

SAN JOAQUIN COUNTY MOSQUITO & VECTOR CONTROL DISTRICT
7759 SOUTH AIRPORT WAY, STOCKTON, CA 95206
Telephone: (209) 982-4675 Fax: (209) 982-0120
Website: www.simosquito.org Email: district@simosquito.org

BOARD OF TRUSTEES MEETING

AGENDA

**Tuesday, January 16, 2018
1:00 P.M.**

All proceedings before the Board of Trustees are conducted in English. The District does not furnish interpreters and, if one is needed, it shall be the responsibility of the person needing one. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meetings of the District, please contact the Manager at (209) 982-4675 at least 48 hours prior to the meeting to enable the District to make reasonable arrangements to ensure accessibility.

1. CALL TO ORDER; ROLL CALL

- a. Seating of Officers for the 2018 Board of Trustees
President – Jay Colombini
Vice President – Omar Khweiss
Secretary – Greg Selna

- 2. PUBLIC COMMENT PERIOD** – This time is reserved for members of the public to address the Board of Trustees relative to matters within the jurisdiction of the San Joaquin County Mosquito & Vector Control District. No action may be taken on non-agenda items unless authorized by law. Speakers should hold comments on items listed as a Public Hearing until the Hearing is opened. Comments will be limited to five minutes per person.

3. CONSENT CALENDER

- a. Draft Minutes of the December 19, 2017 regular meeting of the Board of Trustees
- b. Expenditure and financial reports for December 2017
- c. District activities report for December 2017
- d. Public Information & Outreach report for December 2017
- e. Manager's report – Provided to Executive Committee
- f. Correspondence

- 4. FINANCIAL REPORT AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDING JUNE 30, 2017.**

- 5. UPDATE ON DISTRICT'S APPEAL OF THE CITY OF STOCKTON'S PLANNING COMMISSION DECISION TO ALLOW A CONDITONAL USE PERMIT TO OPERATE A MEDICAL CANNABIS CULTIVATION FACILITY AT 7979 S. AIRPORT WAY**

- 6. EXECUTIVE COMMITTEE REPORT**

7. CLOSED SESSION (Pursuant to CGC §54957)

Public Employee Performance Evaluation
Title: Manager

8. OTHER BUSINESS; ANNOUNCEMENT OF FUTURE BOARD AND COMMITTEE MEETINGS

- The next regular meeting of the Board of Trustees will be 1:00 p.m. Tuesday, February 20th, 2018

9. ADJOURN

Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/11/2018
Re: January 2018 BOT Meeting, Agenda Item 1

1. CALL TO ORDER; ROLL CALL

SEATING OF OFFICERS FOR THE 2018 BOARD OF TRUSTEES

President – Jay Colombini, San Joaquin County

Vice President – Omar Khweiss, City of Lathrop

Secretary – Greg Selna, City of Tracy

Re: Agenda Item 1- the Board took action at their December 19th, 2017 regular meeting to elect Trustee Colombini to the position of President, Trustee Khweiss to the position of Vice President, and Trustee Selna to the position of Secretary for 2018.

This item is for information only.

Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/11/2018
Re: January 2018 BOT Meeting, Agenda Item 3

3. CONSENT CALENDER

- a. **Draft minutes of the December 19th, 2017 regular meeting of the Board of Trustees**
- b. **Expenditure and Financial reports for December 2017**
- c. **District activities report for December 2017**
- d. **Public Information & Outreach report for December 2017**
- e. **Manager's report – (Provided to Executive Committee)**
- f. **Correspondence**

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and generally require no discussion. If the Board would like to discuss any item listed, it may be pulled from the Consent Calendar and discussed separately.

If there are no items that the Board would like to discuss separately, it is recommended that the Board of Trustees approve the Consent Calendar as presented.

Attachments

**SAN JOAQUIN COUNTY MOSQUITO & VECTOR CONTROL DISTRICT
7759 SOUTH AIRPORT WAY, STOCKTON, CALIFORNIA 95206**

MINUTES OF THE BOARD OF TRUSTEES MEETING

December 19, 2017

1. Call to Order

The regular meeting of the Board of Trustees of the San Joaquin County Mosquito and Vector Control District was held Tuesday, December 19, 2017, at the District's Stockton office. President Colombini called the meeting to order at 1:09 p.m.

Trustees Present:

Marc Warmerdam
Gary Haskin
Greg Selna
Jay Colombini
Mike Manna
Greg O'Leary
Francis Groen
Omar Khweiss

Staff Members Present:

Eddie Lucchesi, Manager
John Fritz, Assistant Manager
Jamie Tuggle, Secretary
Emily Nicholas, Administrative Assistant

Trustees Absent:

Jack Fiori
Gary Lambdin
Glenn Page

Legal Advisor: Chris Eley, Attorney at Law

Other: Brent Lesovsky, LDA Partners

2. Public Comment Period

There was no public comment

3. Consent Calendar

- a. **Minutes of the November 21, 2017 regular meeting of the Board of Trustees**
- b. **Expenditure and Financial Reports for November 2017.**
- c. **District activities report for November 2017.**
- d. **Public Information & Outreach report for November 2017.**
- e. **Manager's report**
- f. **Correspondence**

Following review and discussion of the Consent Calendar, it was moved by Trustee Khweiss, seconded by Trustee Selna, to approve the Consent Calendar as presented; motion passed unanimously.

4. Review/Discussion/Action to modify public entrance to District's Stockton office.

Manager Lucchesi introduced Brent Lesovsky from LDA Partners. Mr. Lesovsky provided a power-point presentation to the Board with draft renderings illustrating modifications for the front lobby area. He stated there are options regarding building materials depending on what the District desires to budget for this project. After review and discussion, the Board requested that Manager Lucchesi and Mr. Lesovsky obtain estimates on the costs that include renovation options. The Board will discuss once more information is gathered.

5. Election of Officers for Board of Trustees for 2018.

Following review and discussion of the Officers for the Board, it was motioned by Trustee Warmerdam, and seconded by Trustee Groen to keep President Colombini, Vice President Khweiss, and Secretary Selna as the Board's officers for a second consecutive term; motion passed unanimously.

6. Update on FEMA Application Process for Federal Aid (FEMA-4308-DR-CA) Associated with Mosquito Control Activities Along the San Joaquin, Stanislaus, and Mokelumne River Basins.

Manager Lucchesi stated that since last month's report, the District is still awaiting confirmation for receipt of reimbursement costs associated with mosquito control activities along designated areas most affected by the January and February storms and related flooding. As of last month, the District has been working with Cal OES in the process to receive reimbursement funding. More information will be provided as it becomes available.

7. Update regarding notice of application for conditional use permit to operate a medical cannabis cultivation facility located at 7979 S. Airport Way.

The District received notice of an application for conditional use permit to operate a medical cannabis cultivation facility located at 7979 S. Airport Way. This parcel is located next to the District's Stockton facility on the south side. A meeting was held by the applicant on 11/21/17 to describe the project, and to field questions regarding the project. Manager Lucchesi and Legal Advisor Eley attended that meeting. Present at the meeting was the applicant Mr. Ryan Nielsen of Gold Country Organics and two additional representatives from his business, and a representative from the City of Stockton Planning Department. No other neighbors were present at the meeting. Information received included proposed

operations, security, employees, landscaping, and indoor cultivation practices. Since that meeting, the District received notice of a Public Hearing to be held on December 14, 2017 at the Stockton City Planning Commission regarding a "Use Permit" to allow a proposed medical cannabis cultivation facility at 7979 S. Airport Way. Manager Lucchesi attended the hearing and presented the Planning Commission with the District's concerns. The Planning Commission granted the "Use Permit". Following the Board's discussion of the Planning Commission's decision, it was motioned by Trustee Groen, and seconded by Trustee Haskin, to have the District write an appeal of the Planning Commission's decision to the Stockton City Council; the motion passed unanimously.

8. Comments from Trustees and Staff on non-agenda items.

None

9. Other Business; Announcement of future Board and Committee meetings.

- Manager Lucchesi announced the next regular meeting of the Board of Trustees will be 1:00 p.m. Tuesday, January 16, 2018.

10. Adjournment

There being no further business, it was moved by Trustee Groen, seconded by Trustee Selna to adjourn the meeting at 2:31 p.m.; the motion passed unanimously.

MR. GREG SELNA, BOARD SECRETARY

MR. EDDIE LUCCHESI, MANAGER

San Joaquin County Mosquito & Vector Control District
Budget and Actual Comparison
 July through December 2017

	<u>Jul - Dec 17</u>	<u>Budget</u>	<u>% of Budget</u>
Revenues-General			
Misc. Revenues	\$ 292,471.58	\$ 755,953.00	38.69%
Property Tax	2,690,312.13	4,823,603.00	55.77%
Interent Income	31,472.16	75,750.00	41.55%
Intergovernmental Revenue	54,914.28	94,222.00	58.28%
Charges for Services	1,645,494.74	3,120,831.00	52.73%
Total General Revenues	<u>4,714,664.89</u>	<u>8,870,359.00</u>	<u>53.15%</u>
Expenditures			
Salaries	1,251,692.44	2,641,991.00	47.38%
Fringe Benefits	1,101,731.64	2,429,162.00	45.35%
Services and Supplies	1,452,560.24	3,047,895.03	47.66%
Total Expenditures	<u>3,805,984.32</u>	<u>8,119,048.03</u>	<u>46.88%</u>
Other Charges			
Other Charges	500.00	35,610.00	1.4%
Capital Expenditure	19,495.21	393,000.00	4.96%
Total Other Charges	<u>19,995.21</u>	<u>428,610.00</u>	<u>4.67%</u>
Net Change Surplus (Deficit)	<u>\$ 888,685.36</u>	<u>\$ 322,700.97</u>	

San Joaquin County Mosquito & Vector Control District
FUND REPORT
December 2017

1/9/2018

	SJC-55401 GEN FUND	SJC-55402 BEN ASSESSMENTS	SJC-55411 CONTINGENCIES	SJC-55412 GEN RESERVE	SJC-55413 Comp Absences	ALL FUNDS TOTAL
DISTRICT OPERATIONS						
TOTAL REVENUES	\$ 3,379,145.30	\$ 1,072,883.73	\$ -	\$ -	\$ -	\$ 4,452,029.03
TOTAL EXPENDITURES	\$ 612,829.78	\$ 20,245.90				\$ 633,075.68
NET CHANGE	\$ 2,766,315.52	\$ 1,052,637.83	\$ -	\$ -	\$ -	\$ 3,818,953.35
REVENUES:						
INTEREST INCOME	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GENERAL REVENUES, TAXES	\$ 2,690,312.13	\$ -				\$ 2,690,312.13
CHARGES FOR SERVICES	\$ 572,611.01	\$ 1,072,883.73				\$ 1,645,494.74
INTERGOV'T REVENUES	\$ 48,667.99	\$ -				\$ 48,667.99
MISC REVENUES	\$ 67,554.17	\$ -				\$ 67,554.17
TOTAL REVENUES	\$ 3,379,145.30	\$ 1,072,883.73	\$ -	\$ -	\$ -	\$ 4,452,029.03
OTHER FINANCING SOURCES						
TRANSFER IN	\$ -	\$ -				\$ -
TRANSFER OUT	\$ 500,000.00	\$ -				\$ 500,000.00
TOTAL OTHER FINANCING SOURCES	\$ 500,000.00	\$ -	\$ -	\$ -	\$ -	\$ 500,000.00
BEGINNING BALANCE, On deposit w Auditor's, 11/30/17	\$ 5,294,914.70	\$ 11,749.42	\$ 1,289,497.00	\$ 2,402,075.00	\$ 192,408.00	\$ 9,278,638.12
ENDING BALANCE, On deposit w Auditor's, 12/31/17	\$ 7,658,314.87	\$ 1,064,387.25	\$ 1,289,497.00	\$ 2,402,075.00	\$ 192,408.00	\$ 12,626,682.12
REVOLVING FUND BALANCE, 12/31/17	\$ 735,397.52					\$ 735,397.52
CALCRD PAYABLE	\$ (2,136.35)					\$ (2,136.35)
ADJUSTED ENDING BALANCE, 12/31/17	\$ 8,391,576.04	\$ 1,064,387.25	\$ 1,289,497.00	\$ 2,402,075.00	\$ 192,408.00	\$ 13,339,943.29
ENDING FUND BALANCE, 12/31/16	\$ 7,535,248.90	\$ 996,926.21	\$ 1,238,449.00	\$ 2,125,288.00	\$ 426,218.90	\$ 12,322,131.01

