

**DELANO MOSQUITO  
ABATEMENT DISTRICT**

**FINANCIAL STATEMENTS**

For The Year Ended June 30, 2024

**Delano Mosquito Abatement District**  
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**June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees of the Delano  
Mosquito Abatement District, Delano, California

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities of each major fund of the Delano Mosquito Abatement District, California, (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Delano Mosquito Abatement District, California, as of June 30, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Delano Mosquito Abatement District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the retirement plan schedules and budgetary comparison information on pages 28 and 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Delano Mosquito Abatement District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Albert & Associates, LLP*

Wasco, California  
November 7, 2024

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# Delano Mosquito Abatement District

## STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activites
<b>Assets:</b>	
Cash and Investments	\$ 1,710,564
Receivables, net	7,353
Capital Assets:	
Capital Assets, not being depreciated	673,676
Depreciable Capital Assets, net of accumulated depreciation	<u>906,395</u>
Total Assets	<u>3,297,988</u>
<b>Deferred Outflows of Resources:</b>	
Deferred Pensions	<u>758,885</u>
Total Deferred Outflows of Resources	<u>758,885</u>
<b>Liabilities:</b>	
Accounts Payable	12,184
Accrued Salaries and Benefits	36,015
Accrued Compensated Absences	133,525
Net Pension Liability	<u>1,437,686</u>
Total Liabilities	<u>1,619,410</u>
<b>Deferred Inflows of Resources:</b>	
Deferred Pensions	<u>77,818</u>
Total Deferred Inflows of Resources	<u>77,818</u>
<b>Net Position:</b>	
Net Invested in Capital Assets	1,580,071
Unrestricted	<u>779,574</u>
Net Position	<u>\$ 2,359,645</u>

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

# Delano Mosquito Abatement District

## STATEMENT OF ACTIVITIES

Year ended June 30, 2024

<u>Functions / Programs</u>	Program Revenues				Net (Expenses)
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	<u>Revenues and Changes in Net Position Governmental Activities</u>	
Governmental Activities:					
Mosquito Abatement	\$ 1,790,556	\$ -	\$ -	\$ -	\$ (1,790,556)
Total Governmental Activities	\$ 1,790,556	\$ -	\$ -	\$ -	\$ (1,790,556)
General Revenues:					
Property Tax					1,633,792
Unrestricted investment earnings					29,910
Miscellaneous					6,762
Total General Revenues					1,670,464
Changes in Net Position					(120,092)
Net Position, Beginning					2,479,737
Net Position, Ending					\$ 2,359,645

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



# Delano Mosquito Abatement District

## BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2024

	<u>General Fund</u>
<b>Assets:</b>	
Cash and Investments	\$ 1,710,564
Receivables, net	<u>7,353</u>
Total Assets	<u>\$ 1,717,917</u>
<b>Liabilities:</b>	
Accounts Payable	\$ 12,184
Accrued Salaries and Benefits	<u>36,015</u>
Total Liabilities	<u>48,199</u>
<b>Fund Balances:</b>	
Unassigned	<u>1,669,718</u>
Total Fund Balance	<u>1,669,718</u>
Total Liabilities & Fund Balance	<u>\$ 1,717,917</u>

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

**Delano Mosquito Abatement District**  
**RECONCILIATION OF THE FUND BALANCE OF GOVERNMENTAL FUNDS TO THE**  
**NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION**  
**June 30, 2024**

Fund balances of governmental funds \$ 1,669,718

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the Governmental Funds Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole.

Beginning Balance, net of depreciation	\$ 1,679,399	
Current Year Additions	892	
Current Year Deletions	-	
Current Year Depreciation	<u>(100,220)</u>	
Ending Balance, net of depreciation		1,580,071

Deferred outflows of resources for the pension plan are reported in the Statement of Net Position. 758,885

Deferred inflows of resources for the pension plan are reported in the Statement of Net Position. (77,818)

Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the Governmental Funds Balance Sheet. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Net Pension Liability	(1,437,686)	
Compensated Absences	<u>(133,525)</u>	
		<u>(1,571,211)</u>

