

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023

HARSHWAL 
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Santa Clara County Vector Control District
San Jose, California

Report on the audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Santa Clara County Vector Control District (the "District"), a component unit of the County of Santa Clara, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented each major fund of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 management's discussion and analysis on pages 4, budgetary comparison schedule - general fund, schedule of proportionate share of net pension liability, schedule of changes in net OPEB liability and related ratios, and schedule of plan contributions - pension and OPEB on pages 32 - 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 07, 2023, 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 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 the District's internal control over financial reporting and compliance.

Harskmal & Company LLP

Oakland, California
November 07, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

This section of Santa Clara County Vector Control District (the "District") annual financial report presents a management discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2023. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section:

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflow of resources of the District exceeded total liabilities and deferred inflow of resources by \$10,577,223 (net position) for the fiscal year reported. Of this amount, \$5,958,181 is a net investment in capital assets, while \$4,619,042 was restricted for general purposes.
- The District's total net position decreased by \$349,492 during the fiscal year.
- As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$10,502,300. The entire amount is restricted to be spent only for the missions that the District is committed to.
- At the end of the fiscal year, the restricted fund balance for the general fund was \$10,178,878, or 118% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflow, liabilities, and deferred inflow with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The only governmental activity of the District is health and sanitation. The District does not have any business-type activities.

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one category only, governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements - i.e., most of the District's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects.

The District does not have any proprietary and fiduciary funds.

Notes to the Basic Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The required supplementary information is presented concerning the District's budgetary comparison schedule. The District adopts an annual appropriated budget for its General Fund and Capital Project Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget and to satisfy the requirement of GASB No. 34, as amended.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental net position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$10,577,223 at the close of the most recent fiscal year.

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

NET POSITION GOVERNMENTAL ACTIVITIES				
	<u>2023</u>	<u>2022</u>	<u>Change \$</u>	<u>Change %</u>
ASSETS				
Current and other assets	\$10,725,984	\$11,531,337	\$ (805,353)	(6.98)%
Noncurrent assets	<u>5,958,181</u>	<u>6,123,847</u>	<u>(165,666)</u>	<u>(2.71)%</u>
Total assets	<u>16,684,165</u>	<u>17,655,184</u>	<u>(971,019)</u>	<u>(5.50)%</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>2,891,108</u>	<u>1,187,238</u>	<u>1,703,870</u>	<u>143.52 %</u>
LIABILITIES				
Current and other liabilities	257,440	391,077	(133,637)	(34.17)%
Noncurrent liabilities	<u>8,407,521</u>	<u>5,251,726</u>	<u>3,155,795</u>	<u>60.09 %</u>
Total liabilities	<u>8,664,961</u>	<u>5,642,803</u>	<u>3,022,158</u>	<u>53.56 %</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>333,089</u>	<u>2,272,904</u>	<u>(1,939,815)</u>	<u>(85.35)%</u>
NET POSITION				
Net investment in capital assets	5,958,181	6,123,847	(165,666)	(2.71)%
Restricted	<u>4,619,042</u>	<u>4,802,868</u>	<u>(183,826)</u>	<u>(3.83)%</u>
Total net position	<u>\$10,577,223</u>	<u>\$10,926,715</u>	<u>\$ (349,492)</u>	<u>(3.20)%</u>

Analysis of Net Position

The larger balance of the District's net position of \$5,958,181, 56% of the total net position, represents a net investment in capital assets (e.g. land, building and improvements, vehicles, and equipment). The District uses these capital assets to provide services to citizens; consequently, these are not available for future spending.

The remaining portion of the District's net position of \$4,619,042, 44% of the total net position, represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the District reported positive balances in both categories of net position.

Governmental Activities

Governmental activities decreased the District's total net position by \$349,492, thereby accounting for (3.20)% of the total decrease in net position of the District. The following table indicates the changes in net position for governmental activities:

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

**CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES**

	<u>2023</u>	<u>2022</u>	<u>Change \$</u>	<u>Change %</u>
REVENUES				
Benefit assessment	\$ 7,528,909	\$ 7,373,585	\$ 155,324	2.11 %
Interest income	236,771	74,552	162,219	217.59 %
Gain on sale of capital assets	22,234	42,984	(20,750)	(48.27)%
Intergovernmental	142,485	914,069	(771,584)	(84.41)%
Other revenues	<u>50,486</u>	<u>54,066</u>	<u>(3,580)</u>	<u>(6.62)%</u>
Total revenues	<u>7,980,885</u>	<u>8,459,256</u>	<u>(478,371)</u>	<u>(5.66)%</u>
EXPENSES				
Health and sanitation	<u>8,330,377</u>	<u>7,257,379</u>	<u>1,072,998</u>	<u>14.78 %</u>
Total expenses	<u>8,330,377</u>	<u>7,257,379</u>	<u>1,072,998</u>	<u>14.78 %</u>
Change in net position	(349,492)	1,201,877	(1,551,369)	(129.08)%
Net position - beginning of year	10,926,715	9,713,394	1,213,321	12.49 %
<i>Restatement</i>	<u>-</u>	<u>11,444</u>	<u>(11,444)</u>	<u>(100.00)%</u>
<i>Net position - beginning of year, restated</i>	<u>10,926,715</u>	<u>9,724,838</u>	<u>1,201,877</u>	<u>12.36 %</u>
Net position - end of year	<u><u>\$10,577,223</u></u>	<u><u>\$10,926,715</u></u>	<u><u>\$ (349,492)</u></u>	<u><u>(3.20)%</u></u>

Analysis of Changes in Net Position

A key element of a decrease in net position by \$349,492 was decrease in overall expenses and an increase in assessment revenues.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The general government functions are contained in the General Funds and the Capital Project. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the District's financing requirements.