San Joaquin County Mosquito & Vector Control District Expenses by Vendor Summary

December 2017

	Dec 17
ACE Hardware	\$ 50.55
Adapco	7,018.57
Amazon Marketplace	146.48
Amazon Prime Membership	107.91
ARK Petroleum Equipment Inc.	51.36
AT&T	717.86
Auto Industrial Paint Co.	16.14
Barnes Welding Supply	35.42
Bay Alarm	1,032.78
Big Valley Ford	92.38
Big W Sales	142.31
CA Dept. of Motor Vehicle	4.00
CalPERS	53,294.03
Capital Rubber Co., Ltd.	18.62
Chevron and Texaco Card Services	1,290.72
City of Lodi	388.91
City of Stockton	787.73
Clutch & Brake Xchange Inc.	80.54
Creative Outdoor Environments, Inc.	300.00
Delta Dental	4,511.29
Delta Industrial Solutions	793.44
E Replacement Parts	68.89
Eley, Christopher K	1,074.00
Entomological Society of America	148.00
Ever Bank	273.02
Ferguson Enterprises, Inc.	23.62
G&K Services	1,364.65
Giuffra's Party Rentals	236.95
Grainger	51.06
Harbor Freight Tools	79.95
iLand Internet Solutions	449.16
Imperial Building Maintenance	685.70
J. Milano Co., Inc.	94.12
Jack Nadel International	1,198.41
Kennedy Auto Co., Inc.	215.50
Marriott Hotel (refund due to cancellation)	(218.49)
Mosquito&Vector Control Association of Ca	2,080.00
Nestle Pure Life Direct, Nestle Water	363.90
Pacific Gas&Electric Co.	2,482.83
PPG Architectural Coatings	45.60
Precissi Flying Service	1,976.00
Raley's	66.96
Robert Burns Construction, Inc.	455.00
Safety-Kleen	652.67
San Joaquin County ISD	2,269.70
San Joaquin Mosq. Employees Association	1,100.00
Smart&Final	182.66
Stericycle Inc.	204.24

**San Joaquin County Mosquito & Vector Control District
Expenses by Vendor Summary**

December 2017

	<u>Dec 17</u>
Stockton Scavengers Association, Inc	219.98
TerryBerry	370.48
The Home Depot CRC/GECF	87.48
Tokay Tire Service, Inc.	25.86
Unum Life Insurance	2,822.39
Utility Telecom	457.89
Valley Vineyard Orchards	107.65
Verizon Wireless	903.97
Vision Service Plan CA	733.84
Wilbur-Ellis	4,121.44
Yosemite Meat & Deli	800.00
TOTAL	<u><u>\$ 99,156.12</u></u>

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT
District Activities Report

December 2017

Work Completed:

CONTINUATION OF SWIMMING POOL INSPECTIONS

The District continues to work with the County Assessor's office and the County GIS department to develop a list of properties with swimming pools that are either in default or full foreclosure. However, due to a software change they have not been able to generate a pool list for the past four months. They are currently working to solve the problem.

GENERAL FIELD ACTIVITIES

Unusually dry December weather allowed Technicians to complete a majority of the source reduction / access herbicide applications that were necessary throughout the county. Technicians continued to work on manual brush clearing on larger sites that routinely require improved access for inspections or treatments. Most of these sites are situated adjacent to riparian areas where excessive vegetative growth prohibits effective inspections. Technicians continued to check residential ornamental / fish ponds and pools on occasion as well. Residential pond and pool inspections will be ongoing throughout the winter and spring allowing the District to get a head start going into the warmer months.

Shop personnel continued to get spray equipment cleaned, repaired, calibrated and ready for next year's mosquito control season. In addition to regular fleet maintenance work being completed, the shop is breaking vehicles down for auction and preparing flat beds for the new vehicles that will be coming later in the year. Each flatbed is re-coated, wired and equipped with hose reels, spray tank and other mounting brackets to accommodate all of the equipment that will go on the bed.

TOTAL TREATMENT WORK CONDUCTED DURING THE MONTH OF DECEMBER

GROUND WORK

11 Acs Larvicided
1 Acs Adulticided
98 Acs Herbicided

AERIAL WORK

0 Acs Larvicided
0 Acs Adulticided

SERVICE REQUESTS

3 Mosquitoes

18 Fish Requests

6 Neglected Pools

WORK SCHEDULED FOR JANUARY

- CONTINUE TO INSPECT NEGLECTED SWIMMING POOLS REPORTED FROM THE PUBLIC AND IDENTIFIED ON THE UPDATED LIST OF HOME FORECLOSURES.
- BEGIN TREEHOLE APPLICATIONS
- BEGIN TIRE SHOP INSPECTIONS
- BEGIN TECHNICIAN TRAINING REQUIREMENTS
- CONTINUE BRUSH REMOVAL FOR SOURCE REDUCTION AND ACCESS.
- CONTINUE SPRAY EQUIPMENT CALIBRATIONS.

PUBLIC INFORMATION & OUTREACH MONTH END REPORT
For month ending December, 2017

To: Ed Lucchesi, Manager

From: Aaron Devencenzi, PIO

Monthly Activities

- I followed-up with MVCAC regarding the District Spotlight article. The article was under review and will be posted on the MVCAC website in January of 2018. The synopsis article addresses the 2017 flooding in San Joaquin County. The article identifies: 1) the situation, 2) surveillance, 3) response including mosquito control and communications, 4) what was learned, and 5) the reimbursement process through FEMA.
- For the period of December 1, 2017 through December 31, 2017 there were 8,079 visitors to the District's website. The site averaged 260 visitors per day. For the month there were 14,865 page views with an average of 1.84 page views per visitor.
- Educational outreach during the month included five presentations to eight classes for a total of 256 students. Additional presentations were scheduled for January and February of 2018.
- An application was sent to Lincoln Unified School District for the annual approval of the District's education program. LUSD's Board reviews all applications.
- A request was sent to each District department to submit information/data for the District's 2017 Annual Report. Requested information includes, mosquito abundance, surveillance data, disease testing, chemical treatments made, mosquitofish distributed, communications utilized, accounting summary, services requested and an overall summary of the year.
- I purchased safety supplies for Stockton and Lodi facilities. Purchases include N-95 respirators, Solvex gloves, first aid supplies, safety glasses, rubber boots, disposable gloves, rain gear, and other equipment used during winter projects.

Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/8/2018
Re: January 2018 BOT Meeting, Agenda Item 3f

3f. Correspondence Information

1. Cover letter from San Joaquin County Auditor-Controller regarding the 2016-17 San Joaquin County Civil Grand Jury report segment entitled "Who is Watching the Cookie Jar". The report references the Grand Jury's investigation into who is watching and who is in control of the special district funds. In total, there are 105 special districts in San Joaquin County (52 are Reclamation Districts). The Auditor-Controller will be contacting each District to discuss the findings in the Report.
2. Article from the Manteca Bulletin recognizing District Trustee Glenn Page and his wife Lois and their remarkable story of their life and legacy that took them from South Dakota to Manteca, CA. and their subsequent community service to the city of Manteca.
3. Copy of the "Agency Spotlight" article posted on the January 2018 MVCAC Website. A synopsis on the District's comprehensive efforts to combat mosquitoes following the 2017 record storm events, and the subsequent FEMA application process to receive reimbursement funding.

Attachments



JEROME C. WILVERDING
AUDITOR-CONTROLLER
SAN JOAQUIN COUNTY



ASSISTANT AUDITOR-CONTROLLER
Jeffery M. Woltkamp, CPA

CHIEF DEPUTIES
Tod Hill – Accounting
Janice McCutcheon, CPA – Internal Audit
Stanley Lawrence – Property Tax

PAYROLL ADMINISTRATOR
Lori Rolleri

December 20, 2017

Ed Lucchesi
7759 S. Airport Way
Stockton, CA 95206

Re: San Joaquin County Mosquito and Vector Control District

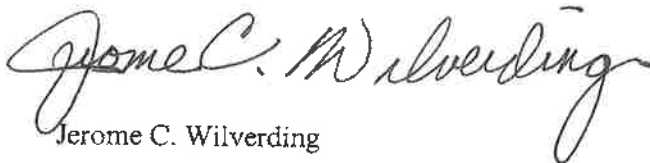
Dear Mr. Lucchesi:

This information packet is being sent to you in regards to the 2016-17 San Joaquin County Civil Grand Jury report segment entitled "Who is Watching the Cookie Jar," pages 73-83 of the Report. For your convenience, a copy of this report segment has been included in this packet. Also included are my responses to the Grand Jury, the resulting report "San Joaquin County Best Practices for Accounting and Reporting for Locally-Governed Special Districts," and a "Cash Handling Best Practices" document.

Per the recommendation in the Grand Jury report, it is my obligation to get this information to the Independent Special Districts by December 31, 2017. While this packet fulfills that obligation, it is the intent of the Grand Jury to have the Independent Special Districts, to the extent possible, utilize the best practices contained in this information. Toward that end, I would like to discuss with each recipient of this material the information contained herein, its applicability for each District, and answer any questions you may have.

I will be following up with a call as we get into the new calendar year. In the meantime, I look forward to addressing the concerns mentioned in the Grand Jury Report. Please feel free to call me at (209) 468-3337 with any questions you may have. I look forward to speaking with you soon.

Sincerely,


Jerome C. Wilverding

cc: San Joaquin County Board of Supervisors
Monica Nino, San Joaquin County Administrator
Trisa Martinez, Judicial Secretary, San Joaquin County Civil Grand Jury



Glenn and Lois Page delved head first into community endeavors after moving to Manteca in the 1970s.

By GLENN KAHL/The Bulletin | UPLOADED: Jan. 3, 2018

« FIRST » « PREVIOUS » « CLOSE WINDOW » « NEXT » « LAST »

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REFLECTING ON GOOD TIMES

Pages heavily involved in Manteca

Glenn Kahl
gkahl@mantecabulletin.com
2095992591
January 3, 2018

Editor's An occasional series on the people who have helped build Manteca as the city gets ready to celebrate the 100th anniversary of incorporation this year.