Net Position of governmental activities \$ 2,359,645

**Delano Mosquito Abatement District**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE (DEFICIT)**  
**GOVERNMENTAL FUNDS**  
Year ended June 30, 2024

	<u>General Fund</u>
<b>Revenues:</b>	
Property Taxes	\$ 1,633,792
Interest	29,910
Other	<u>6,762</u>
Total Revenues	1,670,464
<b>Expenditures:</b>	
Current:	
Salaries and Employee Benefits	1,158,102
Services and Supplies	359,512
Capital Outlay:	
General Capital Outlay	<u>892</u>
Total Expenditures	<u>1,518,506</u>
Revenues Over (Under) Expenditures	151,958
Fund Balance - Beginning	<u>1,517,760</u>
Fund Balance - Ending	<u><u>\$ 1,669,718</u></u>

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

**Delano Mosquito Abatement District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2024**

Net change in fund balance - total governmental funds \$ 151,958

Amounts reported for governmental activities in the statement of activities  
are different because:

Government funds report capital outlay as expenditures. However,  
in the Statement of Activities, the costs of those assets is allocated  
over their estimated useful lives, and reported as depreciation expense.  
This is the amount by which net capital expenditures (\$26,172) were below  
depreciation (\$112,816) in the current period. (99,328)

The change in accrued net pension liability does not require the use  
of current financial resources and therefore is not reported as an  
expenditure in government funds. (155,489)

Long-term compensated absence expenses reported in the Statement  
of Activities do not require the use of current financial resources and  
therefore are not reported as expenditures in government funds. (17,233)

Change in net position of governmental activities \$ (120,092)

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 1 – Summary of Significant Accounting Policies

The accompanying financial statements of the Delano Mosquito Abatement District (the "District") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following summary of the District's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying basic financial statements.

#### A - Reporting Entity

The Delano Mosquito Abatement District was established on March 3, 1944, in accordance with Chapter 5 of Division 3 of the Health and Safety Code of the State of California. The District operates under a board of trustees whose members are appointed by the Board of Supervisors of each of the counties from the portion of the District lying within its jurisdiction and by the city councils of Delano and McFarland. The purpose of the District is the progressive elimination of mosquito-breeding places, to be accomplished by an educational service on control measures, performing services of temporary relief control, establishing projects of source reduction, using abatement procedure methods when necessary, and by general policy of cooperation.

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The Basic Financial Statements present information on the activities of the reporting entity, including all of the fund types and account groups of the District.

#### B - Basis of Presentation

##### 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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses have been allocated to major functions in order to present a more accurate and complete picture of the cost of services. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 1 – Summary of Significant Accounting Policies, (continued)

#### Fund Financial Statements

The accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. The government has determined that a fund is important to the financial statement user.

The major funds are as follows:

#### Governmental Funds

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The revenues of the General Fund consist mostly of property taxes.

#### Proprietary Funds

None

#### Fiduciary Fund

None

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 1 – Summary of Significant Accounting Policies, (continued)

#### C - Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

##### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

##### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenues which are susceptible to accrual include property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Charges for services and miscellaneous revenues are recorded as governmental fund type revenues when received in cash because they are not generally measurable until actually received. Grant funds and reimbursements of expenses under contractual agreements are reported in governmental fund types and are recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 1 – Summary of Significant Accounting Policies, (continued)

#### D - Assets, Liabilities, Net Position, and Other Financial Statement Items

##### Investments

The District is permitted by both Board policy and State law to invest in various authorized investments, subject to a variety of limits and controls, including State of California bonds, U.S. Government Agency securities (Treasury and other federal agencies) and other securities (bankers' acceptances, negotiable certificates of deposit, etc.). The District investment portfolio is primarily comprised of holdings in investment pools and certificates of deposit. Investments are state at fair value.

##### Property Tax

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

Assessed values are determined on an annual basis by the Kern County Assessor as of January 1. Taxes are levied annually and become a lien on real property at January 1. Taxes are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively. In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt.

##### Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 (\$5,000 for infrastructure) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10 - 40
Aircrafts	20
Equipment	5 - 7
Office Fixtures & Computers	5 - 7
Vehicles	5



# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 1 – Summary of Significant Accounting Policies, (continued)

#### Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay and of sick pay are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### Pensions

The District implemented GASB Statements No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68".