As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$10,502,300, a decrease of \$673,310 in comparison with the prior year, largely due to an increase in cash and investment of the general fund. All of the combined ending fund balances constitute restricted fund balance for general purposes.

The general fund is the chief operating fund of the District. As of June 30, 2023, the restricted fund balance of the general fund was \$10,178,878, while the total fund balance reached \$10,502,300. The total fund balance of the general fund represents 118% of the total general fund expenditures of \$8,654,195.

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Revenues for governmental functions totaled \$7,958,651 in the current fiscal year, which represents a decrease of \$478,371 from the previous fiscal year. Expenditures for governmental functions totaled \$8,654,195, which represents an increase of \$453,789 from the previous fiscal year's total expenditure of \$8,200,406. In the current fiscal year, revenues for governmental functions fell short of expenditures by \$695,544.

The following table presents the revenues from various sources as well as increases or decreases from the prior year.

**REVENUES CLASSIFIED BY SOURCE
GOVERNMENTAL FUNDS**

	2023		2022		Change \$	Change %
	Amount	% of Total	Amount	% of Total		
Revenues by source						
Benefit assessment	\$7,528,909	94.34 %	\$7,373,585	87.17 %	\$ 155,324	2.11 %
Interest income	236,771	2.97 %	74,552	0.88 %	162,219	217.59 %
Proceeds from sale of capital assets	22,234	0.28 %	42,984	0.51 %	(20,750)	100.00 %
Intergovernmental revenue	142,485	1.79 %	914,069	10.81 %	(771,584)	(84.41)%
Other revenues	50,486	0.63 %	54,066	0.64 %	(3,580)	(6.62)%
Total	\$7,980,885	100.00 %	\$8,459,256	100.00 %	\$ (478,371)	(5.66)%

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual revenues were more than budgetary estimates by \$194,407. This favorable variance is mainly due to an increase in intergovernmental revenue. Actual expenditures were less than budgetary estimates by \$(1,422,667). This favorable variance is due to a decrease in salary expenditure and services and supplies.

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The District's capital assets for its governmental activities as of June 30, 2023, amounted to \$5,958,181 (net of accumulated depreciation). The capital assets include land, building and improvements, vehicles, and equipment. A decrease in the District's capital assets for the current period was \$165,666, mainly due to the net effect of capital assets, as reduced by depreciation over assets in use.

Capital assets for the governmental activities are presented below to illustrate changes from the prior year:

	<u>Governmental Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 2,352,000	\$ 2,352,000	\$ -	- %
Building and improvements	4,630,727	4,630,727	-	-
Vehicles	1,683,466	1,753,414	(69,948)	(3.99)%
Equipment	664,712	556,146	108,566	19.52 %
Total Cost	9,330,905	9,292,287	38,618	0.42 %
Less: accumulated depreciation	<u>(3,372,724)</u>	<u>(3,168,440)</u>	<u>204,284</u>	<u>6.45 %</u>
Capital assets, net	<u>\$ 5,958,181</u>	<u>\$ 6,123,847</u>	<u>\$ (165,666)</u>	<u>(2.71)%</u>

LONG TERM LIABILITIES

The District's long-term liabilities for its governmental activities as of June 30, 2023, amounted to \$8,441,277. Long-term liabilities consist of compensated absences, net pension liabilities, and net OPEB liabilities. An increase in long-term liabilities for an amount of \$3,154,201 was mainly due to an increase in net OPEB liability and net Pension liability.

Long term liabilities for the governmental activities are presented below to illustrate changes from the prior year:

	<u>Governmental Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>Change \$</u>	<u>Change %</u>
Compensated absences	\$ 392,397	\$ 456,205	\$ (63,808)	(13.99)%
Net OPEB liability	2,166,118	1,467,114	699,004	47.64 %
Net pension liability	<u>5,882,762</u>	<u>3,363,757</u>	<u>2,519,005</u>	<u>74.89 %</u>
Totals	<u>\$ 8,441,277</u>	<u>\$ 5,287,076</u>	<u>\$ 3,154,201</u>	<u>59.66 %</u>

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Mosquito, Vector and Disease Control Assessment relies on two benefit assessments to fulfill the District Service Mission "to detect and minimize vector borne disease, to abate mosquitoes, and to assist the public in resolving problems with rodents, wildlife, tick borne diseases and insects of medical significance". Several factors help to maintain the stability of the revenue stream from the benefit assessments, and thus, the consistency of the economic picture. The number of parcels added to the District's benefit assessment roll rises at less than 1 percent annually; the current assessments do not include a "sunset clause"; annual assessed amounts cannot contain a CPI U (maximum 3%) adjustment without the approval from the District Board of Trustees; and no additional assessments are being proposed. Historically, the Board has approved recommended CPI U adjustments. Revenue from the two benefit assessments totaled \$7,528,909 for FY 2023 and projected to total \$ 7,573,429 for FY 2024. The District will also be increasing the 2005 benefit assessment by 3.00% in FY 2024 to reflect changes in the CPI-U for the San Francisco region, increasing that assessment by \$0.27 per SFE. Assessment increase was approved by the Board on June 06, 2023.