The opportunity to open a new auto parts distribution center in the Manteca Industrial Park for Dana Corporation brought Glenn Page and his wife Lois to Manteca in the 1970s.

Once here, they set about making Manteca their adopted hometown with both contributing to the community's fabric in the ensuing years.

Glenn was born as an only child on April 2, 1930 in Carthage, South Dakota where his family suffered through bankruptcy. As a youngster he loved to sell and promote things, growing dill and selling it for 10 cents a bunch while using his little red wagon for deliveries.

Glenn has enjoyed the warmth of the winters in Manteca in contrast to the snow storms he had endured in the upper Midwest. Lois came from White Lake, S.D., while Glenn was born in Mitchell, S.D.

Glenn wanted to impress fellow workers he left behind at Dana Corporation in Ohio, where he started as an engineer, so he put together cans of warm sunshine that were labeled with directions on how to feel the warmth of California's Central Valley and mailed them to Toledo. It was easy, the label read, just cup the soup-sized can of "sunshine" between the palms of both hands and wait 90 seconds and miraculously feel the warmth of California sunshine emit from that can. Those cans were a hit in Toledo as much as they were in Manteca.

Glenn graduated from Mitchell High School in South Dakota. He served in the U.S. Air Force for four years. When his enlistment was over he attended Hillsdale College. He began his career with Dana Corporation in Pueblo, South Dakota producing automotive pistons at the rate of 80,000 a day, seven days a week. He worked as production manager, supervisor of machinery and was in charge of selling off \$1 million worth of equipment. After transferring from Toledo, Ohio, he eventually became plant manager in Manteca until his retirement at the age of 51 in 1981.

Couple active in

numerous endeavors
in Manteca community

He served as president of the Manteca District Chamber of Commerce and the Stockton Traffic Club, charter President of the Manteca Morning Rotary Club that he chartered when a member of the Manteca Rotary Club, was president of the Lathrop Chamber of Commerce in 1990 and again in 1997, AARP Chapter president, as well as Chairman of the Lathrop Senior Advisory Commission. He also served on the American Cancer Society Board, on the American Heart Association as well as on the Daffodil Days Board. Glenn also served on the Commission on Aging and the Council of Governments. He also was president of the Lathrop Rotary Club.

He is a lifelong member of the Elks Club and the United Auto Workers.

The couple also was involved in numerous business ventures.

Once he bought a sweeper truck used to clean parking lots. He drove it home from Gadston, Alabama with only one headlight and never got stopped. His first customer was the Monkey's Station on Airport Way and Yosemite Avenue. He subsequently cleaned parking lots in the Industrial Park on South Main Street, building up the business and selling it for a profit,.

The couple also owned a small building on North Main Street that looks like an ice cream cone that is now known as Hob Nob near the casino. They also owned a business called Trim and Tone that was similar to Curves for four years near Hafer's Furniture.

In referring to their 42 years of wedded bliss, he said there was nothing he had accomplished that wasn't a joint effort of both him and his wife Lois.

"We've been involved in community service for all those years together," Page said of their total of 82 years in Manteca.

Lois served as manager of the Manteca District Chamber of Commerce after longtime chamber leader Gladys Brock became seriously ill. She remembers going to see Gladys in the hospital where nurses said she hadn't smiled for weeks and was without expression until Lois walked into her room.

A nurse told her that Gladys seeing Lois brought her first smile since she had been hospitalized and minutes later she smiled at her again. They had been the best of friends. Another close friend was Mabel Brocchini of the former Hardware Mart/Ace Hardware that was located in the 100 block of West Yosemite Avenue. Both served on the successful 12-member Special Events Committee of the chamber of commerce and continued their friendship for years afterwards.

Glenn led the efforts of the San Joaquin County Economic Development Association along with being president of the San Joaquin County Chamber of Commerce.

"If I don't enjoy it, I quit," Page said.

They met on a Tilt-a-Whirl & have been going strong since

Lois said she first met Glenn at a carnival in South Dakota where his good friend

and her roommate introduced them on a "Tilt-a-Whirl" ride. They got on one ride and then on another and were so dizzy when they got off she realized they were made to be together.

Living in Colorado Springs then, Glenn had to go back to the base but they continued to write to each other, she said. She was the youngest of nine, raised on a farm on South Dakota where milking cows was just one of her chores.

Among the daily challenges was having to walk three miles to work.

After they were married in Mitchell, SD, they drove a half paid-for 1953 Chevy with an ironing board between them that wore a hole in the headliner on the roof of their car.

As for their successes in life Glenn says, "I just open my mouth and she does the worrying for me."

He said they decided to move west to Manteca after his research showed it seemed to be a community where everybody knew each other.

He recalled meeting the late Mrs. Clem Mulholand (Mul) who ran the Ripon Chamber. Glenn recalled that Mul served the best corned beef and cabbage at her house.

Page also remembered the late Don Stewart who was the only Democrat member of the Manteca Rotary Club. Stewart was the president of the local Carpenters Union who said he would eat crow if a Republican was voted in as the next president. Page and turkey ranch owner Howard Shidler got together and captured a crow and plucked it – taking it to the chef at Isadore's where Rotary met weekly and had it cooked. The crow was presented to Stewart on a plate ready to eat.

Glenn said Lois was perfect mom to their son Kent and daughter Kelly as she kept track of his shenanigans and helped with his successes.

Lois is a longtime volunteer for the Manteca Fire Department's Seniors Aiding Fire Effort team in addition to helping at the Manteca museum.

To contact Glenn Kahl, email gkahl@mantecabulletin.com.

<http://www.mantecabulletin.com/section/1/article/148976/>

(<http://www.mvcac.org>)

MVCAC (<http://www.mvcac.org>) > [About MVCAC \(http://www.mvcac.org/about/\)](http://www.mvcac.org/about/) > Agency Spotlight

AGENCY SPOTLIGHT



Following several years of extended drought, San Joaquin County (SJC) experienced extraordinary rainfall in early 2017. Remnant water in rural and urban areas throughout the County, resulted in record numbers of *Culex tarsalis*, the primary carrier of West Nile virus (WNV). In addition, the areas which were impacted most by the flood waters were located in areas with significant historic WNV activity. Through the efforts of the entire staff of the San Joaquin County Mosquito and Vector Control District (District), the early abundance of mosquitoes were effectively handled by aggressively decreasing the population before the warmer months began. In turn, we achieved our goal of protecting human health. The following is a brief synopsis of the event.



Early in 2017, California began to see relief from one of the longest drought periods in recent history. For a local comparison, in 2016 from January through May, SJC received 6.4 – 15.8 inches of rainfall (average of low to high collection sites) compared to 10.6 – 28.1 inches received during the same time period in 2017. The result: rivers in SJC were at, or over, maximum water capacity which resulted in small levee breaks, seepage, and flooded lowlands. Sierra reservoirs went from drought historic lows to full capacity. Water was released daily in preparation for additional storms.



Homes, resort areas, homeless camps, industrial and agricultural properties all flooded. The results were early high mosquito counts, consisting mainly of *Cx. tarsalis* and the potential for a high level of disease transmission.



A review of the District's surveillance records by the California Department of Public Health showed "mosquito abundance in some of these areas was more than 2000-3000% higher than (the District's) five-year averages of these locations. In particular, some of these areas were along the San Joaquin, Stanislaus, and Mokelumne Rivers and in the San Joaquin Delta." With the significance of this event, quick action was necessary.

Early on, aggressive control actions began to take place. Technicians were documenting and reporting vast flooded areas. In response, additional Encephalitis Vector Survey traps were placed in areas of greatest concern. Mosquito control efforts regarding specific treatment areas were communicated to the public. A news release titled "Mosquitoes-Storms-Flooding," and a flyer discussing mosquito prevention after the rainstorms, were sent via social media. The released information was well covered by local media. In addition, Q&A talking points were developed for District employees to use when encountering the public. The San Joaquin County Office of Emergency Services offered the District assistance with on-going communication on emergency conditions. As weather

warmed, Sierra snowmelt filled the reservoirs and water was released to already full rivers and tributaries. As a result, *Cx. tarsalis* numbers began to spike, prompting ground and aerial control applications.

Aerial larviciding and adulticiding occurred along the Mokelumne, San Joaquin and Stanislaus Rivers, as well as Delta island floodlands. The District spent a total of \$321,493 to treat 42, 571 acres, as compared to the last three-year average of costs (January 1 – June 30 of 2014 – 2016) of \$9,866 to treat 40.3 acres.

In early March, Governor Brown declared a State of Emergency in San Joaquin County in response to the February storms. Working with the California Governor's Office of Emergency Services (CalOES), a "Project" application was completed. After President Trump approved a Major Disaster Declaration, a subsequent request for public assistance was developed. The Federal Emergency Management Agency (FEMA) began working with the District in developing a "scope of work" that required numerous supportive documentation. While working with FEMA, it became apparent that FEMA often handles "single event disasters," but the winter storms continued to have affects through June, due to the amount of snowmelt released from the reservoirs which continued to sustain high water levels in the rivers.

On April 17, 2017 a second news release was sent out titled "Wet Weather Is Resulting In Many Mosquitoes and Other Bugs." The news release was well received, being reported on television, newspapers and public radio. An ad was placed in the San Joaquin Farm Bureau newspaper, as well as in *Her Life* magazine. Contracted radio and electronic billboards began to run "Dump and Drain" ads targeted at homeowners to help keep mosquito numbers down.

In every disaster event, there are unforeseen situations that need to be addressed. As floodwaters continued to spread to lowland areas, new mosquito development areas

emerged. This created a challenge in accessing, documenting and subsequently treating these new locations. Drastic fluctuations in river flows created additional problems regarding treatment. Applying chemicals with varied residual activity became a guessing game. Receding flood areas were treated with residual mosquito control products, only to be prematurely washed away when water was released from reservoirs preparing for additional storms.

In summary, *Cx. tarsalis* populations surged early in the year due to fresh water sources as a result of increased rainfall throughout SJC. *Cx pipiens* populations remained within our five year average. It appears that the high *Cx. tarsalis* counts may have contributed to an earlier than normal WNV positive human case. The District's comprehensive efforts resulted in a reduction of the overall *Cx. tarsalis* population. By week 24, June 11, 2017, the *Cx. tarsalis* population was back within the normal range for these affected areas.

Ultimately our goal of protecting human health from mosquito-borne disease was accomplished when compared to past yearly comparisons. During the drought year of 2016, 13 WNV positive human cases were reported in SJC. Currently, as of the date of this publication in mid-November of 2017, 14 human cases were reported in SJC. The District discovered new potential mosquito breeding sites to monitor, during future flood events. District staff is now more experienced in handling such situations. Ultimately, we were able to minimize the early *Cx. tarsalis* populations, and protect human health during the 2017 flood event.

The final FEMA project worksheet, with supporting documentation was submitted to Washington D.C. for funding in September 2017. Currently, the District is waiting for reimbursement.

Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/11/2018
Re: January 2018 BOT Meeting, Agenda Item 4

4. FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDING JUNE 30, 2017

Croce, Sanguinetti, and Vander Veen – CSV recently finished the financial review for FY2016-17. A representative from CSV will present the financial review to the Board for consideration and action. The review will include the Management, Discussion and Analysis. Per Health and Safety Code Section 2079, the Board of Trustees is required to provide for regular audits pursuant to Government Code Sections 26909 and 53890.

