net Position, which is determined only at the District-wide level, and are described below:

Net investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the District's capital assets.

Unrestricted describes the portion of Net Position which is not restricted to use.

B. Fund Balance

The District's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the District to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the Board of Trustees which may be altered only by formal action of the Board of Trustees. Encumbrances and nonspendable amounts subject to Board commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board of Trustees or its designee and may be changed at the discretion of the Board of Trustees or its designee. This category includes encumbrances, nonspendables, when it is the District's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

NOTE 5 – FUND BALANCES AND NET POSITION (Continued)

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

NOTE 6 – PENSION PLAN

A. General Information about the Pension Plan

Plan Descriptions – The District participates in the Contra Costa County Employees' Retirement Association (CCCERA), a cost-sharing multiple employer defined benefit pension plan. CCCERA is governed by the Board of Retirement (Board) under the County Employee's Retirement Law of 1937, as amended on July 1, 1945. It provides benefits upon retirement, death or disability of members, and covers substantially all of the employees of the County of Contra Costa and eighteen other member agencies.

Benefits Provided – Benefits are based on years of credited service, equal to one year of full time employment. Members may elect service retirement at age of 50 with 10 years of service credit, age 70 regardless of service, or with thirty years of service, regardless of age. For members hired on or after January 1, 2013, members may elect service retirement at age of 52 with 5 years of service credit, or age 70 regardless of service

Benefits are administered by the Board under the provision of the 1937 Act. Annual cost-of-living adjustments (COLA) to retirement benefits may be granted by the Board as provided by State statutes. Services retirements are based on age, length of service and final average salary. Employees may withdraw contributions, plus interest credited, or leave them on deposit for a deferred retirement when they terminate or transfer to a reciprocal retirement system.

The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous Plan	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% at 55	2.5% at 67
Benefit vesting schedule	10 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	0% to 100%	No limit
Required employee contribution rates	8.02% - 14.90%	8.73% - 10.94%
Required employer contribution rates	29.07% to 29.09%	24.73% - 25.08%

NOTE 6 – PENSION PLAN (Continued)

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 Plan 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 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.

For the year ended June 30, 2017, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous Plan
Contributions - employer	$603,774

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Plan	$5,140,418
Total Net Pension Liability	$5,140,418

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 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 the Plan as of June 30, were as follows:

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered-employee payroll	Proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	Plan Fiduciary Net Pension as a percentage of the Total Pension Liability
2014	0.427%	$6,281,902	$2,787,246	225.38%	74.40%
2015	0.427%	5,104,681	2,840,172	179.73%	79.57%
2016	0.376%	5,665,700	2,956,365	191.64%	77.84%
2017	0.367%	5,140,418	3,081,368	166.82%	80.32%

NOTE 6 – PENSION PLAN (Continued)

For the year ended June 30, 2017, the District recognized pension expense of $226,083. 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	$603,774	
Differences between expected and actual experience		$421,654
Changes of assumptions	148,745	97
Change in proportion and differences between employer contributions and proportionate share of contributions	58,652	289,795
Net difference between projected and actual earnings on pension plan investments	907,428	
Total	$1,718,599	$711,546

The $603,774 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 of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2018	$50,996
2019	106,958
2020	252,029
2021	(6,704)

NOTE 6 – PENSION PLAN (Continued)

Actuarial Assumptions – The total pension liabilities in the December 31, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Plan
Valuation Date	December 31, 2015
Measurement Date	December 31, 2016
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation Rate	2.75%
Payroll Growth	2.75% (1)
Projected Salary Increase	4.00% - 13.25% (2)
Cost of Living Adjustments	2.75%
Investment Rate of Return	7.00% (3)
Mortality	RP-2014 Combined Healthy Mortality Table

(1) Plus "across the board" real salary increases of 0.5% per year

(2) Vary by service, including inflation

(3) Net of pension plan investment expenses, including inflation

Discount Rate – The discount rate used to measure the total pension liability was 7.00% for the Plan. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as December 31, 2014.

NOTE 6 – PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined in 2014 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	6%	5.75%
Developed International Equity	10%	6.99%
Emerging Markets Equity	14%	8.95%
Short-Term Govt/Credit	24%	0.20%
U.S. Treasury	2%	0.30%
Real Estate	7%	4.45%
Cash & Equivalents	1%	-0.46%
Risk Diversifying Strategies	2%	4.30%
Private Credit	17%	6.30%
Private Equity	17%	8.10%
Total	100%	

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

	Miscellaneous Plan
1% Decrease	6.00%
Net Pension Liability	$8,725,873
Current Discount Rate	7.00%
Net Pension Liability	$5,140,418
1% Increase	8.00%
Net Pension Liability	$2,219,313

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CCCERA financial reports.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS

The District records its other postemployment benefits in accordance with the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). Required disclosures are presented below.