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the District recognizes a net pension liability that represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial reports provided by CalPERS. The net pension liability is measured as of the District's prior fiscal year-end. Changes in the net pension liability are recorded in the period incurred as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits as of the beginning of the measurement period and are recorded as a component of pension expense.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pension and pension expense, information about the fiduciary net position of the District's pension plan with CalPERS and additions to/deductions from the plan's 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.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period.

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 1 – Summary of Significant Accounting Policies, (continued)

#### Net Position

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

**Net Invested in Capital Assets** – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

**Restricted** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** – This category represents net position of the District, not restricted for any project or other purpose.

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

#### Fund Balance – Government Funds

Fund balances of the governmental funds are presented in the financial statements based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. Fund balances are classified as follows:

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

**Restricted** – Amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – Amounts that can be used only for specific purposes determined by a formal action by Board of Director resolution. This includes the budget reserve account.

**Assigned** – Amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the District Manager.

**Unassigned** – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the board has provided otherwise in its commitment or assignment actions.

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 1 – Summary of Significant Accounting Policies, (continued)

#### Appropriated Budget and Budgetary Control

The Board of Trustees is required to adopt an annual budget resolution by August 1 of each fiscal year for the General Fund. The budget is presented for reporting purposes on a budgetary basis consistent with accounting principles generally accepted in the United States of America.

The level of appropriated budgetary control is at the functional departmental level. The District Manager may authorize transfers of appropriations within a departmental function. Expenditures may not legally exceed total departmental appropriations. Supplemental appropriations during the year must be approved by the Board of Trustees by a majority vote. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all full-time District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets, all property and rights purchased with such amounts and all income attributable to such amounts, are held in trust for the exclusive benefit of the participants and the beneficiaries. The plan is administered by independent plan administrators through administrative service agreements. The District does not have fiduciary responsibility for the plan assets.

### Note 2 – Cash and Investments

The following is a summary of the District's cash, cash equivalents, and investments with fiscal agents at June 30, 2024:

Cash on Hand	\$	219
Demand Deposits		261,951
Investments:		
County of Kern Pool		1,239,525
California CLASS Pool		208,869
Total	\$	<u>1,710,564</u>

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 2 – Cash and Investments, (continued)

#### Deposits:

**Custodial credit risk** – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has no deposit policy for custodial credit risk. As of June 30, 2024, and other times throughout the year, the District has exposure to custodial credit risk as the demand deposit balance exceeded FDIC insurance coverage limitations.

#### Investments:

##### County of Kern Pool

The District had \$1,239,525 of cash held by the County of Kern at June 30, 2024. The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All the District's investments are measured using Level 1 inputs based on quoted market prices.

##### California CLASS Pool

The District is a participant in California CLASS Prime Pool. This pool is an investment option of the California Cooperative Liquid Asset Securities System (dba California CLASS) which is a California joint powers authority. California CLASS is managed as a stable value NAV pool but does not meet all the specific criteria of GASB 79 Paragraph 4, therefore this investment is reported at fair value.

**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. The pools mitigate this risk 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 is maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations. The remaining maturity of all pool investments is twelve months or less.

**Credit risk** – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Kern pool is not rated. The California CLASS Pool is rated AAAm by S&P Global Ratings.

**Concentration of credit risk** – This is the risk attributable to concentrating investments in any one issuer. Investments in external investment pools are excluded from the requirement. The District has no investment policy for concentration of credit risk.

**Custodial credit risk** – For an investment, this is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investments in securities through the use of pools.