Enclosed is a copy of the audit report for review before the Board meeting. Please bring your copy of the report to the meeting for review and discussion.

This item requires Board action.

Attachment

**SAN JOAQUIN COUNTY MOSQUITO
AND VECTOR CONTROL DISTRICT**

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2017



CROCE, SANGUINETTI, & VANDER VEEN

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

To the Board of Trustees
San Joaquin County Mosquito and Vector Control District
Stockton, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **San Joaquin County Mosquito and Vector Control District** (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **San Joaquin County Mosquito and Vector Control District** as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 45 through 49 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.

CROCE, SANGUINETTI, & VANDER VEEN, INC.
Certified Public Accountants
Stockton, California
November 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

WORKING DRAFT

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis

June 30, 2017

The following is a narrative overview and analysis by the management of San Joaquin County Mosquito and Vector Control District (the District) of the financial activities of the District for the fiscal year ended June 30, 2017. Readers should consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- Total assets of the District were \$16,689,787 with cash and investments at \$13,266,452 and capital assets at \$2,427,102, net of accumulated depreciation.
- Total liabilities were \$9,639,281, including net pension liability of \$8,742,948, compensated absences of \$596,743 and accounts payable of \$83,946.
- Assets and deferred outflows of the District exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$8,751,932 (net position). Of this amount, \$6,324,830 (unrestricted) may be used to meet the District's ongoing obligations and \$2,427,102 represents the District's net investment in capital assets.
- The District's change in net position was (\$265,535) for fiscal year 2016-2017, which was a decrease of \$1,031,671 from the prior year.
- Total general revenues for the fiscal year 2016-2017 were \$8,045,372. This figure is \$259,414 less than the prior year, due primarily to an increase in property taxes of \$333,295 and a decrease in the gain on sale of assets of \$652,852.
- Total operating expenses for the fiscal year 2016-2017 were \$7,859,664. This figure is 11.13% greater than the prior year.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report includes required supplementary information.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2017

The first of these government-wide statements is the *Statement of Net Position*. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Financial Analysis

Net Position

As year to year financial information is accumulated in a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2017

The following table provides a summary of the District's net position:

Net Position				
	June 30, <u>2017</u>	June 30, <u>2016</u>	Amount <u>change</u>	Percent <u>change</u>
Cash and investments	\$13,266,452	\$12,566,448	\$ 700,004	5.57
Other assets	996,233	1,240,198	(243,965)	(19.67)
Capital assets, net	<u>2,427,102</u>	<u>2,355,149</u>	<u>71,953</u>	3.06
Total assets	<u>16,689,787</u>	<u>16,161,795</u>	<u>527,992</u>	3.27
Deferred outflows of resources	<u>1,853,715</u>	<u>1,643,620</u>	<u>210,095</u>	12.78
Other liabilities	161,415	405,922	(244,507)	(60.23)
Long-term liabilities	<u>9,477,866</u>	<u>8,796,907</u>	<u>680,959</u>	7.74
Total liabilities	<u>9,639,281</u>	<u>9,202,829</u>	<u>436,452</u>	4.74
Deferred inflows of resources	<u>152,289</u>	<u>116,189</u>	<u>36,100</u>	31.07
Net investment in capital assets	2,427,102	2,355,149	71,953	3.06
Unrestricted - accrued employee leave	195,161	115,000	80,161	69.71
Unrestricted - capital assets preservation	460,000	460,000	-	-
Unrestricted - contingencies	1,227,675	1,167,370	60,305	5.17
Unrestricted - public health emergencies	1,650,000	1,500,000	150,000	10.00
Unrestricted - undesignated	<u>2,791,994</u>	<u>2,888,878</u>	<u>(96,884)</u>	(3.35)
Total net position, end of year	<u>\$ 8,751,932</u>	<u>\$ 8,486,397</u>	<u>\$ 265,535</u>	3.13

The District's net position increased by \$265,535 as compared to the \$1,297,206 increase in net position in the prior year. This is due to the gain on the sale of the Lodi-Beckman Road property during the prior year, as well as an increase in property tax revenues during the year.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2017

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the District's changes in net position.

Changes in Net Position				
	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Amount</u> <u>change</u>	<u>Percent</u> <u>change</u>
Revenues				
Property taxes	\$ 4,773,561	\$ 4,440,266	\$ 333,295	7.51
Property assessments	3,011,111	2,991,070	20,041	0.67
Investment income	95,990	78,574	17,416	22.17
Property tax relief	94,289	88,211	6,078	6.89
Grant reimbursements	79,923	65,168	14,755	22.64
Reimbursements and rebates	56,232	38,805	17,427	44.91
Gain on sale of assets	11,900	664,752	(652,852)	(98.21)
Other revenues	<u>2,289</u>	<u>2,835</u>	<u>(546)</u>	<u>(19.26)</u>
Total revenues	<u>8,125,295</u>	<u>8,369,681</u>	<u>(244,386)</u>	<u>(2.92)</u>
Expenditures				
Operations	7,859,664	7,072,311	787,353	11.13
Interest on long-term debt	<u>96</u>	<u>164</u>	<u>(68)</u>	<u>(41.46)</u>
Total expenditures	<u>7,859,760</u>	<u>7,072,475</u>	<u>787,285</u>	<u>11.13</u>
Change in net position	265,535	1,297,206	(1,031,671)	(79.53)
Net position, beginning of year	<u>8,486,397</u>	<u>7,189,191</u>	<u>1,297,206</u>	<u>18.04</u>
Net position, end of year	<u>\$ 8,751,932</u>	<u>\$ 8,486,397</u>	<u>\$ 265,535</u>	<u>3.13</u>

(Continued)

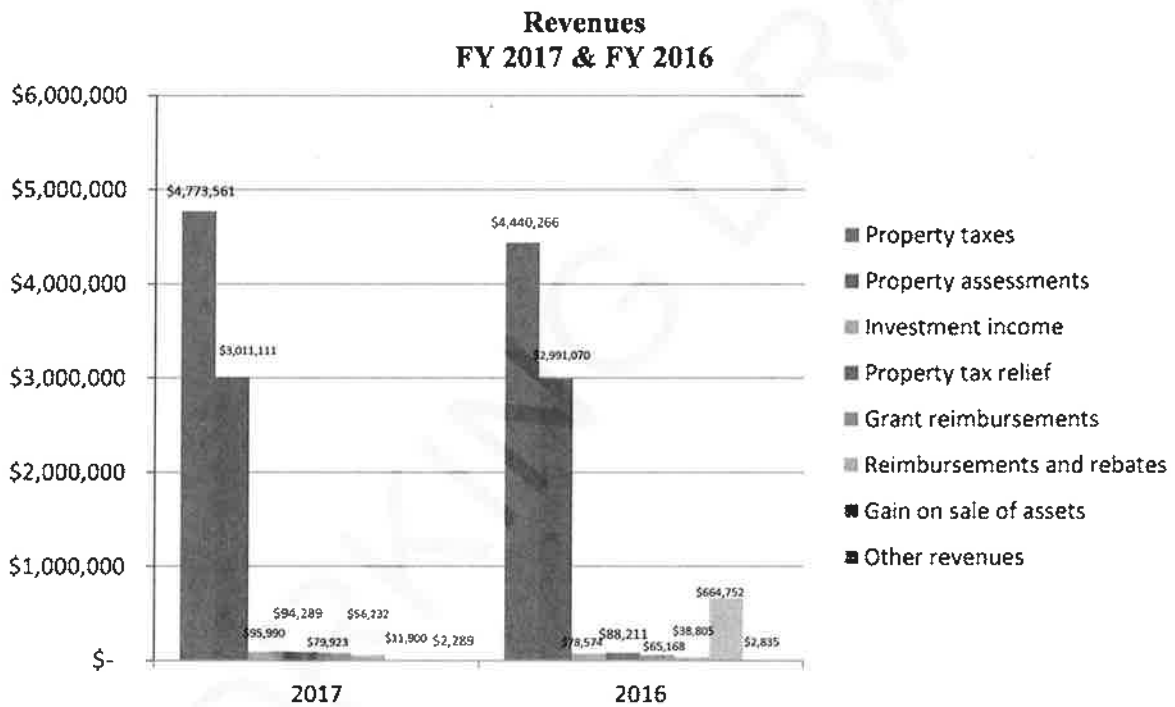
SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2017

Analysis of the more significant variances in revenues follows:

- Property taxes have increased \$333,295, which is attributable to the increase in the number of parcels subject to property tax and improvements in property values from the prior year.
- Gain on sale of assets have decreased \$652,852 due to the sale of the Lodi-Beckman Road property during the year ended June 30, 2016.



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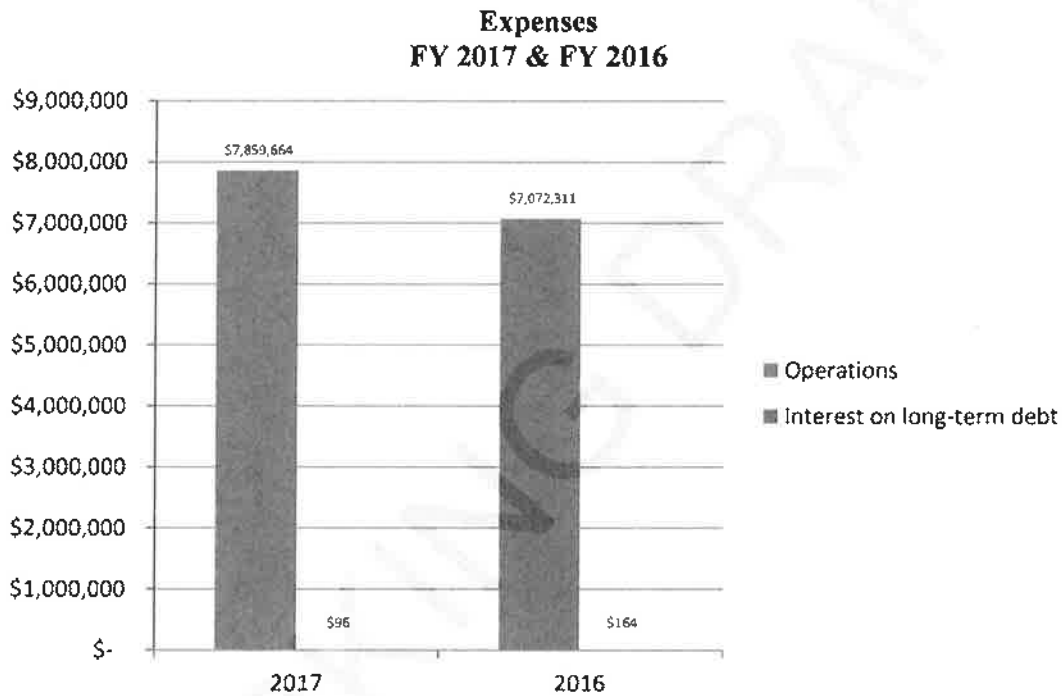
SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2017

Analysis of the more significant variances in expenses follows:

- Operations increased \$787,353 due to an increase in pension and chemical expenses during the year.