A. Plan Description and Funding Policy

The District provides postretirement health care benefits to all employees who retire on or after attaining age 55; for those hired prior to July 1, 2007 the employee must have a minimum of 5 years of public service to be eligible and for those hired on or after July 1, 20017, the employee must have a minimum of 10 years of public service. All eligible retirees can continue medical coverage with the plan provided for active employees. The District covers up to the lowest cost Health Maintenance Organization's plan available to retirees. The cost of the benefits provided by the Plan was being paid by the District on a pay-as-you-go basis until June 2011, when the District joined the Public Agencies Post-Retirement Health Care Plan, a multiple employer trust administered by the Public Agency Retirement Services (PARS).

At June 30, 2017, 10 retirees participated in the Plan.

B. Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a July 1, 2016 actuarial valuation using an alternative measurement method. This is a projected benefit cost method under which the present value of benefits is apportioned into accrued liability and service cost. The actuarial assumptions included (a) 6% discount rate, (b) 5% ultimate trend rate, (c) 3% projected annual salary increase, and (d) health care cost trend rates from 5% to 8%. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and 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 revision at least tri-annually as results are compared to past expectations and new estimates are made about the future. The District's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on an open basis.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (Continued)

C. *Funding Progress and Funded Status*

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2017, the District contributed $145,000 to the PARS trust. As a result, the District has recorded a Net OPEB Asset, representing the difference between the ARC and the actual contributions, as presented below:

The District's Net OPEB Asset (NOA) is recorded in the Statement of Net Position and is calculated as follows:

Annual required contribution (ARC)	$175,217
Interest on Net OPEB Asset	(13,806)
Adjustments to ARC	21,741
Annual OPEB cost	183,152
Contributions made to PARS	(145,000)
District's portion of current year premiums paid	(41,131)
Increase in Net OPEB asset	(2,979)
Net OPEB (asset) at June 30, 2016	(230,103)
Net OPEB (asset) at June 30, 2017	($233,082)

The Actuarial Accrued Liability (AAL) representing the present value of future benefits, included in the actuarial study dated July 1, 2016, amounted to $2,289,688 and the Unfunded Accrued Liability (UAL) amounted to $833,812.

The Plan's annual required contributions and actual contributions for the last three fiscal years are set forth below:

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation Liability (Asset)
June 30, 2015	$144,782	$251,244	174%	($136,556)
June 30, 2016	150,599	193,283	128%	(230,103)
June 30, 2017	183,152	186,131	102%	(233,082)

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress below and the required supplementary information immediately following the notes to the financial statements presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the most recent actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
7/1/2016	$1,455,876	$2,289,688	$833,812	63.58%	$3,072,264	27.14%

D. Actuarial Methods and Assumptions

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

E. OPEB Trust Fund

Plan Membership – As described in the table in Note 7, plan membership varies based on hire date. As of June 30, 2017, membership in the plan consisted of the following:

	Number of Covered Employees
Retirees and beneficiaries receiving benefits	10
Active plan members	34
Total	44

Benefits Provided and Contribution Information – Post-employment healthcare and similar benefit allowances are provided to eligible employees who retire from the District with a minimum of 5-10 public service years. As noted in the table above, there were 10 participants receiving these healthcare benefits as of June 30, 2017.

Contribution Information – PARS establishes rates for each employer based on an actuarially determined rate for each employer. For the year ended June 30, 2017, the District contributed $145,000 to the trust. Plan members are not required to contribute to the plan.

Investment Policy – The District's policy regarding the allocation of the plan's invested assets is established and may be amended by District management. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines. The investment objectives the District has selected is Medium to High risk tolerance.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The following is the District's adopted asset allocation policy as of June 30, 2017:

Asset Class	Acceptable Range of Asset Allocation
Equities	50% - 70%
Fixed Income	30% - 50%
Cash	0% - 20%

Investment Concentration – As of June 30, 2017, the District did not have investments in any one organization exceeding 5% of the District's investments.

Investment Rate of Return – For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability – The components of the net OPEB liability of the District at June 30, 2017, were as follows:

Total OPEB Liability	$2,956,195
Plan Fiduciary Net Position	(1,742,107)
Authority's Net OPEB Liability	$1,214,088
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	58.93%

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions:

Salary Increases	3.00%
Investment Rate of Return	6.00%, net of OPEB plan investment expense
Healthcare Cost Trend Rates:	
Medical	8.00% for 2016, 7.00% for 2017, 6.00% for 2018 and 5.00% fo 2019 and later years

To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 6.00%.

