NAPA COUNTY MOSQUITO ABATEMENT DISTRICT

AMERICAN CANYON, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements:	
Statement of Net Position and Governmental Funds Balance Sheet	8
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Notes to Basic Financial Statements	10-25
Required Supplementary Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	26

INDEPENDENT AUDITORS' REPORT

Board of Directors
Napa County Mosquito Abatement District
American Canyon, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and the major fund of Napa County Mosquito Abatement District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Napa County Mosquito Abatement District's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. 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 our 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, we consider internal control relevant to Napa County Mosquito Abatement 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 Napa County Mosquito Abatement 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 and the major fund of Napa County Mosquito Abatement District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1000 FOURTH STREET, SUITE 400 SAN RAFAEL, CA 94901 TEL (415) 457-1215 FAX (415) 457-6735 www.rjrcpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and page 26, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
November 24, 2015

This section of Napa County Mosquito Abatement District's (the District's) basic financial statements presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2015. We encourage the reader to consider the information presented here in conjunction with the basic financial statements as a whole.

Introduction to the Basic Financial Statements

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

The required financial statements include the Government-wide and Fund Financial Statements; Statement of Net Position and Governmental Funds Balance Sheet; Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances; and the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types.

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

The Basic Financial Statements

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

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

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

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

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

The Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

Analyses of Major Funds

Governmental Funds

General Fund revenues increased overall by $146,407 (see table 2 on page 6). Ad valorem property taxes increased $104,821, and overall taxes and assessments reflected an increase of $106,600. Actual revenues received for 2014/2015 were $2,323,249, which was $304,818 more than estimated amounts (see page 26).

General fund expenditures were $2,350,111 (see page 9 column 1), an increase of $135,048 from the prior year. Total District expenditures were $397,870 less than budgeted.

Proposed expenses for 2014/2015 were $2,747,981 with anticipated revenues for 2014/2015 of $2,018,431. The proposed excess expenditures from District reserves included continued work on the District's Programmatic Environmental Impact Report ($131,856) and a partial payment towards the District's unfunded pension liability ($570,000). The District Programmatic Environmental Impact Report is scheduled for completion in fall of 2015.

Governmental Activities

Table 1
Governmental Net Position

	Governmental Activities 2015	Governmental Activities 2014
Cash and investments	$ 3,234,777	$ 3,282,026
Other assets	303,904	259,697
Capital assets	1,945,715	2,088,683
Total assets	5,484,396	5,630,406
Deferred outflows of resources	677,491	
Current liabilities	38,639	14,819
Noncurrent liabilities	988,811	28,644
Total liabilities	1,027,450	43,463
Deferred inflows of resources	(80,497)	
Net position		
Invested in capital assets	1,945,715	2,088,683
Unrestricted	3,269,219	3,498,260
Total net position	$ 5,214,934	$ 5,586,943

The District's governmental net position amounted to $5,214,934 as of June 30, 2015, a decrease of $372,009 from 2014. This decrease is the Change in Net Position and the prior period adjustment reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The District's net assets as of June 30, 2015 comprised the following:

- Cash and investments of $3,234,777. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 5 of the basic financial statements.
- Receivables of $188,523 of current receivables.
- Pesticide inventory of $115,381.
- Capital assets of $1,945,715 net of depreciation charges, which includes all the District's capital assets used in governmental activities.
- Current liabilities, including accounts payable, claims and other amounts due currently, totaling $38,639. Noncurrent liabilities include compensated absences of $28,644 and net pension liability of $960,167.
- Net position invested in capital assets, net of related debt, of $1,945,715, representing the District's investment in capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The District has $3,269,219 of unrestricted net position as of June 30, 2015. This amount includes six months carryover until the District receives its first installment of tax revenues in December 2015.

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

Table 2
Changes in Governmental Net Position

	Governmental Activities 2015	Governmental Activities 2014
Expenses		
Public health	$ 1,541,784	$ 2,373,419
Total expenses	1,541,784	2,373,419
Revenues		
Program revenues:		
Charges for services	126,532	97,538
Total program revenues	126,532	97,538
General revenues:		
Taxes and assessments	2,162,511	2,055,911
Use of money	22,052	16,514
Other	12,154	6,879
Total general revenues	2,196,717	2,079,304
Total revenues	2,323,249	2,176,842
Change in net position	$ 781,465	$ (196,577)

As Table 2 above shows, $126,532, or 5%, of the District's fiscal year 2015 governmental revenue came from program revenues and $2,196,717 or 95%, came from general revenues such as taxes and interest.