Capital Asset and Debt Administration

Capital Assets Activity

The District's net investment, after depreciation, in capital assets as of June 30, 2017 amounted to \$2,427,102. The District's capital assets include all land, buildings and improvements, rolling equipment, office furniture and equipment, and other equipment owned by the District. The total increase in the District's investment in capital assets for the current fiscal year was 3.06% or \$71,953. This represents \$262,393 of capital additions less depreciation expense of \$190,440 and net disposals of \$55,021.

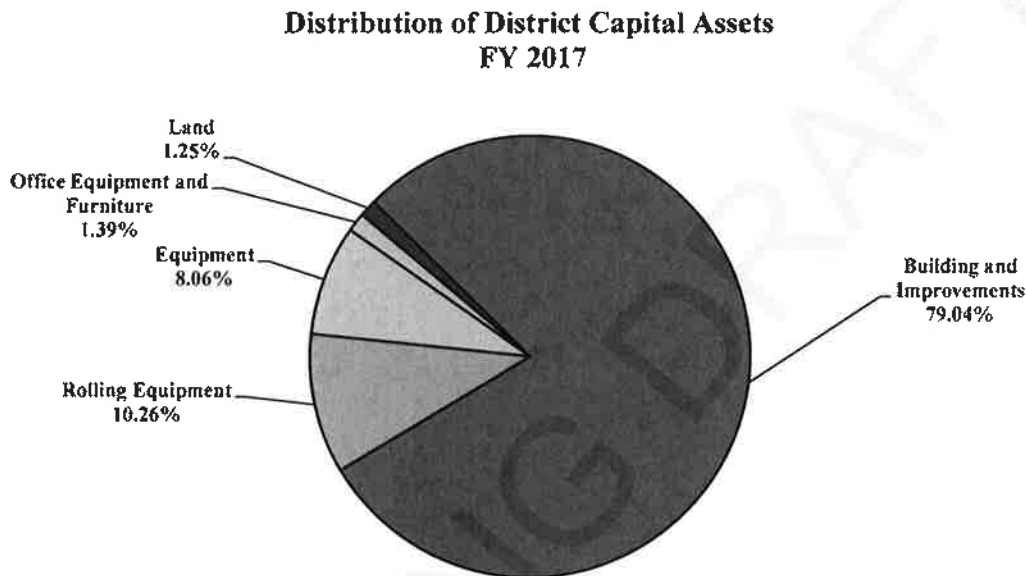
(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2017

The following graph displays the District's largest capital asset categories and their portion (%) of the District's total asset value as of June 30, 2017.



Additional information on the District's capital assets can be found on page 28 herein.

Long Term Debt Activity

On June 30, 2017, the District had total long-term obligations outstanding of \$9,336,355. This is a \$688,220 increase in long-term obligations from FY 2016.

Future obligations include compensated absences and retiree health insurance liabilities. The District has accrued a net pension liability of \$8,742,948 for retirement benefits to current and former employees at the end of the fiscal year.

Notes F, G and I to the financial statements contain further detail on the above-noted long-term obligations.

Future Financial Outlook

The District anticipates revenues to remain consistent with the prior year. The District does not anticipate any unusual expenses for the coming year.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2017

Requests for Information

The financial report is designed to provide the reader with a general overview of the District's finances. Questions concerning any of the information provided herein or requests for additional information should be addressed to the General Manager, San Joaquin County Mosquito and Vector Control District, 7759 South Airport Way, Stockton, California 95206.

WORKING DRAFT

BASIC FINANCIAL STATEMENTS

WORKING DRAFT

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Statement of Net Position

June 30, 2017

	<u>Governmental activities</u>
Assets	
Cash and investments	\$ 13,266,452
Accounts receivable	50,766
Grant reimbursement receivable	23,495
Interest receivable	33,215
Prefunded other-post employment benefits	521,327
Inventory	345,484
Prepaid expenses	21,946
Capital assets, net of accumulated depreciation of \$2,370,176	<u>2,427,102</u>
Total assets	<u>16,689,787</u>
Deferred outflows of resources	<u>1,853,715</u>
Liabilities	
Accounts payable	83,946
Accrued liabilities	77,469
Long-term liabilities	
Due within one year	
State loan-Chapter 1168-85	67,380
Compensated absences	60,000
Retiree health insurance liabilities	11,835
Capital lease payable	2,296
Due in more than one year	
Compensated absences	536,743
Retiree health insurance liabilities	56,532
Capital lease payable	132
Net pension liability	<u>8,742,948</u>
Total liabilities	<u>9,639,281</u>
Deferred inflows of resources	<u>152,289</u>
Net position	
Net investment in capital assets	2,427,102
Unrestricted	<u>6,324,830</u>
Total net position	<u>\$ 8,751,932</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Statement of Activities

For the year ended June 30, 2017

	<u>Expenses</u>	<u>Program revenues Operating grants and contributions</u>	<u>Net (expenses) revenues and changes in net position</u>
Governmental activities			
Operations	\$ 7,859,664	\$ 79,923	\$ (7,779,741)
Interest on long-term debt	96	-	<u>(96)</u>
Net program (expenses) revenues			<u>(7,779,837)</u>
General revenues			
Property taxes			4,773,561
Property assessments			3,011,111
Investment income			95,990
Property tax relief			94,289
Reimbursements and rebates			56,232
Gain on sale of assets			11,900
Other revenues			<u>2,289</u>
Total general revenues			<u>8,045,372</u>
Change in net position			265,535
Net position, beginning of year			<u>8,486,397</u>
Net position, end of year			<u>\$ 8,751,932</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2017

	<u>General fund</u>
Assets	
Assets	
Cash and investments	\$ 13,266,452
Accounts receivable	50,766
Interest receivable	33,215
Inventory	345,484
Prepaid expenses	<u>21,946</u>
Total assets	<u>\$ 13,717,863</u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 83,946
Accrued liabilities	77,469
State loan - Chapter 1168/85	67,380
Compensated absences	60,000
Retiree health insurance liabilities	<u>11,835</u>
Total liabilities	<u>300,630</u>
Fund balances	
Nonspendable:	
Prepaid expenses	21,946
Inventory	345,484
Committed to:	
Accrued employee leave	195,161
Capital asset preservation	460,000
Contingencies	1,227,675
Public health emergencies	1,650,000
Unassigned	<u>9,516,967</u>
Total fund balances	<u>13,417,233</u>
Total liabilities and fund balances	<u>\$ 13,717,863</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position

June 30, 2017

Total fund balances - governmental funds		\$ 13,417,233
Amounts reported for governmental activities in the statement of net position are different from those reported in the governmental funds because of the following:		
Grant reimbursements receivable in governmental funds are not available to pay for current period expenditures		23,495
Governmental funds report all OPEB contributions as expenditures, however, in the statement of net position, any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		521,327
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		2,427,102
Capital assets	\$ 4,797,278	
Less accumulated depreciation	<u>(2,370,176)</u>	
	<u>\$ 2,427,102</u>	
A portion of compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(536,743)
A portion of retiree health insurance liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(56,532)
Capital lease payable is not due and payable in the current period and, therefore, is not reported in the funds.		(2,428)
Deferred outflows are not current financial resources and, therefore, are not reported in the funds.		1,853,715
Deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.		(152,289)
Net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.		<u>(8,742,948)</u>
Net position of governmental activities		<u>\$ 8,751,932</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

**Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds**

For the year ended June 30, 2017

	<u>General fund</u>
Revenues	
Property taxes	\$ 4,773,561
Property assessments	3,011,111
Grant revenue	109,904
Investment income	95,990
Property tax relief	94,289
Reimbursements and rebates	56,232
Other revenues	<u>2,289</u>
Total revenues	<u>8,143,376</u>
Expenditures	
Operating	
Salaries and benefits	4,159,642
Services and supplies	2,992,211
Debt service	
Principal	3,004
Interest	96
Capital outlay	<u>262,393</u>
Total expenditures	<u>7,417,346</u>
Excess of revenues over expenditures	<u>726,030</u>
Other financing sources (uses)	
Proceeds from sale of capital assets	<u>11,900</u>
Total financing sources (uses)	<u>11,900</u>
Net change in fund balances	737,930
Fund balances, beginning of year	<u>12,679,303</u>
Fund balances, end of year	<u>\$ 13,417,233</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances -
Governmental Funds to the Statement of Activities

For the year ended June 30, 2017

Net change in fund balances - governmental funds	\$ 737,930
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(29,980)
Changes in compensated absences are recorded as an expense in the statement of activities, but are not reported in the funds.	(55,968)
Changes in retiree health insurance liabilities are recorded as an expense in the statement of activities, but are not reported in the funds.	9,040
Changes in other post-employment benefit liabilities are recorded as an expense in the statement of activities, but are not reported in the funds.	(850)
Changes in capital lease payable are recorded as an expense in the statement of activities, but are not reported in the funds.	3,004
Depreciation expense related to capital assets is recognized in the statement of activities, but is not reported in the funds.	(190,440)
Governmental funds report capital outlays as expenditures while governmental activities record depreciation expense to allocate those expenditures over the life of the assets.	262,393
Changes in net pension liability and deferred inflows and outflows associated with pensions are recognized in the statement of activities, but are not reported in the funds.	<u>(469,594)</u>
Change in net position of governmental activities	<u>\$ (265,535)</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of San Joaquin County Mosquito and Vector Control District (the District) is presented to assist in understanding the District's financial statements.

Description of the reporting entity

The District was formed in 1945 and operates under the California Health and Safety Code for the purpose of mosquito and vector control in San Joaquin County.

District management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

Government-wide financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not classified as program revenues are presented as general revenues.

Fund financial statements

The fund financial statements provide information about the District's funds. The District has one type of fund (governmental), which is comprised of one major fund as follows:

General fund - This fund is established to account for resources devoted to financing the general services that the District performs. Property taxes, special taxes and other sources of revenue used to finance the fundamental operations of the District are included in this fund. This fund is charged with all costs of operating the District for which a separate fund has not been established.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note A - Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, special taxes and property tax relief are recognized as revenues in the year for which they are intended to finance.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period and apply to the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to the long-term portion of compensated absences and retiree health insurance are recorded only when payment is due.

Property taxes, special taxes, interest, property tax relief, charges for services and operating grants and contributions associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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.

Cash and investments

For the purpose of financial reporting "cash and cash equivalents" includes all demand and savings accounts and short-term investments with an original maturity of three months or less and the District's investment in the County of San Joaquin's pooled cash and investments.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note A - Summary of Significant Accounting Policies (Continued)

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 quotes 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.

Accounts receivable

District management considers all accounts receivable to be fully collectible. Accordingly, an allowance of doubtful accounts has not been recorded in these financial statements.

Inventory

The District's inventory, which includes mosquito and vector control chemicals, is stated at the lower of cost or market using the first-in, first-out (FIFO) method of valuation.

Capital assets

All capital assets are valued at historical cost. The District's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. Depreciation has been provided on capital assets and is charged as an expense against operations each year. The total amount of depreciation taken over the years is reported on the balance sheet as a reduction in the book value of capital assets.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note A - Summary of Significant Accounting Policies (Continued)

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. The District has assigned the following useful lives listed below to capital assets.

Buildings and improvements	10-45 years
Rolling equipment	5 years
Office furniture and equipment	5-10 years
Other equipment	3-10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Long-lived assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Deferred outflow/inflows of resources

In addition to assets, liabilities and net position, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resource (revenue) until that time.