Discount Rate – The discount rates used to measure the total OPEB liability were 6.00% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that District contributions 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 be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 7 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – In accordance with GASB 74, regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table presents the net OPEB liability of the Plan as of June 30, 2017, calculated using the discount rate of 6.00%, as well as what the Plan's net OPEB liability 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:

	Discount Rate		
	1% Decrease	Current	1% Increase
	5.00%	6.00%	7.00%
Net OPEB Liability (Asset)	$1,643,814	$1,214,088	$865,895

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Trend Rate		
	1% Decrease	Current	1% Increase
Net OPEB Liability (Asset)	$817,485	$1,214,088	$1,707,337

NOTE 8 – RISK MANAGEMENT

The District participates with other public entities in a joint venture under a joint powers agreement which established the Vector Control Joint Powers Agency (VCJPA) which is a workers compensation and general liability risk pool. The relationship between the District and VCJPA is such that VCJPA is not a component unit of the District for financial reporting purposes. The District reports all of its risk management activities in its VCJPA Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Should there be a need for a retrospective adjustment due to adverse claim activity, the District may be assessed additional premiums.

The VCJPA is a consortium of thirty-four (34) 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 VCJPA is governed by a Board of Directors, which meets four times per year, consisting of one member from each of the four regions as well as two trustees of the Mosquito and Vector Control Association of California (MVCAC). A risk management group employed by the VCJPA handles the day-to-day business.

The following is a summary of the insurance policies in force carried by the Authority as of June 30, 2017:

Type of Coverage	District Limits	District Deductibles
General Liability, Automobile Liability and Errors & Omissions	$15,000,000	$0
Employment Practices	2,000,000	25,000
Workers' Compensation	500,000	Statutory
Boiler and Machinery	100,000,000	2,500
All-risk Property	1,000,000,000	10,000
Auto Physical Damage (per accident)	35,000	500
Business Travel Accident (per accident)	150,000	0
Group Fidelity	1,000,000	2,500

NOTE 8 – RISK MANAGEMENT (Continued)

As defined by Government Accounting Standards Board (GASB) Statement 10, the Vector Control Joint Powers Agency is "a claims servicing or account pool." VCJPA manages separate accounts for each pool member from whom losses and expenses of that member are paid, up to the retention limit. VCJPA purchases commercial excess insurance. The annual assessment of each member includes allocation for loss payments, expenses and excess insurance premiums.

Annually, VCJPA evaluates the assets of each pool member in comparison with expected future liabilities. The "financial risk position" of each member is determined by subtracting case reserves, claims incurred but not reported amounts and claim development from members' deposit balances. If a negative risk position is found, a supplemental amount is added to the member's annual assessment.

In accordance with GASB 10, the District has recorded its deposit with VCJPA as an asset at June 30, 2017. The District had no claims losses outstanding at June 30, 2017. Settled claims for the District have not exceeded coverage in any of the past three years.

The District has reserves of $927,588 in deposit with VCJPA for member contingencies to cover the District's self-insured retentions (SIR) for two claims in each type of coverage. The VCJPA has also purchased insurance to cover catastrophic losses.

Financial statements may be obtained from Vector Control Joint Powers Agency, 1831 K Street, Sacramento, California 95814.

REQUIRED SUPPLEMENTARY INFORMATION

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2017
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	12/31/16	12/31/15	12/31/14
Total Pension Liability			
Service Cost	$ 749,158	$ 725,251	$ 820,780
Interest on the Total Pension Liability	2,187,895	2,189,183	2,395,941
Expensed portion of current-period changes in proportion and difference between employer's contributions and proportionate share of contributions	12,992	(114,998)	7,670
Expensed portion of current-period benefit changes	-	-	-
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(16,141)	(51,663)	(170,401)
Expensed portion of current-period changes of assumptions or other inputs	-	60,037	(70)
Member contributions	(328,155)	(320,894)	(334,097)
Projected earnings on plan investments	(1,800,784)	(1,881,788)	(1,994,327)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(4,910)	321,013	(11,406)
Administrative expense	31,366	30,508	29,799
Other	(32,994)	2,512	-
Recognition of beginning of year deferred outflows of resources as pension expense	374,631	-	-
Recognition of beginning of year deferred inflows of resources as pension expense	(208,249)	(160,153)	-
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(107,328)	7,670	-
Net change in total pension liability	$ 857,481	$ 806,678	$ 743,889
Reconciliation of Net Pension Liability			
Beginning Net Pension Liability	$ 5,665,700	$ 5,104,681	$ 6,281,902
Pension expense	857,481	806,678	743,889
Employer contributions	(1,277,784)	(1,385,627)	(1,289,400)
New net deferred inflows	(77,263)	1,313,527	(659,320)
Change in allocation of prior deferred inflows/outflows	(15,044)	78,751	-
New net deferred outflows to change in proportion	46,382	(404,793)	27,610
Recognition of prior deferred inflows/outflows	(1,663,872)	160,153	-
Recognition of prior deferred flows due to change in proportion	107,328	(7,670)	-
Net pension liability - ending	$ 3,642,928	$ 5,665,700	$ 5,104,681
Plan fiduciary net position as a percentage of the total pension liability	80.32%	77.84%	79.57%
Covered - employee payroll	3,081,368	2,956,365	2,840,172
Net pension liability as percentage of covered-employee payroll	166.82%	191.64%	179.73%