The district continues to conduct sampling to detect invasive mosquito species such as *Aedes aegypti*, *Aedes albopictus*, and *Aedes notoscriptus*. Once established in the county, these three species could significantly impact mosquito control operations and impose an additional financial burden on the district. Of even greater concern is the fact that these species are known vectors for Zika, Dengue, and Chikungunya viruses, and imported cases of these diseases have occurred and will likely continue to do so in the county due to travel to and from areas where these viruses are prevalent. The district is also monitoring for resistance to commonly used pesticides to determine when rotation is necessary.

The district will be assessing new control measures and outreach programs, particularly focusing on tick control, especially for residents on the urban fringe.

The district is also intensifying its outreach efforts to better educate the public on the most effective ways to ensure their own and their families' safety. These efforts encompass school outreach programs, social media campaigns, traditional advertising, mailers, and collaborations with various groups, including City & County Parks departments, animal shelters, and veterinarians.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Santa Clara County Vector Control District,
1580 Berger Dr. San Jose,
CA 95112.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Cash and investments	\$ 10,632,197
Interest receivable	78,969
Due from other government	10,777
Other assets	4,041
Capital assets, net	<u>5,958,181</u>
Total assets	<u>16,684,165</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - pension	2,114,733
Deferred outflows of resources - OPEB	<u>776,375</u>
Total deferred outflows of resources	<u>2,891,108</u>
Total assets and deferred outflows of resources	<u>19,575,273</u>

LIABILITIES

Accounts payable	124,973
Accrued salaries and benefits	97,684
Due to other government	1,027
Compensated absences	392,397
Net OPEB liability	2,166,118
Net pension liability	<u>5,882,762</u>
Total liabilities	<u>8,664,961</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - pension	6,172
Deferred inflows of resources - OPEB	<u>326,917</u>
Total deferred inflows of resources	<u>333,089</u>
Total liabilities and deferred inflows of resources	<u>8,998,050</u>

NET POSITION

Net investment in capital assets	5,958,181
Restricted:	
General purposes	<u>4,619,042</u>
Total net position	<u>10,577,223</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 19,575,273</u>

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

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Net (Expenses) Revenues, and Changes in Net Position
Governmental Activities:		
Health and sanitation	\$ 8,330,377	\$ (8,330,377)
Total governmental activities	\$ 8,330,377	(8,330,377)
General Revenues:		
Benefit assessment		7,528,909
Interest income		236,771
Gain on sale of capital assets		22,234
Intergovernmental revenues		142,485
Other revenue		50,486
Total general revenues		7,980,885
Change in net position		(349,492)
Net position - beginning of year		10,926,715
Net position - end of year		\$ 10,577,223

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

FUND FINANCIAL STATEMENTS

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General Fund</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 10,311,298	\$ 320,899	\$ 10,632,197
Interest receivables	76,446	2,523	78,969
Due from other government	10,777	-	10,777
Other assets	4,041	-	4,041
Total assets	10,402,562	323,422	10,725,984
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	124,973	-	124,973
Accrued salaries and benefits	97,684	-	97,684
Due to other government	1,027	-	1,027
Total liabilities	223,684	-	223,684
FUND BALANCES			
Committed	10,178,878	-	10,178,878
Restricted	-	323,422	323,422
Total fund balances	10,178,878	323,422	10,502,300
Total liabilities and fund balances	\$ 10,402,562	\$ 323,422	\$ 10,725,984

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

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - total governmental funds		\$ 10,502,300
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		
Governmental capital assets, net		5,958,181
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in the governmental funds.		
Deferred outflows of resources - Pension and OPEB	2,891,108	
Deferred inflows of resources - Pension and OPEB	<u>(333,089)</u>	2,558,019
Liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds. Liabilities at year end consist of:		
Net pension liability	(5,882,762)	
Net OPEB liability	(2,166,118)	
Compensated absences	<u>(392,397)</u>	<u>(8,441,277)</u>
Net position - governmental activities		<u>\$ 10,577,223</u>

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

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Capital Project</u>	<u>Total</u>
REVENUES			
Benefit assessment	\$ 7,528,909	\$ -	\$ 7,528,909
Interest income	229,134	7,637	236,771
Intergovernmental revenue	142,485	-	142,485
Other revenue	50,486	-	50,486
Total revenues	7,951,014	7,637	7,958,651
EXPENDITURES			
Current:			
Salaries and benefits	5,115,731	-	5,115,731
Services and supplies	3,429,898	-	3,429,898
Capital outlay	108,566	-	108,566
Total expenditures	8,654,195	-	8,654,195
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(703,181)</i>	<i>7,637</i>	<i>(695,544)</i>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	22,234	-	22,234
Total other financing sources (uses)	22,234	-	22,234
Net change in fund balances	(680,947)	7,637	(673,310)
Fund balances - beginning of year	10,859,825	315,785	11,175,610
Fund balances - end of year	\$ 10,178,878	\$ 323,422	\$ 10,502,300

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

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

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

Net changes in fund balances - total governmental funds		\$ (673,310)
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay exceeds depreciation expense in the period.