Contributions made to the District's pension plan(s) after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability in the next fiscal year.

Additional factors involved in the calculation of the District's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note A - Summary of Significant Accounting Policies (Continued)

Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resource related to pensions, and pension expense, information about the fiduciary net position of the District's portion of the San Joaquin County Employees' Retirement Association (SJCERA) and additions to/deductions from SJCERA's fiduciary net position have been determined on the same basis as they are reported by SJCERA. 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.

Net position

Equity in the government-wide financial statements is classified as net position and displayed in three components as follows:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.

Unrestricted - Amounts not required to be reported in other components of net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - Amounts that cannot be spent because they are either not in spendable in form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note A - Summary of Significant Accounting Policies (Continued)

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision making authority.

Assigned - Amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

Unassigned - Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Property taxes

Property taxes were levied January 1, 2016 and were payable in two installments on December 10, 2016 and April 10, 2017. The County of San Joaquin bills and collects property taxes on behalf of the District.

Estimates

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

New accounting pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note A - Summary of Significant Accounting Policies (Continued)

amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses, expenditures. The District will be required to implement the provisions of this Statement for the year ended June 30, 2018. The District has not determined the effect on the financial statements.

In March 2016, the Governmental Accounting Standards Board (GASB) issued 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*. 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 classifications of payments made by employers to satisfy employee (plan member) contribution requirements. The District implemented the provisions of this Statement for the year ended June 30, 2017. There was no impact on beginning net position as part of implementation of this accounting standard.

Note B - Cash and Investments

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

	<u>Carrying amount</u>	<u>Bank balance</u>	<u>Fair value</u>
<u>Deposits in commercial accounts</u>			
Public checking and money market	\$ 732,107	\$ 741,828	
		<u>\$ 741,828</u>	
<u>Deposits in VCJPA</u>	<u>\$ 708,743</u>		<u>\$ 708,743</u>

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note B - Cash and Investments (Continued)

	<u>Carrying amount</u>	<u>Bank balance</u>	<u>Fair value</u>
<u>Investments in external investment pool</u>			
San Joaquin County Treasurer			
General fund	\$ 8,014,156		\$ 8,014,156
Special assessment fund	5,478		5,478
Contingency fund	1,243,681		1,243,681
General reserve fund	2,134,268		2,134,268
Compensated absences	<u>428,019</u>		<u>428,019</u>
	<u>11,825,602</u>		<u>\$ 11,825,602</u>
 Total cash and investments	 <u>\$ 13,266,452</u>		

Deposit and Investment Policy

California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. The table below identifies the investment types that are authorized for the District by the California Government Code, Section 53600 (or District's investment policy, where more restrictive) that address interest rate risk, credit risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills, Notes, and Bonds	5 years	None	None
U.S. Government Agency Obligations	5 years	None	None
Repurchase Agreements	1 year	None	None
State Registered Warrants, Notes or Bonds	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	30%	10%
Negotiable Certificates of Deposit	1 year	30%	None
Medium Term Corporate Notes	3 years	30%	None
Mutual Funds	N/A	20%	10%
Bank Deposits	N/A	10%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Local government investment pools	N/A	None	None

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note B - Cash and Investments (Continued)

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments. The District does not maintain a formal investment policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment type</u>	<u>Total</u>	<u>Remaining maturity (in months)</u>					<u>More than 60 months</u>
		<u>12 months or less</u>	<u>13 - 24 months</u>	<u>25 - 36 months</u>	<u>37-48 months</u>	<u>49-60 months</u>	
San Joaquin County							
Treasurer	\$ 11,825,602	\$ 11,825,602	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 11,825,602	\$ 11,825,602	\$ -	\$ -	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of fiscal year end for each investment type.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note B - Cash and Investments (Continued)

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
San Joaquin County							
Treasurer	\$ 11,825,602	N/A	\$ -	\$ -	\$ -	\$ -	\$ 11,825,602
Total	\$ 11,825,602	N/A	\$ -	\$ -	\$ -	\$ -	\$ 11,825,602

Concentration of Credit Risk

The District had no investment policy limiting the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The District's investments are concentrated in external investment pools which are not subject to investment limits.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2017, the District's bank balance was \$741,828 and \$250,000 of that amount was insured by the Federal Deposit Insurance Corporation and collateralized as required by state law and the remaining amount of \$491,828 was secured by a pledge of securities by the financial institution. In addition, as of June 30, 2017, the carrying amount of the District's insurance fund deposits and the insurance fund balance was \$708,743.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note B - Cash and Investments (Continued)

Investment in External Investment Pool

The District's investment in the San Joaquin County investment pool is managed by the San Joaquin County Treasurer and is stated at fair value or amortized cost, which approximates fair value. Cash held by the San Joaquin County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.sjgov.org/treasurer/>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained by the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. In accordance with applicable State laws, the San Joaquin County Treasurer may invest in derivative securities. However, at June 30, 2017, the San Joaquin County Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Fair value hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure 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 District's only investment is in the County of San Joaquin Treasury Pool which is classified as Level 2 and its value is based on the fair value factor provided by the Treasurer of the County of San Joaquin, which is calculated as the fair value divided by the amortized cost of the investment pool.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note C - Capital Assets

Capital asset activity for the year ended June 30, 2017 is as follows:

	Balance <u>June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2017</u>
Nondepreciable capital assets				
Land	\$ 30,312	\$ -	\$ -	\$ 30,312
Total nondepreciable capital assets	<u>30,312</u>	<u>-</u>	<u>-</u>	<u>30,312</u>
Depreciable capital assets				
Buildings and improvements	2,648,319	61,973	-	2,710,292
Rolling equipment	1,040,281	80,616	(55,021)	1,065,876
Office furniture and equipment	226,933	2,084	-	229,017
Other equipment	644,061	117,720	-	761,781
Total depreciable capital assets	4,559,594	262,393	(55,021)	4,766,966
Less accumulated depreciation	<u>(2,234,757)</u>	<u>(190,440)</u>	<u>55,021</u>	<u>(2,370,176)</u>
Total depreciable capital assets, net	<u>2,324,837</u>	<u>71,953</u>	<u>-</u>	<u>2,396,790</u>
Total capital assets, net	<u>\$ 2,355,149</u>	<u>\$ 71,953</u>	<u>\$ -</u>	<u>\$ 2,427,102</u>

Note D - State Loan - Chapter 1168/85

The District applied for and received a state loan in the amount of the shortfall in funding received through supplemental roll tax revenue during the 1984-85 fiscal year. The loan is interest free and was to be repaid from the 1984-85 fiscal year supplemental roll tax revenue received by the District after January 15, 1986. No due date has been assigned to the loan. The balance due on the loan at June 30, 2017 is \$67,380.

Note E - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters.

In order to insure for risks of loss, the District participates with other Districts in the Vector Control Joint Powers Agency (VCJPA) and purchases non-owned aircraft insurance through a commercial carrier. The relationship between the District and the 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.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note E - Risk Management (Continued)

The VCJPA is established for the purpose of funding and developing programs to provide various insurance coverages for its member mosquito abatement and vector control districts in California. VCJPA consists of 35 districts throughout California and maintains pooled coverage programs for its members for workers' compensation, general liability, employment practices liability via the Employment Risk Management Authority (ERMA), auto physical damage, and all risk property, including boiler and machinery. VCJPA also facilitates the purchase of other group insurance programs for its members, such as business travel accident, crime, and an employee assistance program. Refer to Note K for a summary of District insurance coverage.

Each district pays premiums commensurate with the level of coverage required or requested and shares surpluses and deficits proportionate to their participation in the VCJPA. Premiums are determined based on the ultimate cost of the experience to date of the member districts.

The latest audited financial information for the VCJPA is for the fiscal year ended June 30, 2016 and the condensed financial information is as follows:

Total assets	\$ 15,551,974
Total liabilities	<u>10,011,780</u>
Net position	<u>\$ 5,540,194</u>
Total revenues	\$ 4,359,238
Total expenses	<u>3,891,289</u>
Increase in net position	<u>\$ 467,949</u>

Workers' compensation

Annual premiums, based on the District's total payroll, are deposited in the District's separate Pooled Workers' Compensation Account at the VCJPA. The Account is reduced by the District's share of all Program claim settlements, excess insurance premiums and related administrative expenses. Five years after the end of each fiscal year, the VCJPA is to make a retroactive adjustment to fund/collect any remaining balance/deficit in the District's account. While the District's ultimate share of workers' compensation claim settlements and related administrative expenses is uncertain, management of the District does not believe it will have a material impact on the District's financial statements.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note E - Risk Management (Continued)

The workers' compensation fund provides coverage up to a maximum of \$500,000, self-insured retention (SIR). Excess workers' compensation insurance is provided by the Local Agency for Workers' Compensation Excess Joint Powers Authority (pooled liability program) up to a maximum of \$5,000,000 for employer liability and statutory coverage for workers' compensation.

General liability

Annual premiums are deposited in the District's separate liability account at the VCJPA. The account is reduced by the District's share of all program claim settlements, excess insurance premiums and related administrative expenses. Four years after the end of each fiscal year, the VCJPA will make a retroactive adjustment to refund/collect any remaining balance/deficit in the District's account. While the District's ultimate share of liability claim settlements and related administrative expenses is uncertain, management of the District does not believe it will have a material impact on the District's financial statements.

The District pays an annual premium to VCJPA for general liability coverage. The general liability fund provides coverage up to a maximum of \$1,000,000, self-insured retention (SIR). Coverage above the program self-insured retention is provided by a special liability policy with limits of \$14,000,000 in excess of \$1,000,000.

Member contingency fund

The District has a member contingency cash fund which earns interest for the District. The balance in the member contingency fund at June 30, 2017 was \$616,859.

Property contingency fund

The District has a property contingency cash fund which earns interest for the District. The balance in the property contingency fund at June 30, 2017 was \$91,884.

Note F - Compensated Absences

Employees accrue vacation leave based on length of service. Accumulated vacation leave is subject to maximum accruals for all employees. As of June 30, 2017, the District's accrued liability for accumulated unused vacation leave and overtime is \$250,749. Employees are paid for their accumulated unused vacation leave upon separation from service. The liability is expected to be liquidated with future resources and not with expendable available financial resources.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note F - Compensated Absences (Continued)

In addition, employees accrue sick leave which is not subject to maximum accruals. The District has estimated and recorded a liability for accumulated unused sick leave of \$345,994. The estimated liability was based on the employees vesting method and various retirement assumptions with certain modifications for the year ended June 30, 2017. The current portion of the liability was estimated to be \$60,000. The remainder has been recorded in the statement of net position as the liability is expected to be liquidated with future resources and not with expendable available resources.

The accumulated unused sick leave is converted to a sick leave bank by the District at the rate established by the San Joaquin County Employees Retirement Association (Association) upon the employee's retirement (\$221.24 per 8 hours) or paid to the employee in the form of a 1/3 cash payout for represented employees and unrepresented employees hired after December 18, 2001 or 100% cash payout for unrepresented employees hired before December 19, 2001. The sick leave bank is used to pay post-retirement medical, dental and vision insurance premiums. Once the retiree's sick leave bank is depleted, the retiree is responsible for his/her medical, dental and vision insurance premiums.