Notes to Schedule:

Changes in assumptions - In fiscal 2016, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* Fiscal year 2015 was the 1st year of implementation; additional years' information will be reported as it becomes available.

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
As of fiscal year ending June 30, 2017
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30:	**2017**	**2016**	**2015**
Actuarially determined contribution	$ 1,277,784	$ 1,385,627	$ 1,289,400
Contributions in relation to the actuarially determined contributions	1,277,784	1,385,627	1,289,400
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 3,081,368	$ 2,956,365	$ 2,840,172
Contributions as a percentage of covered-employee payroll	41.47%	46.87%	45.40%

Notes to Schedule

Valuation date:	12/31/2015	12/31/2014	12/31/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	7 years **
Asset valuation method	5-year semi-annually
Inflation	2.75%
Salary increases	4% - 13.25%
Investment rate of return	7%, net of pension plan investment expense, including inflation
Retirement age	50 years Classic, 52 years PEPRA
Mortality	RP-2014 Healthy Annuitant Mortality Table with setbacks and forwards

* Fiscal year 2015 was the 1st year of implementation; additional years' information will be reported as it becomes available.

** Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 7 years remaining as of December 31, 2015. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Any changes in UAAL due to plan amendments will be amortized over a 10-year fixed period effective with that valuation.

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
Other Post-Employment Benefits
As of fiscal year ending June 30, 2017
Last 3 Valuations
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
7/1/2011	$0	$2,016,045	$2,016,045	0.00%	$2,594,856	77.69%
7/1/2014	1,212,304	1,932,225	719,921	62.74%	2,907,768	24.76%
7/1/2016	1,455,876	2,289,688	833,812	63.58%	3,072,264	27.14%

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
Other Postemployment Benefits Plan
Schedule of Changes in the
Net OPEB Liability and Related Ratios
Last Ten Fiscal Years *

For the Measurement Period Ended June 30	2017
Total OPEB Liability	
Service Cost	$102,257
Interest	162,865
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions	0
Benefit Payments	(46,032)
Net change in Total OPEB Liability	219,090
Total OPEB Liability at beginning of year	2,737,105
Total OPEB Liability at end of year	$2,956,195
Plan Fiduciary Net Position	
Contributions - employer	$145,000
Contributions - member	0
Net investment income	196,432
Benefit payments	(46,032)
Administrative expenses	(9,169)
Net change in Plan Fiduciary Net Position	286,231
Plan Fiduciary Net Position at beginning of year	1,455,876
Plan Fiduciary Net Position at end of year	$1,742,107
Authority's Net OPEB Liability (Asset) at end of year	$1,214,088
Plan's Fiduciary Net Position as percentage of Total OPEB Liability	58.93%
Covered-employee payroll	$3,081,368
Net OPEB Liability as percentage of covered-employee payroll	39.40%

Notes:

* Fiscal year 2017 was the first year of implementation

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
Other Postemployment Benefits Plan
Schedule of Employer's Net OPEB Liability
Last Ten Fiscal Years *

For the Fiscal Year Ended June 30	**2017**
Total OPEB liability	$2,956,195
Trust fiduciary net position	1,742,107
Employe net OPEB liability	$1,214,088
Covered Payroll	$3,081,368
Liability as percentage of covered payroll	56.54%

* Fiscal year 2017 was the first year of implementation

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
Other Postemployment Benefits Plan
Schedule of Investment Returns
Last Ten Fiscal Years *

For the Fiscal Year Ended June 30	2017
Annual money-weighted rate of return, net of investment expense	12.78%

Notes:

* Fiscal year 2017 was the first year of implementation