Capital outlay	108,566	
Depreciation expenses	<u>(274,232)</u>	(165,666)

Expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Change in compensated absences		63,808
--------------------------------	--	--------

Governmental funds report the District's pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expenses:

Net pension incomes (expenses)	252,272	
Net OPEB incomes (expenses)	<u>173,404</u>	<u>425,676</u>

Change in net position - governmental activities		<u>\$ (349,492)</u>
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SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - ORGANIZATION

Santa Clara County Vector Control District (the "District") was organized on May 3, 1988, in conformity with the Government Code Section 25842.5, Health and Safety Code Section 2200, et seq., Health and Safety Code Section 1800, et seq., California Penal Code, Title X, and Uniform Housing Code Section 1001 (b) 12. The District provides services to prevent vector borne diseases and reduce exposure to pests, mosquitoes, rodents and insects which affect the public health and well-being. The District serves all fifteen incorporated cities and the unincorporated areas of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the District. These statements include the financial activities of the overall government. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues would include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of the programs. Revenues that are not classified as program revenues, including all kinds of taxes, are presented as general revenues. The comparison of program revenues and direct expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

Fund financial statements are organized into funds, each of which is considered to be separate accounting entities. 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. There are separate statements for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column in the proprietary fund financial statements. The District has two funds, the general fund, and capital project, both of which are categorized as governmental funds. There are no proprietary nor fiduciary funds.

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

A. Basis of Presentation - Cont'd

Governmental Funds

The District reports two governmental funds:

- General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General Fund's primary activity is health and sanitation.
- Capital Project is used to account for financial resources to be used for the acquisition or construction of major capital assets.

B. 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.

The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for governmental funds. The District has no proprietary nor fiduciary funds.

The accounting objectives of the economic resources 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. Fund equity is classified as net position.

Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred or economic assets used. Revenues, expenses, gains, losses, assets, and liabilities resulting from the exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions, where the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes. On an accrual basis, revenue from benefit assessment is recognized in the fiscal year for which the assessment is levied.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

In the current financial resources measurement focus, only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is used as a measure of available spendable financial resources at the end of the period.

Under the 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 within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related liability is incurred, except for debt expenditures (principal and interest), as well as expenditures related to compensated absences which are reported when expense is due.

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. Budgets and Budgetary Accounting

The District prepares its budget on the basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the Budgetary Comparison Schedule - General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis of accounting and GAAP is that encumbrances are recorded as expenditures under the budgetary basis.

These budgets are revised by the District's governing body during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund in the financial statements. For the year ended June 30, 2023, there was no budget overrun for General Fund.

D. Cash and Investments

Cash held in banks is insured by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions are fully insured or collateralized, except those which exceed the maximum insured levels of the FDIC.

The District maintains substantially all its cash in the Santa Clara County Treasury. The County pools these funds with those of other Departments in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are netted against interest income and proportionately shared by all funds in the pool.

E. Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$5,000 or more are recorded at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the time they are received.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation expense is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives by type of assets are as follows:

<u>Asset Class</u>	<u>Estimated useful life</u>
Buildings and improvements	5 - 50 years
Vehicles and Equipment	3 - 30 years

Maintenance and repairs are charged to operations when incurred. Betterments and significant improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts, and any resulting gain or loss is included in the results of operations.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Upon sale of capital assets, the proceeds from sale of capital assets are included in the results of operations as other financing sources.

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

F. Compensated Absences

Accumulated unpaid vacation and sick leave are recorded as a liability when future payments for such compensation absences have been earned by employees based on pay and salary rates in effect at year-end. This liability is recorded as long-term debt in the government-wide financial statement. The liability is not accrued in the governmental fund financial statement but is recognized only if it is due and payable in the event of termination.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as the County of Santa Clara reports them. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as the County of Santa Clara reports them. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Deferred Outflow/Inflows of Resources

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

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

J. Long-term Debt

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums or discounts and bond issuance cost, during the current period. The face amount of the debt issued, premiums or discounts are reported as other financing sources/uses, whereas issuance costs are reported as debt service expenditures.

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

K. Equity Classifications

In government-wide and proprietary fund financial statements, equity is classified as net position and divided into three components:

- *Net Investment in Capital Assets* - This category groups all capital assets 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 Net Position* - 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 Net Position* - This category represents the net position of the District, not restricted for any project or other purpose.

Governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

- *Nonspendable Fund Balance* - includes amounts that are (a) not in spendable forms, such as inventory, prepaid amounts, or long-term notes receivable, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity. The “not in spendable form” criterion includes items that are expected to be converted to cash. The District does not have a nonspendable fund balance.
- *Restricted Fund Balance* - constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Restriction may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* - amounts that can only be used for the specific purposes determined by formal action of the District’s highest level of decision-making authority, the Board. Commitments may be changed or lifted by the District taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* - comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. The intent is expressed by (a) the District’s Board or (b) a body (e.g., a budget or finance committee) or official to which the District’s Board has delegated the authority to assign, modify, rescind amounts to be used for specific purposes. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances. The District does not have an assigned fund balance.
- *Unassigned Fund Balance* - is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds. The District does not have an unassigned fund balance.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

L. Estimates

The preparation of basic financial statements in conformity with 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 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2023, were as follows:

	Carrying Amount	Fair Value
Cash and investments in County Treasury common pool:		
General Fund	\$ 10,311,298	\$ 10,013,320
Capital Project Fund	320,899	311,626
Total cash and investments	\$ 10,632,197	\$ 10,324,946

The District's fair value is based on their cash position as of June 30, 2023, in proportion to the entire cash held in the commingled County Pool. The fair value includes the amortization of premiums and discounts. The County's investments are registered with the SEC.

Cash in County Treasury

Funds with the County Treasurer are invested pursuant to an investment policy established by the Treasurer and approved by the Board of Trustees. The objectives of the policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses the soundness of financial institutions in which the County deposits funds, the types of investment instruments, and the percentage of the portfolio which may be invested in certain instruments, as permitted by Section 53600 et seq. of the Government Code of the State of California. The County Treasury common pool as of June 30, 2023, consisted of cash in bank, U.S. government and agency securities, corporate bonds, negotiable certificates of deposit, commercial paper, and deposits in the State's local agency investment fund. Additional information regarding the deposit and investment custodial credit, interest rate and credit risks of the County Treasury common pool can be found in the County's June 30, 2023, annual comprehensive financial report. A copy of that report may be obtained by contacting the County's Finance Agency, Controller-Treasurer Department, 70 West Hedding Street, 2nd Floor, East Wing, San Jose, CA 95110.

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - CAPITAL ASSETS

The capital asset activity for the year ended June 30, 2023, were as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,352,000	\$ -	\$ -	\$ 2,352,000
Total capital assets, not being depreciated	<u>2,352,000</u>	<u>-</u>	<u>-</u>	<u>2,352,000</u>
Capital assets being depreciated:				
Building and improvements	4,630,727	-	-	4,630,727
Vehicles	1,753,414	-	(69,948)	1,683,466
Equipment	556,146	108,566	-	664,712
Total capital assets, being depreciated	<u>6,940,287</u>	<u>108,566</u>	<u>(69,948)</u>	<u>6,978,905</u>
Less: accumulated depreciation				
Building and improvements	(1,224,515)	(96,078)	-	(1,320,593)
Vehicles	(1,387,777)	(161,944)	69,948	(1,479,773)
Equipment	(556,148)	(16,210)	-	(572,358)
Total accumulated depreciation	<u>(3,168,440)</u>	<u>(274,232)</u>	<u>69,948</u>	<u>(3,372,724)</u>
Total capital assets, being depreciated, net	<u>3,771,847</u>	<u>(165,666)</u>	<u>-</u>	<u>3,606,181</u>
Total capital assets, net	<u>\$ 6,123,847</u>	<u>\$ (165,666)</u>	<u>\$ -</u>	<u>\$ 5,958,181</u>

Depreciation expense allocated to the Health and sanitation function for the year ended June 30, 2023, was \$274,232.

NOTE 5 - LONG-TERM LIABILITIES

The following is the summary of changes in long-term liabilities for the year ended June 30, 2023:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending balance</u>	<u>Due within one year</u>	<u>Due beyond one year</u>
Net OPEB liability	\$ 1,467,114	\$ 699,004	\$ -	\$ 2,166,118	\$ -	\$ 2,166,118
Compensated absences	456,205	-	63,808	392,397	33,756	358,641
Net pension liability	<u>3,363,757</u>	<u>2,519,005</u>	<u>-</u>	<u>5,882,762</u>	<u>-</u>	<u>5,882,762</u>
Totals	<u>\$ 5,287,076</u>	<u>\$ 3,218,009</u>	<u>\$ 63,808</u>	<u>\$ 8,441,277</u>	<u>\$ 33,756</u>	<u>\$ 8,407,521</u>

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - PENSION PLANS

A. General Information about the Pension Plan

The full description of the general information about the Pension Plan (outline below) can be found in the County's June 30, 2023 annual comprehensive financial report. A copy of that report may be obtained by contacting the County's Finance Agency, Controller-Treasurer Department, 70 West Hedding Street, 2nd Floor, East Wing, San Jose, CA 95110, and may be accessed on the CalPERS website at www.calpers.ca.gov.

The following information regarding the Plan is available in County's ACFR:

- Plan Description, Benefits Provided and Employees Covered
- Contribution Description
- Actuarial Methods and Assumptions Used to Determine Total Pension Liability
- Discount Rate
- Pension Plan Fiduciary Net Position
- Sensitivity of the Net Pension Liability to Changes in the Discount Rate
- Subsequent Events and
- Recognition of Gains and Losses

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Reporting date	June 30, 2023
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022
Valuation date	June 30, 2021

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - PENSION PLANS - CONT'D

B. Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period (presented at 0.137%, which is the County of Santa Clara's calculation of the District's proportional share).