For all District employees hired on or before August 27, 2001, retiree sick leave banks were funded through investment earnings of the Association. This program ceased March 31, 2011. For all District employees hired subsequent to August 27, 2001, the Association depletes the account as insurance premiums are reimbursed to the District. During the year ended June 30, 2017, the District was reimbursed for post-employment benefits paid in the amount of \$68,465 from 21 retirees.

Note G - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description - The District contributes to the San Joaquin County Employees' Retirement Association (SJCERA), a cost-sharing multiple-employer defined benefit pension plan administered by the Board of Retirement. The County Employee's Retirement Act of 1937 is the statutory basis for the SJCERA. The Board of Retirement has the authority to establish and amend benefit provisions. SJCERA issues a publicly available financial report that includes financial statements and required supplementary information for the participants in the plan. A copy of the financial report may be obtained by writing to the Board of Retirement, San Joaquin County Employees' Retirement Association, 6 South El Dorado, Suite 400, Stockton, California, 95202.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note G - Defined Benefit Pension Plan (Continued)

Funding policy - Contribution rates are based on plan members' annual covered salary, specific tier, and are actuarially determined. As of June 30, 2017, average contribution rates are as follows:

	<u>General members</u>
Employer rates (average)	37.74%
Employee rates (average)	6.23%

Effective July 1, 2013, the District entered into a memorandum of understanding with the San Joaquin Mosquito Employees Association that allows for a cost of living adjustment for retirement system benefits of up to 3% pursuant to Government Code Section 31780.12.8.4. Additionally, the cost of post-retirement cost-of-living adjustments shall be shared equally between the District and employees who are members of the SJCERA. As of June 30, 2017, the contribution rate is 5.44%, of which the District will pay 2.72% and each employee will pay 2.72%. The rate is subject to adjustment on an annual basis by the SJCERA.

All District employees are classified as general plan members. The contribution requirements of plan members and the District are established and may be amended by the Board of Retirement. The District's contribution to the SJCERA for the years ended June 30, 2017, 2016, and 2015 were \$846,452, \$790,269, and \$713,832, respectively, equal to the required contributions for each year.

Benefits provided - SJCERA provides retirement, disability, annual cost of living adjustments, and death benefits to plan members 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 (52 for Tier 2) 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 1957 Survivor Benefit or the Optional Settlement ZW Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note G - Defined Benefit Pension Plan (Continued)

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

	General	
	<u>Tier 1</u>	<u>Tier 2</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.61% @ 62	2.50% @ 67
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.48% to 2.61%	1.00% to 2.50%
Required employee contribution rates	4.22% to 8.47%	8.97%
Required employer contribution rates	38.61%	32.30%

The Tier 1 Plan is closed to new members that are not already SJCERA eligible participants.

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 January 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of December 31 by SJCERA. 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 Plans were as follows:

	<u>General</u>
Contributions - employer	<u>\$ 444,481</u>

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

As of June 30, 2017, the District reported a net pension liability for its proportionate share of the net pension liability in the amount of \$8,742,948. The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note G - Defined Benefit Pension Plan (Continued)

The net pension liability of the plan is measured as of December 31, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 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 plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for all Plans as of December 31, 2015 and 2016 was as follows:

	<u>General</u>
Proportion - December 31, 2015	0.5265%
Proportion - December 31, 2016	<u>0.5243</u>
Change - increase (decrease)	(0.0022)%

For the year ended June 30, 2017, the District recognized pension expense of \$1,372,269. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 444,481	\$ -
Differences between actual and expected experience	-	123,676
Changes in assumptions	367,436	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	60,736	28,613
Net differences between projected and actual earnings on plan investments	<u>981,062</u>	<u>-</u>
Total	<u>\$ 1,853,715</u>	<u>\$ 152,289</u>

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note G - Defined Benefit Pension Plan (Continued)

The \$444,481 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:

<u>Year ended June 30,</u>	Increase (decrease) of Pension Expense
2017	\$ 408,704
2018	407,871
2019	334,176
2020	<u>106,194</u>
Total	\$ <u>1,256,945</u>

Actuarial Assumptions - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

	<u>General</u>
Valuation Date	January 1, 2016
Measurement Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal Cost Level
Actuarial Assumptions:	
Inflation	2.90%
Amortization Growth Rate	3.15%
Projected Salary Increase	3.15% plus merit component (1)
Cost of Living Adjustments (COLA)	2.60%
Investment Rate of Return	7.40% (2)
Mortality	Sex distinct CALPERS Preretirement Non-Industrial Mortality and Industrially Disabled Annuitant Mortality Tables, projected with generational mortality improvements projected from 2009 using Projection Scale MP-2015.

- (1) Depending on employee classification and years of service
- (2) Net of pension plan investment expenses, including inflation

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note G - Defined Benefit Pension Plan (Continued)

Discount rate - The discount rate used to measure the total pension liability was 7.40%. 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 employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of 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 of 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.

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. 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, adjusted for inflation. The following table was the Retirement Board's Adopted asset allocation policy and the long-term expected real rates of return as of June 30, 2017:

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Global Public Equities	30.00%	9.65%
Stable Fixed Income	10.00%	3.70%
Credit	14.00%	6.20%
Risk Parity	14.00%	7.85%
Private Appreciation/Real Estate Private Manager	12.00%	10.85%
Crisis Risk Offset	20.00%	7.75%
Short-term Investments/Cash/Cash Equivalents	<u>00.00%</u>	2.90%
Total	<u>100.00%</u>	

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note G - Defined Benefit Pension Plan (Continued)

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 the Plan, calculated using the discount rate of 7.40%, 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:

	<u>General</u>
1% Decrease	6.40%
Net pension liability	\$ 11,734,203
Current discount rate	7.40%
Net pension liability	\$ 8,742,948
1% Increase	8.40%
Net pension liability	\$ 6,284,867

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

Payable to the Pension Plan

At June 30, 2017, the District reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Note H - Deferred Compensation Plans

Employees of the District may participate in two deferred compensation plans adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plans are available to all full-time employees of the District. Under the plans, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note I - Other Post-Employment Benefits other than Pensions

Plan description

The District administers an Other Post-Employment Benefit (OPEB) Plan, a single-employer defined benefit plan. The District's OPEB Plan provides medical insurance for eligible retirees and spouses through the District's group health insurance, which covers both active and retired members. In order to be eligible to retire with District-paid health benefits, an employee must satisfy the requirements of CALPERS (attain age 50 with 5 years of credited service and following the 10th anniversary of participation in the plan). As of June 30, 2017, 21 participants were eligible to receive retirement health care benefits.

The District contributes \$268.85 per month for employees retired prior to January 1, 2012 who elect to continue their CALPERS medical coverage through the District. The monthly contribution of \$268.85 is multiplied by a percentage based on years of service for employees retired after January 1, 2012. Retiree medical benefits continue to the retiree's spouse for his or her lifetime provided the spouse was covered at the time of the retiree's death.

The District passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT, an agent multiple-employer plan administered by CALPERS consisting of an aggregation of single-employer plans, is managed by an appointed board not under the control of the District Trustees. This Trust is not considered a component unit by the District and has been excluded from these financial statements. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

Funding policy

Effective May 15, 2012, the District, pursuant to Resolution 11/12-07, elected to prefund a portion of these benefits by accumulating assets with CERBT. Prior to May 15, 2012, the District funded the plan on a pay-as-you-go basis and maintained reserves and recorded a liability for the difference between the pay-as-you-go and the actuarially determined OPEB cost. As of June 30, 2017, the District recorded an asset for the difference between the prefunded amount and the actuarially determined annual OPEB cost.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note I - Other Post-Employment Benefits other than Pensions (Continued)

Annual OPEB cost

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2017, the District contributed \$0 to the Plan. The District has prefunded a Net OPEB Asset of \$521,327.

The following table presents the components of the District's annual OPEB cost, amounts actually contributed, and changes in net OPEB obligation for the year ended June 30, 2017:

Annual required contribution	\$	71,401
Interest on net OPEB obligation (asset)		(31,957)
Adjustment to annual required contribution		<u>32,807</u>
Annual OPEB expense		<u>72,251</u>
 Contributions made:		
Retired employees post-employment medical benefit payments		68,267
Current year's implicit subsidy credit		47,056
Contribution to OPEB Trust		<u>(43,922)</u>
Total employer contribution		<u>71,401</u>
Change in net OPEB asset		850
Net OPEB asset, beginning of year		<u>(522,177)</u>
Net OPEB asset, end of year		<u>\$ (521,327)</u>

Funded status of the plan

The most recent valuation dated July 1, 2015 includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$1,554,384 and \$293,166, respectively. The AAL is partially funded since assets have been transferred into CERBT. The District's current year annual required contribution along with investment income, resulted in assets with CERBT of \$1,320,521 as of June 30, 2017.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note I - Other Post-Employment Benefits other than Pensions (Continued)

Schedule of funding progress

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial study is presented below.

Fiscal year end	Actuarial valuation date	Actuarial accrued liability (a)	Actuarial value of assets (b)	Unfunded actuarial liability (UAAL) (a) - (b)	Funded status (b) / (a)	Annual covered payroll (c)	UAAL as a percentage of covered payroll [(a) - (b)] / (c)
6/30/15	7/1/13	\$ 1,010,696	\$ 734,477	\$ 276,219	72.67%	\$ 2,224,211	12.42%
6/30/16	7/1/15	1,510,904	780,343	730,561	51.65	2,242,983	32.57
6/30/17	7/1/15	1,554,384	1,261,218	293,166	81.14	2,315,880	12.66

Three-year trend information

The District's annual OPEB cost, percentage of annual OPEB costs contributed and the net OPEB obligation are as follows:

Fiscal year ended	Annual OPEB cost	Percentage of annual OPEB costs contributed	Net OPEB obligation (asset)
6/30/15	\$ 73,796	151.84%	\$ (84,627)
6/30/16	95,871	556.40	(522,177)
6/30/17	72,251	98.80	(521,327)

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce 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

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note I - Other Post-Employment Benefits other than Pensions (Continued)

at least biannually as results are compared to past expectations and new estimates are made about the future. The District's policy includes amortization of the unfunded actuarial accrued liability over a closed 30-year period initially established for the District's year ended June 30, 2010. The remaining amortization period applicable in determining the annual required contribution for the year ended June 30, 2017 was 23 years. Amortization payments are determined on a level percent of pay basis.

In the July 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 6.12% discount rate; (b) 3.25% projected annual salary increase, and (c) 4.50% health care cost trend rate increase.

Retiree unused sick leave banks

Effective April 1, 2011, the District was no longer reimbursed for health insurance premiums paid for retirees with sick leave banks hired prior to August 27, 2001. The remaining retiree sick leave bank liability as of June 30, 2017 was \$68,367. The current portion of the liability was estimated to be \$11,835 and the long-term portion as of June 30, 2017 was \$56,532.

Note J - Operating Leases

The District leases office equipment and office space under lease agreements that expire at various dates through June 2034. The following summarizes future minimum rental payments required under the operating leases.