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

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

Debt Administration: The District currently does not utilize long-term debt to fund operations or growth. The District (as of the 6/30/14 plan measurement date) does have a net pension liability of $960,167 (note 8, page 17).

The District continued its focus of paying down its unfunded pension liability to support its goal of effectively maintaining a net positive position. Due to the small size of the District (less than 10 employees), Napa County Mosquito Abatement District participates in a multiple employer risk pool - the CalPERS Miscellaneous Cost-Sharing Multiple Employer Defined Benefit Pension Plan. The CalPERS GASB 68 accounting valuation report (measurement date 30 June 2014) indicates the District's proportionate share of the risk pool collective net position and liability as follows:

	Increase (Decrease)		
	District Total Pension Liability (a)	**District Fiduciary Net Position (b)**	**District Net Pension Liability/(Asset) (c) = (a) – (b)**
Balance at: 6/30/2013 (VD)	**$ 5,730,208**	**$ 3,828,948**	**$ 1,901,260**
Balance at: 6/30/2014 (MD)	**$ 6,071,211**	**$ 5,111,044**	**$ 960,167**
Net Changes during 2013-14	**$ 341,003**	**$ 1,282,096**	**$ (941,093)**

It should be noted that because the measurement date was 30 June 2014, the data in the above table does not include the $570,000 contribution above the actuarially determined contribution of $130,214 that was made in December of 2014. The data also does not reflect the 2014/2015 investment returns that were approximately 2.4% (5.1% less than expected) which will result in some increased liability that will offset a portion of the additional funds contributed towards the District's overall unfunded pension liability. The District will continue to closely monitor its pension liability as well as make additional contributions in future years in an effort to achieve its goal of fully funded status. As of the 30 June 2014 measurement date the District's proportionate share of the fiduciary net position (funded status) was 84.18%.

The District also maintains a trust account with CalPERS to address its Other Post Employment Benefits (OPEB) funding requirement (also commonly referred to as GASB 45). A conservative approach has been adopted with respect to contributions and expected investment returns. Every two years the District is required to have an actuarial valuation performed to determine its liability and net position. The 2013 valuation report reflected the District's decision to adopt a moderate investment strategy (CalPERS strategy 2 - mix of stocks, bonds and cash investments with stocks comprising approximately 55% of the portfolio), a discount rate of 6% (1.06% less than the CalPERS discount rate of 7.06% for investment strategy 2), and early recognition of the implicit subsidy of retiree premiums. Even with these changes the District was able to maintain a funded status in excess of 80%.

The District has since lowered its discount rate to 5.5% (reflected in the August 2015 actuarial study) in an effort to be in line with what it believes is a more reasonable assumption concerning long-term investment returns. This has had little effect on the District's overall net liability as there has also been a change by CalPERS concerning the calculation of liability that is associated with the implicit subsidy of retiree premiums. The implicit subsidy calculation change by CalPERS has resulted in a net reduction of the District's OPEB liability and the District achieving, in conjunction with its Annual Required Contribution (ARC), funding status now in excess of 90%.

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

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

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

Contacting the District's Financial Management

This comprehensive Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the District's finances. Questions about this report should be directed to P.O Box 10053, American Canyon, CA 94503.

Napa County Mosquito Abatement District

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2015

	General Fund	Adjustments (Note 3)	Statement of Net Position
ASSETS			
Cash and investments	$ 3,234,777	$ -	$ 3,234,777
Accounts receivable	188,523	-	188,523
Inventory (pesticide storage)	115,381	-	115,381
Capital assets:			
Non-depreciable	-	142,128	142,128
Depreciable, net of accumulated depreciation	-	1,803,587	1,803,587
Total assets	$ 3,538,681	1,945,715	5,484,396
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflow or resources- pension	-	677,491	677,491
LIABILITIES			
Liabilities:			
Accrued expenses	38,639	-	38,639
Long term liabilities:			
Compensated absences due in more than one year	-	28,644	28,644
Net pension liability	-	960,167	960,167
Total liabilities	38,639	988,811	1,027,450
DEFERRED INFLOW OF RESOURCES			
Deferred inflow or resources- pension	-	(80,497)	(80,497)
FUND BALANCES / NET POSITION			
Fund balances:			
Assigned for public health	3,500,042	(3,500,042)	-
Total fund balances	3,500,042	(3,500,042)	-
Total liabilities and fund balances	$ 3,538,681		
Net Position:			
Invested in capital assets, net of related debt		1,945,715	1,945,715
Unrestricted		3,269,219	3,269,219
Total net position		$ 5,214,934	$ 5,214,934