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 3 – Receivables

Receivables at June 30, 2024 consist of the following:

Unapportioned Taxes	\$	7,353
Interest Receivable		-
Accounts Receivable		-
		-
Receivables, Net	\$	7,353

### Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
Capital assets, not being depreciated:					
Land	\$ 673,676	\$ -	\$ -	\$ -	\$ 673,676
Construction in Progress	-			-	-
Total capital assets, not being depreciated	673,676	-	-	-	673,676
Capital assets, being depreciated:					
Buildings and Improvements	1,155,611	-	-	-	1,155,611
Machinery and Equipment	682,912	893	-	-	683,805
Total capital assets, being depreciated	1,838,523	893	-	-	1,839,416
Less accumulated depreciation for:					
Buildings and Improvements	443,695	31,698	-	-	475,393
Machinery and Equipment	389,105	68,522	-	-	457,627
Total accumulated depreciation	832,800	100,220	-	-	933,020
Total capital assets, being depreciated, net	1,005,723	(99,327)	-	-	906,396
Governmental activities capital assets, net	\$ 1,679,399	\$ (99,327)	\$ -	\$ -	\$ 1,580,072

Depreciation charged on the Statement of Activities during the year was \$100,220.

### Note 5 – Compensated Absences

	Balance 06/30/2023	Additions	Deletions	Balance 06/30/2024	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 116,292	\$ 17,233	\$ -	\$ 133,525	\$ -
	\$ 116,292	\$ 17,233	\$ -	\$ 133,525	\$ -

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 6 – Deferred Outflows and Inflows of Resources

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

In addition to assets, the Statement of Financial 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 that applies to a future reporting period and so will not be recognized as an expense or expenditure until then. The District has one item reportable on the Governmentwide Statement of Net Position that meets this criterion, the outflows from changes in the net pension liability.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflows of resources is defined as an acquisition of net position that applies to a future reporting period and so will not be recognized as revenue until then. The District has one item reportable on the Governmentwide Statement of Net Position that meets this criterion, the inflows from changes in the net pension liability.

### Note 7 – Public Entity Risk Pools

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District managed and financed these risks by joining the Special District Risk Management Authority (Authority). The Authority is composed of California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insurance losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance and administrative services. The Authority’s pool began covering claims of its members more than 20 years ago. The Board of Directors is composed of nine members elected by the districts who are participating in the Authority.

The District did not have settled claims that exceeded the District’s commercial insurance coverage in any of the past three years.

The District’s deductibles and maximum coverage are as follows:

Coverage Description	Deductibles	Limit
General Liability	\$500 on property damage per occurrence	\$5 million per occurrence, no annual aggregate
Auto Liability	\$1,000 on property damage per occurrence	\$5 million per occurrence, no annual aggregate
Property	\$1,000 per occurrence	Replacement cost with \$1 billion per occurrence
Boiler & Machinery	\$1,000 per occurrence	Repair/Replacement cost with \$100 million limit
Public Officials Personal Liability	\$1,000 per claim	\$500,000 each occurrence / annual aggregate
Employee Dishonesty Coverage	None	\$1,000,000 per loss
Auto Comprehensive	\$500 to \$1,000 per claim	various limits

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 7 – Public Entity Risk Pools, (continued)

The District does not exercise any control over activities of the Authority beyond its representation on the Board of Directors.

Contributions are determined in advance of each membership year and members are subject to dividends and/or assessments. For the year ended June 30, 2024, no dividends have been declared, nor have any assessments been levied.

A summary of the financial information for the Authority at June 30, 2023 (most recent information available) is as follows:

Total assets	\$ 146,574,993
Total liabilities	\$ 76,343,491
Operating revenues	\$ 98,018,472
Change in net position	\$ 4,178,074

### Note 8 – Joint Powers Authority

In addition to the District's participation in the Special District Risk Management Authority, it also participates in the California Cooperative Liquid Assets Securities System (dba California CLASS) which is a joint powers authority.

Neither JPA represents a component unit of the District.

Both JPA's are governed by a board consisting of a representative of each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of influence by the member districts beyond their representation at the board.

A summary of financial information for California CLASS at March 31, 2024 is as follows:

Total assets	\$ 1,199,395,120
Total liabilities	\$ 9,373,834
Revenues	\$ 42,097,998
Change in net position	\$ 41,350,980

Each Joint Powers Authority issues separate annual Financial reports which are available at the District office.

### Note 9 – Retirement Plan

**Plan Description.** The District contributes to the Miscellaneous Plan (Plan) which is a cost sharing multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions are established by state statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through board resolution. CalPERS issues a separate comprehensive annual financial report which is publicly available and can be obtained at CalPERS' website under Forms and Publications.