<u>Year ending June 30,</u>	
2018	\$ 7,252
2019	7,252
2020	7,252
2021	7,252
2022	4,668
2023-2027	19,033
2028-2032	19,033
2033-2034	<u>6,027</u>
	<u>\$ 77,769</u>

Total rental expenses for the year ended June 30, 2017 was \$7,745.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note K - Insurance Coverage

The District is covered by the following types of insurance as of June 30, 2017:

<u>Coverage through commercial carrier</u>	<u>Limits of liability</u>
Non-owned aircraft	
Comprehensive liability	
Combined single limit each occurrence	\$ 1,000,000
Commercial general liability, automobile liability, and errors and omissions (pooled program)	
Self-insured retention	2,000,000
California Affiliated Risk Management Authorities	14,000,000
Workers' compensation (pooled program)	
Each occurrence and aggregate	
Self-insured retention	500,000
Commercial carrier - limit	
Workers' compensation	Statutory coverage
Employer's liability	5,000,000
Boiler and machinery (commercial carrier)	
Each occurrence	100,000,000
Deductible per occurrence	2,500 - 350,000
Property and equipment (commercial carrier)	
Each occurrence	1,000,000,000
Deductible	10,000
Auto physical damage (pooled program)	
Each occurrence	35,000
Deductible per loss	500
Business travel accident (commercial carrier)	
Each occurrence	150,000
Deductible	N/A
Group fidelity (commercial carrier)	
Each occurrence	3,000,000
Deductible each loss	2,500

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note L - Capital Lease Obligation

In April 2014, the District entered into a lease agreement to purchase computer equipment in the amount of \$10,760. The lease is for four years with an option to retain the equipment at the end of the lease for no cost.

The following is a schedule by years of future minimum lease payments required under the capital lease together with the present value of the net minimum payments as of June 30, 2017:

<u>Year ending June 30,</u>	
2018	\$ 2,296
2019	<u>257</u>
Total minimum lease payments	2,553
Less amount representing interest	<u>(125)</u>
Present value of net minimum lease payments	2,428
Current capital lease obligation	<u>(2,296)</u>
Noncurrent capital lease obligation	<u>\$ 132</u>

Depreciation expense for property under capital lease was \$2,152 for the year ended June 30, 2017. Accumulated depreciation for property under capital lease was \$7,353 at June 30, 2017.

Note M - Governing Board

As of June 30, 2017, the eleven members of the District's Board of Trustees were as follows:

<u>Trustee</u>	<u>Term expires</u>
Jay Colombini, President	1/03/21
Omar Khweiss, Vice President	12/31/20
Greg Selna, Secretary	5/01/20
Jack V. Fiori	12/31/17
Gary Haskin	6/20/18
Francis Groen	12/31/18
Glenn Page	12/31/18
Gregory O'Leary	1/02/20
Gary Lambdin	12/31/20
Michael Manna	1/03/21
Marc Warmerdam	1/03/21

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Basic Financial Statements

June 30, 2017

Note N - Contingencies

The District is involved in litigation arising in the ordinary course of operations that, in the opinion of management, will not have a material effect on the financial condition of the District.

WORKING DRAFT

REQUIRED SUPPLEMENTARY INFORMATION

WORKING DRAFT

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

**Schedule of the District's Proportionate Share
of the Net Pension Liability**

Last 10 years*

	December 31,		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.5243%	0.5625%	0.5218%
Proportionate share of the net pension liability	\$ 8,742,948	\$ 8,099,359	\$ 6,874,691
Covered - employee payroll	2,366,398	2,932,175	2,266,428
Proportionate share of the net pension liability as percentage of covered - employee payroll	369.50%	338.60%	303.33%
Plan's fiduciary net position	2,554,802,124	2,413,242,547	2,466,349,529
Plan fiduciary net position as a percentage of the total pension liability	60.50%	61.10%	187.20%

Notes to schedule:

Benefit changes - There have been no changes in benefits since the prior valuation.

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

* Fiscal year 2015 was the 1st year of implementation, therefore, only three years are shown.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Schedule of Contributions

Last 10 years*

	December 31,		
	2016	2015	2014
Contractually required contribution (actuarially determined)	\$ 846,452	\$ 790,269	\$ 713,832
Contributions in relation to the actuarially determined contributions	846,452	790,269	713,832
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,366,398	\$ 2,932,175	\$ 2,266,428
Contributions as a percentage of covered-employee payroll	35.80%	33.00%	31.50%

Notes to schedule:

Valuation date: 1/1/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal cost method
Asset valuation method:	Actuarial value: Excess earnings smoothed over five years, 80%/120% corridor around market value
Amortization method:	Level percentage of payroll (17 years as of 1/1/2016) with separate periods for Extraordinary Actuarial Gains or Losses (23 years for 2008 losses as of 1/1/2016).
Discount rate:	7.40%
Amortization growth rate:	3.15%
Price Inflation:	2.90%
Salary increases:	3.15%, plus merit component based on employee classification and years of service
Mortality:	<p>Healthy: CALPERS Preretirement Non-Industrial Mortality Table with generational mortality improvements projected using Projection Scale MP-2015.</p> <p>Disabled: CALPERS Industrially Disabled Annuitant Mortality Table, with generational mortality improvements projected from 2009 using Projection Scale MP-2015.</p>

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

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund**

Year ended June 30, 2017

	Budgeted amounts <u>original/final</u>	Actual amounts	Variance with final budget positive/ <u>(negative)</u>
Revenues			
Property taxes	\$ 4,805,972	\$ 4,773,561	\$ (32,411)
Property assessments	3,018,644	3,011,111	(7,533)
Grant revenue	-	109,904	109,904
Investment income	49,520	95,990	46,470
Property tax relief	95,020	94,289	(731)
Reimbursements and rebates	47,000	56,232	9,232
Net proceeds from sale of assets	8,000	11,900	3,900
Other revenues	<u>1,500</u>	<u>2,289</u>	<u>789</u>
Total revenues	<u>8,025,656</u>	<u>8,155,276</u>	<u>129,620</u>
Expenditures			
Salaries and wages	2,591,474	2,457,441	134,033
Chemicals	1,430,000	1,620,915	(190,915)
Employee benefits	1,636,358	1,521,452	114,906
Professional services	490,000	588,822	(98,822)
Insurance	219,000	236,530	(17,530)
Payroll taxes	195,460	180,750	14,710
Tax administration charges	85,000	80,567	4,433
Fuel	120,000	77,472	42,528
Office expense	108,500	77,399	31,101
Maintenance of equipment	75,000	56,155	18,845
Utilities	40,000	42,771	(2,771)
Laboratory services	40,000	39,904	96
Auditor's direct assessment	32,000	29,927	2,073
Transportation and travel	28,000	27,157	843
Memberships	22,500	23,423	(923)
Communications	25,000	21,106	3,894
Maintenance of structures and grounds	40,000	19,599	20,401
Household expense	17,500	18,469	(969)
Clothing and personal supplies	18,000	11,343	6,657
Rental of equipment	10,000	6,876	3,124
Rental of structures and grounds	7,000	4,331	2,669
Miscellaneous	49,000	4,101	44,899
Auditor's payroll charges	3,500	2,716	784
Special departmental expense	2,500	936	1,564
Fees	-	780	(780)
Education reimbursements	2,500	327	2,173
Small tools and instruments	2,500	576	1,924

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General Fund (Continued)**

Year ended June 30, 2017

Expenditures (Continued)			
Taxes and administration	100	8	92
Debt service			
Principal	-	3,004	(3,004)
Interest	-	96	(96)
Capital outlay	<u>442,500</u>	<u>262,393</u>	<u>180,107</u>
Total expenditures	<u>7,733,392</u>	<u>7,417,346</u>	<u>316,046</u>
Excess of revenues over expenditures	292,264	737,930	445,666
Fund balance, beginning of year	<u>12,679,303</u>	<u>12,679,303</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,971,567</u>	<u>\$ 13,417,233</u>	<u>\$ 445,666</u>

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Required Supplementary Information

June 30, 2017

The Manager of the District prepares an expenditure budget annually which is approved by the Board of Trustees setting forth the contemplated fiscal requirements. The Manager also provides a revenue budget for property taxes, special taxes and other revenues based upon estimated allocations and receipts of the related revenues. The District's budgets are maintained on the modified accrual basis of accounting. The results of operations are presented in the budget to actual schedule in accordance with the budgetary basis.

Reported budget amounts reflect the annual budget as originally adopted. There were no amendments to the budget during the year ended June 30, 2017. The budget amounts are based on estimates of the District's expenditures and the proposed means of financing them. Actual revenues and expenditures may vary significantly from budget due to timing of such revenues and expenditures.

Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/7/2018
Re: January 2018 BOT Meeting, Agenda Item 5

5. UPDATE ON DISTRICT'S APPEAL OF THE CITY OF STOCKTON'S PLANNING COMMISSION DECISION TO ALLOW A CONDITIONAL USE PERMIT TO OPERATE A MEDICAL CANNABIS CULTIVATION FACILITY AT 7979 S. AIRPORT WAY

As we reviewed at the December 2017 regular Board meeting, the District received notice of an application for conditional use permit to operate a medical cannabis cultivation facility located at 7979 S Airport Way. This parcel is located next to the District's Stockton facility on the south side.

In review, I attended a Public Hearing held on December 14, 2017 at the Stockton City Planning Commission regarding a "Use Permit" to allow a proposed medical cannabis cultivation facility at this site. During this meeting, I presented the Planning Commission with the District's concerns relative to the use of this property. Following lengthy discussion, the Planning Commission granted the "Use Permit". Following review of the Planning Commission's decision to grant the "Use Permit" at our December 2017 BOT meeting, the District's Trustees, through Board action, directed the Manager and District's Legal Counsel to proceed forward to appeal the Planning Commission's decision to the Stockton City Council.

Manager Lucchesi and Legal Counsel Eley will provide updated information relative to this appeal.

Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/11/2018
Re: January 2018 BOT Meeting, Agenda Item 6

6. EXECUTIVE COMMITTEE REPORT

The Board of Trustees Executive Committee is scheduled to meet at 12:00 P.M. on Tuesday, January 16, 2018 before the regular Board of Trustees meeting. The Executive Committee consists of trustees Colombini (chair), Khweiss, and Seina. Trustee Seina notified the Board he will not be able to attend the January 2018 BOT meeting due to a prior work related commitment. Past President Lambdin agreed to be present in the absence of Trustee Seina.

Attached is a copy of the draft meeting agenda. A member of the Executive Committee will provide an oral report at this time on the agenda.

This item is for information only, and does not require Board action.

Attachments

San Joaquin County Mosquito & Vector Control District
7759 S. Airport Way
Stockton, CA 95206
(209) 982-4675

**Board of Trustees
Executive Committee Meeting**

**January 16, 2018
12:00 P.M.**

AGENDA

1. Call to order; roll call
2. Public comment period
3. Closed Session (Pursuant to CGC Section 54957)

Public employee performance evaluation
Title: Manager

Report of Closed Session (Pursuant to CGC 54957.1)
4. Other business; announcement of future committee meeting date(s) and time(s).
5. Adjourn.

Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/7/2018
Re: January 2018 BOT Meeting, Agenda Item 7

7. **CLOSED SESSION (Pursuant to CGC §54957 and §54957.6)**
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: Manager
- REPORT OF CLOSED SESSION (Pursuant to CGC §54957.1)**

This will be a closed session for the purpose of reviewing the performance of the Manager per District policy # 2170.60. The evaluation period is for the 2017 Calendar Year.

Following the closed session, a person designated by the Board of Trustees will provide a report of closed session. Any action resulting from the discussions in closed session must be taken in open session.