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/(Asset) (c) = (a) - (b)</u>
Balance at: June 30, 2021	\$ 17,674,014	\$ 14,622,128	\$ 3,051,886
Changes recognized for the measurement period:			
Service cost	461,622	-	461,622
Interest on the Total Pension Liability	1,263,513	-	1,263,513
Change in assumptions	574,877	-	574,877
Difference between expected and actual experience	260,728	-	260,728
Net Plan to Plan resource movement	-	96	(96)
Contributions from the employers	-	650,019	(650,019)
Contributions from employees	-	201,164	(201,164)
Net investment income	-	(1,112,306)	1,112,306
Benefit payments, including refunds of employee contributions	(857,301)	(857,301)	-
Administrative expenses	-	(9,109)	9,109
Other miscellaneous income/(expense)	-	-	-
Net changes during 2021-22	<u>1,703,439</u>	<u>(1,127,437)</u>	<u>2,830,876</u>
Balance at: June 30, 2022	<u>\$ 19,377,453</u>	<u>\$ 13,494,691</u>	<u>\$ 5,882,762</u>

C. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	<u>5.90%</u> <u>(1% Decrease)</u>	<u>6.90%</u> <u>(Current Rate)</u>	<u>7.90%</u> <u>(1% Increase)</u>
Plan's net pension liability/(assets)	<u>\$ 8,533,076</u>	<u>\$ 5,882,762</u>	<u>\$ 3,697,171</u>

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 - PENSION PLANS - CONT'D

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2022 (the measurement date), the District incurred a total pension expense (income) of \$(252,272) for the Plan.

Adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer. As of June 30, 2023, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 449,904	\$ -
Difference between expected and actual experience	268,553	6,172
Employer contribution subsequent to measurement date	692,209	-
Net difference between projected and actual earnings on pension plan investments	704,067	-
Total	\$ 2,114,733	\$ 6,172

The amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2023	\$ 343,734
2024	301,972
2025	237,664
2026	532,982
Thereafter	-
Total	\$ 1,416,352

The District's employer contributions for the year ending June 30, 2023 is \$692,209.

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Reporting date	June 30, 2023
Measurement date	June 30, 2022
Measurement period	July 01, 2021 to June 30, 2022
Valuation date	June 30, 2022

Plan Description

The County of Santa Clara (the "County") maintains a cost sharing multiple-employer defined benefit retiree healthcare plan (OPEB Plan), which covers all employees of the District. The OPEB Plan provides healthcare benefits to eligible District employees and their surviving spouses.

The District employees hired prior to August 12, 1996 are eligible for health benefits upon attaining age 50 with 5 years of service. Employees hired on or after August 12, 1996 and before June 19, 2006 are eligible upon attaining age 50 with 8 years of service. Employees hired on or after June 19, 2006 are eligible upon attaining age 50 with 10 years of service.

The County has established a 15-year retiree health benefit service requirement that applies to employees hired mostly on or after September 30, 2013.

Retirees retired prior to December 5, 1983 have their full premium cost subsidized by the District. In addition, the District subsidizes the Part B premium cost for retirees in Medicare status who are not receiving health-in-lieu benefits. For most of the retirees retired since December 5, 1983, the District contribution is limited to the cost of Kaiser under age 65 retiree only rate over the plan year. Retirees pay the difference between the District contribution and the premium rate required by the OPEB Plan.

Contributions

The District's OPEB funding policy is to contribute 100 percent or more of the actuarially determined contribution each year. Benefit payments occur in the form of direct payments for premiums and taxes (explicit subsidies) and indirect payments to retirees in the form of higher premiums for active employees (implicit subsidies). For the fiscal year ended June 30, 2023, the District's actual contributions were \$189,108.

Net OPEB Liability and actuarial assumptions

The Net OPEB liability of the District measured as of June 30, 2022, was \$2,166,118 (presented at 0.156%, which is the County of Santa Clara's calculation of the District's proportional share).

The following table shows the actuarial assumptions over the measurement period (presented at 0.156%, which is the County of Santa Clara's calculation of the District's proportional share). The District's Net OPEB liability was measured as of June 30, 2022 and the Total OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation dated June 30, 2022 that was rolled forward to determine the June 30, 2022 Total OPEB liability, based on the following actuarial methods and assumptions:

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS - CONT'D

Net OPEB Liability and actuarial assumptions - Cont'd

Actuarial Assumptions

Discount rate	6.50%
Price inflation	2.30%
Wage inflation	2.80%, assumed in projecting future growth in payroll over 25-year closed amortization period
Salary increases	Miscellaneous: 9.01% to 3.34%, varying by service, including wage inflation Safety: 15.18% to 4.27%, varying by service, including wage inflation
Investment rate of return	6.50%
Medical cost trend rate	
Non-medicare medical plan	7.25% graded down to an ultimate of 4.50% over 11 years
Medicare medical plan	6.50% graded down to an ultimate of 4.50% over 8 years
Medicare part B	4.50%

Target Assets Allocation

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation. The Target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
International Equity	49.00%	7.12%
Fixed Income	23.00%	0.72%
Real Estate	20.00%	4.22%
Treasury Inflation Protected Securities	5.00%	0.72%
Commodities	<u>3.00%</u>	3.92%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total OPEB liability was 6.50 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included.

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS - CONT'D

Discount Rate - Cont'd

Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB liability as of June 30, 2022.