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

Napa County Mosquito Abatement District

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2015

	General Fund	Adjustments (Note 4)	Statement of Activities
Expenditures/expenses:			
Public health	$ 2,350,111	$ (808,327)	$ 1,541,784
Total expenditures/expenses	2,350,111	(808,327)	1,541,784
Program revenues:			
Charges for services	126,532	-	126,532
Net program expense	-	-	1,415,252
General revenues:			
Property taxes	1,233,459	-	1,233,459
Benefit assessments	929,052	-	929,052
Interest	22,052	-	22,052
Other	12,154	-	12,154
Total general revenues	2,196,717	-	2,196,717
Excess (deficiency) of revenues over (under) expenditures	(26,862)	26,862	-
Changes in net position	-	781,465	781,465
Fund balance/net position at beginning of period	3,526,904	2,060,039	5,586,943
Prior period adjustment	-	(1,153,474)	(1,153,474)
Fund balance/net position at beginning of period restated	3,526,904	1,688,030	4,433,469
Fund balance/net position at end of period	$ 3,500,042	$ 1,714,892	$ 5,214,934

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

NOTE 1 - GENERAL

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

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

Government-wide Financial Statements
The statement of net position and the statement of activities include the financial activities of the overall District government.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Major Funds

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

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

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

C. Basis of Accounting

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

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

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

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

D. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Formal budgetary integration is employed as a management control device.

E. Estimates

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Property Taxes

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

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

G. Other Revenues

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

H. Capital Assets

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of $5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets, which range from 15 to 20 years for field equipment, 5 to 10 years for office equipment, and 8 to 10 years for vehicles. Depreciation expense for the year ended June 30, 2015 was $168,282.

I. Encumbrances

Encumbrance accounting is used during the fiscal year for budgetary control. Encumbrances outstanding at the fiscal year end do not constitute expenditures or liabilities, but rather, a reservation of fund balance. The District honors contracts represented by fiscal year end encumbrances and the appropriations carried over provide authority to complete these transactions in the following fiscal year. The District did not have any reserve for encumbrances at June 30, 2015.

J. Inventory

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

K. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

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

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

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Napa County Mosquito Abatement District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Net Position and Fund Balances

Government-wide Financial Statements:

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

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

Unrestricted Net Position – This amount is all remaining net position that does not meet the definition of "invested in capital assets, net of related debt" or "restricted net position."

Fund Financial Statements:

Unassigned Fund Equity – The residual classification for the government's general fund that includes all amounts not contained in other classifications.

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

NOTE 3 - RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION

Reconciling adjustments are as follows:

Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in governmental funds	$	1,945,715
Non-current portion of compensated absences		(28,644)
Deferred inflows related to pension		80,497
Deferred outflows related to pension		677,491
Net pension liability		(960,167)
Total fund balances – governmental funds		3,500,042
Net position of governmental activities	$	5,214,934

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

Reconciling adjustments are as follows:

Net change in fund balance – total governmental funds	$	(26,862)
Depreciation expense is deducted from fund balance		(168,282)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. The capital outlay expenditures are therefore added back to fund balance.		25,314
The amounts below included in the statement of activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):		
Compensated absences		-0-
Net pension liability transactions Governmental funds record pension expense as it is paid. However, in the statement of activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability.		951,295
Change in net position of governmental activities	$	781,465

NOTE 5 - CASH AND INVESTMENTS

Cash and investments at June 30, 2015 consisted of the following:

Pooled cash at Napa County	$	2,024,127
Met-life common stock		1,577
Deposit – Vector Control Joint Powers Agency		1,209,073
	$	3,234,777

NOTE 5 - CASH AND INVESTMENTS (concluded)

Authorized Investments: Under provision of the District's Investment Policy, and in accordance with Section 53601 of the California Government Code, the District may invest in the following types of investments: County of Napa cash and investment pool, Negotiable Certificates of Deposit, and Local Agency Investment Fund (State Pool) Deposits.