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 9 – Retirement Plan, (continued)

**Benefits Provided.** CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and plan beneficiaries. The District has two Tiers of benefits. Tier I – Applicable to employees hired prior to January 1, 2013, with a formula of 2% at age 60. Tier II – Applicable to new CalPERS members hired on or after January 1, 2013, as a result of Public Employees’ Pension Reform Act of 2013 (PEPRA) with a formula of 2.0% at age 62.

As of the June 30, 2023 measurement date, the district had the following employees covered by benefit term:

	Tier I	Tier II
Active	-	7
Transferred	-	-
Seperated	2	-
Retired	10	1

**Contributions.** Active plan members are required to contribute 7% of their annual covered salary for Tier I and 6.75% for Tier II. The District makes 100% of the contributions required of District employees on their behalf and for their account for Tier I. The District is also required to contribute the actuarially determined annual required contributions necessary to fund the plans. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The average required employer contribution rate for the fiscal year 2023-24 was 10.10% (Tier I) and 7.68% (Tier II) of annual covered salary. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources.** At June 30, 2024, the District reported a liability of \$1,437,686 for its proportionate share of the net pension liability (total pension liability of \$5,553,053 less plan fiduciary net position of \$4,115,367). The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 entities, actuarially determined. At June 30, 2023, the District's proportion was 0.02875 percent, which was an increase of 0.00026 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$347,494. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 86,800	\$ -
Difference between Expected and Actual Experience	73,445	11,393
Difference between Projected and Actual Investment Earnings	232,774	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	66,425
Changes in Employer's Proportion	173,861	-
Pension Contributions Made Subsequent to Measurement Date	192,005	-
	\$ 758,885	\$ 77,818
Total		



# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 9 – Retirement Plan, (continued)

The \$192,005 of deferred outflows of resources resulting from the District’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>		
2025	\$	184,603
2026		123,161
2027		174,620
2028		6,678
2029		-
Thereafter		-
	<u>\$</u>	<u>489,062</u>

**Actuarial Methods and Assumptions.** The total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Investment Rate of Return	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table *	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

\* The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% Of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

**Change of Assumption.** None

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The long-term expected real rates of return by asset class can be found in CalPERS’ Comprehensive Annual Financial Report for the fiscal year ended June 30, 2023.

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 9 – Retirement Plan, (continued)

**Discount Rate.** The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the net pension liability calculated using a discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability/(Asset)	\$ 2,188,713	\$ 1,437,686	\$ 819,527

**Plan Fiduciary Net Position.** Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial report. The plan fiduciary net position may differ from the plan assets reported in the actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

**Amortization of Deferred Outflows and Deferred Inflows of Resources.** The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over the remaining amortization periods. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Deferred Outflows of Resources and Deferred Inflows of Resources relating to Differences Between Expected and Actual Experience and Changes of Assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARSL for PERF C for the June 30, 2023 measurement date is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of all active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**Payable to the Pension Plan.** At June 30, 2024, there is no outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2024.

# Delano Mosquito Abatement District

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2024

### Note 10 – Other Disclosures

#### **Economic Dependency**

Property taxes collected within the County of Kern and County of Tulare represent 99% of the District's revenues.

#### **Date of Management Evaluation**

Management has evaluated subsequent events through November 7, 2024, the date on which the financial statements were available to be issued.

#### **Excess of Expenditures over Appropriations**

For the year ended June 30, 2024, some expenditures exceeded appropriations. The over expenditures were funded from current tax revenue, programs & contributions.

#### **Contingencies**

The District has a contingent property tax liability for its share of tax refund claims pending against the County of Kern attributable to taxes paid by property owners but disputed. Because both the amount of the contingency and the expected outcome cannot be determined, the liability has not been provided for in the financial statements. At June 30, 2023, the latest date reported by the County, the contingent liability was \$6,953.