Sensitivity of the Net OPEB Liability to changes in the discount rate. The following presents the Net OPEB Liability (NOL) of the District as of June 30, 2022, calculated using the discount rate of 6.50%, as well as what the District's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<u>Discount Rate-1%</u> <u>(5.50%)</u>	<u>Current Discount</u> <u>Rate (6.50%)</u>	<u>Discount Rate+1%</u> <u>(7.50%)</u>
Miscellaneous	\$ 2,531,635	\$ 1,942,623	\$ 1,463,060
Safety	291,260	223,495	168,322
Total	<u>\$ 2,822,895</u>	<u>\$ 2,166,118</u>	<u>\$ 1,631,382</u>

Sensitivity of the Net OPEB Liability to changes in the trend rate. The following presents the Net OPEB Liability of the District as of June 30, 2022, as well as what the District's Net OPEB Liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rate*</u>	<u>1% Increase</u>
Miscellaneous	\$ 1,412,323	\$ 1,942,623	\$ 2,609,799
Safety	162,485	223,495	300,253
Total	<u>\$ 1,574,808</u>	<u>\$ 2,166,118</u>	<u>\$ 2,910,052</u>

* *Current trend rates: 7.25% graded down to 4.50% over 11 years for Non-Medicare medical plan costs; 6.50% graded down to 4.50% over 8 years for Medicare medical plan costs and 4.50% for all years for Medicare Part B subsidy cost.*

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS - CONT'D

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expenses/(incomes) of \$(173,404). As of fiscal year ended June 30, 2023, the District reported deferred outflows of resources related to OPEB from the following sources:

<u>Miscellaneous plan</u>	<u>Deferred outflow of resources</u>	<u>Deferred inflow of resources</u>
Changes in proportion and differences between entity's contributions and proportionate share of contributions	\$ 36,928	\$ 4,763
Changes of assumptions or other inputs	277,439	61,299
Employer contribution subsequent to measurement date	169,596	-
Net difference between projected and actual earnings on OPEB plan investments	184,598	-
Difference between expected and actual experience in the Total OPEB Liability	<u>27,247</u>	<u>194,497</u>
Total	<u>\$ 695,808</u>	<u>\$ 260,559</u>

<u>Safety Plan</u>	<u>Deferred outflow of resources</u>	<u>Deferred inflow of resources</u>
Changes in proportion and differences between entity's contributions and proportionate share of contributions	\$ 4,764	\$ 36,928
Changes of assumptions or other inputs	31,919	7,052
Employer contribution subsequent to measurement date	19,512	-
Net difference between projected and actual earnings on OPEB plan investments	21,238	-
Difference between expected and actual experience in the Total OPEB Liability	<u>3,135</u>	<u>22,377</u>
Total	<u>\$ 80,568</u>	<u>\$ 66,357</u>

Deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized as follows:

<u>Year Ended June 30</u>	<u>Miscellaneous plan</u>	<u>Safety plan</u>
2024	\$ 11,803	\$ (6,373)
2025	31,431	(2,922)
2026	19,107	(3,954)
2027	108,605	5,056
2028	37,943	(407)
2029	41,987	2,388
2030	<u>14,777</u>	<u>911</u>
Total	<u>\$ 265,653</u>	<u>\$ (5,301)</u>

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 07, 2023, the date at which the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Resources (Inflows):				
Benefit assessment	\$ 7,112,778	\$ 7,573,429	\$ 7,528,909	\$ (44,520)
Interest income	111,097	111,097	229,134	118,037
Intergovernmental revenue	4,260	4,260	142,485	138,225
Other revenue	<u>67,821</u>	<u>67,821</u>	<u>50,486</u>	<u>(17,335)</u>
Amount available for appropriation	<u>7,295,956</u>	<u>7,756,607</u>	<u>7,951,014</u>	<u>194,407</u>
Charges to Appropriations (Outflows):				
Current:				
Salaries and benefits	5,820,110	5,820,110	5,115,731	(704,379)
Services and supplies	3,740,077	4,008,585	3,429,898	(578,687)
Capital outlay	<u>60,000</u>	<u>248,167</u>	<u>108,566</u>	<u>(139,601)</u>
Total charge to appropriations	<u>9,620,187</u>	<u>10,076,862</u>	<u>8,654,195</u>	<u>(1,422,667)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,324,231)</u>	<u>(2,320,255)</u>	<u>(703,181)</u>	<u>1,617,074</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>22,234</u>	<u>22,234</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>22,234</u>	<u>22,234</u>
Net change in fund balances	<u><u>\$ (2,324,231)</u></u>	<u><u>\$ (2,320,255)</u></u>	<u><u>\$ (680,947)</u></u>	<u><u>\$ 1,639,308</u></u>

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE LAST TEN YEARS*
JUNE 30, 2023