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

The District maintains specific cash deposits with the County and voluntarily participates in the external investment pool of the County. The County is restricted by state code in the types of investments it can make. The balance at June 30, 2015 was $2,024,127. Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134.

The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. At June 30, 2015, the District's cash with the County Treasurer is stated at fair value. However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool.

The District maintains specific cash deposits with the Vector Control Joint Powers Agency (see related Note 9). The balance at June 30, 2015 was $1,209,073.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2015, was as follows:

	Balance as of July 1, 2014	Additions	Deletions	Balance as of June 30, 2015
Capital assets, not depreciated				
Land	$ 142,128	$ -	$ -	$ 142,128
Total capital assets, not depreciated	142,128	-	-	142,128
Capital assets, being depreciated:				
Buildings	2,508,981	-	-	2,508,981
Vehicles	369,040	-	5,300	363,740
Equipment	366,662	25,313	1,243	390,732
Total capital assets, being depreciated	3,244,683	$ 25,313	$ 6,543	3,263,453
Less: accumulated depreciation	(1,298,129)			(1,459,867)
Total capital assets, being depreciated, net	1,946,554			1,803,586
Capital assets, net	$ 2,088,682			$ 1,945,714

NOTE 7 - LONG-TERM DEBT

A. Summary of Changes in Long-Term Debt

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

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Compensated absences	$ 28,644	$ -	$ -	$ 28,644	$ -
Total	$ 28,644	$ -	$ -	$ 28,644	$ -

B. Compensated Absences

Compensated absences consist of accrued vacation at June 30, 2015. The District's full-time employees accrue between 3 and 6.15 vacation hours every two weeks. The District's part-time employees accrual is pro-rated based on the number of hours worked.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

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

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

The Plan provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensations	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.5%
Required employer contribution rates	31.299%	6.5%

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plan (concluded)

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the 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, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous
Contributions – employer (includes $570,000 additional contribution)	$677,491
Contributions – employee	59,578

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 960,167

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. ***The net pension liability of the Plans is measured as of* June 30, 2014, and the total pension liability for each Plan used to calculate the net pension *liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures.*** The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous
Proportion - June 30, 2013	.058%
Proportion - June 30, 2014	.027%
Change – Increase (Decrease)	(.031)%

For the year ended June 30, 2015, the District recognized pension expense of $(273,804). At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ -	$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(10,685)
Net differences between projected and actual earnings on plan investments	-	(306,722)
Total	$ -	$ (317,407)

$-0- 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, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2015	$ (80,497)
2016	(80,497)
2017	(79,734)
2018	(76,679)
2019	-
Thereafter	-

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous(4)
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

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

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.
(4) All of the District's plans for miscellaneous employed the same assumptions.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns on all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(1)	Real Return Years 11+(2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

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

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

	Miscellaneous
1% Decrease	6.5%
Net Pension Liability	$1,765,590
Current Discount Rate	7.50%
Net Pension Liability	$960,167
1% Increase	8.50%
Net Pension Liability	$291,742

NOTE 8 - DEFINED BENEFIT PENSION PLAN (continued)

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

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

As of June 30, 2015
Last 10 Years*
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
2014

Proportion of the net pension liability	0.01543%
Proportionate share of the net pension liability	$960,167
Covered - employee payroll	$666,886
Proportionate Share of the net pension liability as percentage of covered-employee payroll	143.98%
Plan fiduciary net position as a percentage of the total pension liability	84.18%

Notes to Schedule:

Benefit changes. In 2014, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2014, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

As of June 30, 2015
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS
2014

Contractually required contribution (actuarially determined)	$	130,214
Contributions in relation to the actuarially determined contributions		(775,843)
	$	(645,629)
Contribution deficiency (excess)		-
Covered-employee payroll		$666,886
Contributions as a percentage of covered-employee payroll		116.34%

Notes to Schedule

Valuation date: 6/30/2013

NOTE 8 - DEFINED BENEFIT PENSION PLAN (concluded)

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

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	4.5%, average, including inflation of 3.0%
Investment rate of return including inflation	7.75%, net of pension plan investment expense,
Retirement age	57 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

NOTE 9 - SELF-INSURANCE

The District participates with other public entities in a joint venture under a joint powers agreement that established the Vector Control Joint Powers Agency (VCJPA). The VCJPA is a consortium of 27 mosquito abatement or vector control districts in the State of California. It was established under the provisions of California Government Code Section 6500 et. seq. The day-to-day business is handled by a risk management group employed by VCJPA.