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**REQUIRED SUPPLEMENTARY INFORMATION**

# Delano Mosquito Abatement District

## RETIREMENT PLAN SCHEDULES

Year ended June 30, 2024

### Schedule of District's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Proportion of the Net Pension Liability/(Asset)	0.02875%	0.02849%	0.02244%	0.02178%	0.01848%
Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,437,686	\$ 1,333,265	\$ 426,015	\$ 918,906	\$ 740,187
Covered-Employee Payroll	\$ 518,385	\$ 423,857	\$ 487,463	\$ 497,397	\$ 553,510
Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	277.34%	314.56%	87.39%	184.74%	133.73%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	74.11%	74.87%	91.50%	79.92%	82.75%
Proportionate Share of Aggregate Employer Contributions	\$ 171,083	\$ 205,994	\$ 180,339	\$ 163,436	\$ 147,133
	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the Net Pension Liability/(Asset)	0.01686%	0.01537%	0.00953%	0.00623%	0.00550%
Proportionate Share of the Net Pension Liability/(Asset)	\$ 635,254	\$ 605,932	\$ 331,046	\$ 162,629	\$ 345,675
Covered-Employee Payroll	\$ 456,514	\$ 429,889	\$ 417,868	\$ 405,875	\$ 393,881
Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	139.15%	140.95%	79.22%	40.07%	87.76%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	84.81%	84.60%	86.55%	92.50%	88.48%
Proportionate Share of Aggregate Employer Contributions	\$ 135,109	\$ 125,909	\$ 113,126	\$ 106,415	\$ 71,547

### Schedule of District Contributions

	Year Ended				
	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Contractually Determined Contribution (Actuarially)	\$ 154,525	\$ 122,493	\$ 96,516	\$ 83,963	\$ 63,580
Contributions in Relation to the Actuarially Determined Contribution	(154,525)	(122,493)	(96,516)	(83,963)	(63,580)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 518,385	\$ 423,857	\$ 487,463	\$ 497,397	\$ 553,510
Contributions as a Percentage of Covered-Employee Payroll	29.81%	28.90%	19.80%	16.88%	11.49%
	Year Ended				
	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually Determined Contribution (Actuarially)	\$ 43,311	\$ 34,407	\$ 33,193	\$ 27,380	\$ 26,185
Contributions in Relation to the Actuarially Determined Contribution	(43,311)	(34,407)	(33,193)	(27,380)	(26,185)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 456,514	\$ 429,889	\$ 417,868	\$ 405,875	\$ 393,881
Contributions as a Percentage of Covered-Employee Payroll	9.49%	8.00%	7.94%	6.75%	6.65%

#### Notes to Schedules

Change in Assumptions: The discount rate was changed from 7.65% at 6/30/2016 to 7.15% at 6/30/2017 and to 6.90% at 6/30/2022 measurement dates.

**Delano Mosquito Abatement District**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE (DEFICIT), BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year ended June 30, 2024**

	General Fund		
	Original & Final Budget	Actual	Actual Over (Under) Budget
<b>Revenues:</b>			
Property Taxes	\$ 1,525,000	\$ 1,633,792	\$ 108,792
Interest	10,000	29,910	19,910
Sale of Equipment	-	6,762	6,762
Total Revenues	1,535,000	1,670,464	135,464
<b>Expenditures:</b>			
Salaries and Employee Benefits	1,265,500	1,158,102	(107,398)
Services and Supplies	483,500	359,512	(123,988)
Capital Outlay:			
General Capital Outlay	600,000	892	(599,108)
Total Expenditures	2,349,000	1,518,506	(830,494)
Revenues Over (Under) Expenditures	<u>\$ (814,000)</u>	\$ 151,958	<u>\$ 965,958</u>
Fund Balance - Beginning		<u>1,517,760</u>	
Fund Balance - Ending		<u>\$ 1,669,718</u>	

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**ADDITIONAL REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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# Albert & Associates, LLP

*Certified Public Accountants*

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

The Board of Trustees of the Delano  
Mosquito Abatement District, Delano, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Delano Mosquito Abatement District, California, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Delano Mosquito Abatement District's basic financial statements, and have issued our report thereon dated November 7, 2024.

### Report on Internal Control Over Financial Reporting

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Albert & Associates, LLP*

Wasco, California  
November 7, 2024