The District is covered for the first $1,000,000 of each general liability claim and $350,000 of each workers' compensation claim through VCJPA. The District has the right to receive dividends and the obligation to pay assessments based on a formula which, among other expenses, charges the District's account for liability losses under $10,000 and workers' compensation losses under $25,000. The VCJPA participates in an excess pool that provides general liability coverage from $1,000,000 to $9,000,000. The VCJPA participates in an excess pool that provides workers' compensation coverage from $1,000,000 to $25,000,000. The District is covered for property damage from $5,000 to $500,000,000 and auto damage up to $30,000 per accident, business travel up to $150,000 and environmental damage from $5,000 to $1,000,000.

Cash deposits of $1,209,073 with the VCJPA are maintained to help offset costs of unexpected potential claims including required deductible contributions. The deposit with the VCJPA also covers the 15% deductible for earthquake insurance that the District has as a separate policy outside of the VCJPA.

NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT

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

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

The District is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

The District passed resolutions to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of the Board of Directors. These Trusts are not considered a component unit by the District and have been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan (including administrative costs), and changes in the District's Net OPEB Obligation/(Asset):

	2015	2014
Annual Required Contributions	$ 133,234	$ 61,967
Interest on Net OPEB Obligation/(Asset)	(28,401)	(28,131)
Adjustment to Annual Required Contributions	23,862	23,635
Annual OPEB cost (expense)	128,695	57,471
Contributions made	(141,675)	(67,714)
Increase in Net OPEB Obligation/(Asset)	(12,980)	(10,243)
Net OPEB Obligation/(Asset) – beginning of year	(555,432)	(545,189)
Net OPEB Obligation/(Asset) – end of year	$ (568,412)	$ (555,432)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows, based on the District's actuarial valuation as of July 1, 2013:

NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (concluded)

Fiscal Year Ended	Annual OPEB Cost	Employer OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	$ 42,494	$ 68,521	161%	$ (26,027)
6/30/12	68,746	547,954	797%	(505,485)
6/30/13	64,439	104,143	162%	(545,189)
6/30/14	57,471	67,714	118%	(555,432)
6/30/15	128,695	141,675	110%	(568,412)

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2015, was as follows:

Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability	(C) Unfunded Liability (Excess Assets) [(B)-(A)]	(D) Funded Ratio [(A)/(B)]	(E) Annual Covered Payroll	(F) UAAL as a % of Payroll {[(B)-(A)]/(E)}
7/1/09	$ 825,391	$ 622,074	$ (203,317)	132.7%	$ 685,534	0.00%
7/1/11	1,288,250	1,449,495	161,245	88.9%	617,960	26.09%
7/1/13	1,906,731	1,718,630	(188,101)	111%	680,305	0.00%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and the assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2013, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.75% percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on plan assets and an annual healthcare cost trend rate of 5% - initially 7.52% for fiscal year 2011, reduced by decrements to an ultimate rate of 5% after five years; and a 3.25% annual increase in projected payroll. The District participates in the California Employee Benefits Trust and the most recent actuarial valuation included a discount rate of 6%. The actuarial value of assets was determined based on the market value of investments. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization period is 30 years.

NOTE 11 - PRIOR PERIOD ADJUSTMENT

The prior period adjustment of $1,153,474 represents the change to the July 1, 2014 net position resulting from the GASB 68 implementation and the recording of the net pension liability.

Napa County Mosquito Abatement District

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Budget and Actual

For the Year Ended June 30, 2015

(Unaudited)

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 1,026,600	$ 1,026,600	$ 1,233,459	$ 206,859
Benefit assessments	928,931	928,931	929,052	121
Interest (VCJPA & County)	8,400	8,400	22,052	13,652
Charges for services	54,000	54,000	126,532	72,532
Other revenues	500	500	12,154	11,654
Total revenues	2,018,431	2,018,431	2,323,249	304,818
Expenditures:				
Public health	2,731,700	2,747,981	2,350,111	397,870
Total expenditures	2,731,700	2,747,981	2,350,111	397,870
Excess of revenues over (under) expenditures	$ (713,269)	$ (729,550)	(26,862)	$ 702,688
Fund balance, beginning of period			3,526,904	
Fund balance, end of period			$ 3,500,042	