Fiscal year	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement period ending	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
TOTAL PENSION LIABILITY						
Service cost	\$ 461,622	\$ 455,937	\$ 460,929	\$ 423,234	\$ 424,960	\$ 482,208
Interest	1,263,513	1,313,816	1,302,928	1,254,682	1,214,801	1,376,423
Changes of assumptions	574,877	-	-	-	(168,539)	1,151,971
Differences between expected and actual experience	260,728	(12,036)	148,524	249,558	117,532	(19,152)
Benefit payments, including refunds of employee contributions	<u>(857,301)</u>	<u>(873,430)</u>	<u>(842,852)</u>	<u>(800,146)</u>	<u>(768,288)</u>	<u>(842,726)</u>
Net change in total pension liability	1,703,439	884,287	1,069,529	1,127,328	820,466	2,148,724
Total pension liability - beginning	<u>17,674,014</u>	<u>18,595,830</u>	<u>18,265,208</u>	<u>17,486,897</u>	<u>17,212,897</u>	<u>18,298,110</u>
Total pension liability - ending (a)	<u>19,377,453</u>	<u>19,480,117</u>	<u>19,334,737</u>	<u>18,614,225</u>	<u>18,033,363</u>	<u>20,446,834</u>
PLAN FIDUCIARY NET POSITION						
Contributions - employer	650,019	674,882	607,781	535,930	459,190	526,396
Contributions - employees	201,164	215,930	214,293	201,109	187,362	215,845
Net investment income	(1,112,306)	2,959,577	654,087	828,933	1,025,753	1,451,616
Benefit payments, including refunds of employee contributions	(857,301)	(873,430)	(842,852)	(800,146)	(768,288)	(842,726)
Net plan to plan resource movement	96	-	220	(48)	20	(201)
Administrative expense	(9,109)	(13,139)	(18,412)	(8,958)	(18,850)	(19,247)
Other miscellaneous income/(expense) ¹	-	-	-	29	(35,793)	-
Net change in fiduciary net position	(1,127,437)	2,963,820	615,117	756,849	849,394	1,331,683
Plan fiduciary net position - beginning ²	<u>14,622,128</u>	<u>13,152,540</u>	<u>13,060,040</u>	<u>12,552,745</u>	<u>12,095,625</u>	<u>13,036,205</u>
Plan fiduciary net position - ending (b)	<u>13,494,691</u>	<u>16,116,360</u>	<u>13,675,157</u>	<u>13,309,594</u>	<u>12,945,019</u>	<u>14,367,888</u>
Plan net pension liability/(asset) - ending (a) - (b)	<u>\$ 5,882,762</u>	<u>\$ 3,363,757</u>	<u>\$ 5,659,580</u>	<u>\$ 5,304,631</u>	<u>\$ 5,088,344</u>	<u>\$ 6,078,946</u>

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE LAST TEN YEARS*
JUNE 30, 2023

Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement period ending	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 383,459	\$ 397,932	\$ 401,638
Interest	1,233,071	1,260,548	1,191,780
Changes of assumptions	-	(309,086)	-
Differences between expected and actual experience	24,248	(26,168)	-
Benefit payments, including refunds of employee contributions	<u>(740,023)</u>	<u>(743,800)</u>	<u>(690,979)</u>
Net change in total pension liability	900,755	579,426	902,439
Total pension liability - beginning	<u>16,272,611</u>	<u>16,985,937</u>	<u>16,035,069</u>
Total pension liability - ending (a)	<u>17,173,366</u>	<u>17,565,363</u>	<u>16,937,508</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	441,602	413,251	373,013
Contributions - employees	190,781	193,685	200,145
Net investment income	64,785	293,231	1,951,233
Benefit payments, including refunds of employee contributions	(740,023)	(743,800)	(690,979)
Net plan to plan resource movement	321	(1,148)	-
Administrative expense	(7,487)	(14,942)	-
Other miscellaneous income/(expense) ¹	-	-	-
Net change in fiduciary net position	(50,021)	140,277	1,833,412
Plan fiduciary net position - beginning ²	<u>12,285,153</u>	<u>13,120,850</u>	<u>11,250,028</u>
Plan fiduciary net position - ending (b)	<u>12,235,132</u>	<u>13,261,127</u>	<u>13,083,440</u>
Plan net pension liability/(asset) - ending (a) - (b)	<u>\$ 4,938,234</u>	<u>\$ 4,304,236</u>	<u>\$ 3,854,068</u>

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE LAST TEN YEARS*
JUNE 30, 2023**

Fiscal year	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement period ending	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Plan fiduciary net position as a percentage of the total pension liability	69.64 %	82.73 %	70.73 %	71.50 %	71.78 %	70.26 %
Covered employee payroll ³	\$ 2,654,525	\$ 2,785,199	\$ 2,773,339	\$ 2,471,870	\$ 2,482,531	\$ 2,770,038
Plan net pension liability/ (asset) as a percentage of covered - employee payroll	221.61 %	120.77 %	204.07 %	214.60 %	204.97 %	219.45 %

¹During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

²Includes any beginning of year adjustment.

³Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-20; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

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

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE LAST TEN YEARS*
JUNE 30, 2023

Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement period ending	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Plan fiduciary net position as a percentage of the total pension liability	71.24 %	75.50 %	77.25 %
Covered employee payroll ³	\$ 2,428,650	\$ 2,465,809	\$ 2,361,882
Plan net pension liability/ (asset) as a percentage of covered - employee payroll	203.33 %	174.56 %	163.18 %

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF PLAN CONTRIBUTION - PENSION
FOR THE LAST TEN YEARS*
FOR THE YEAR ENDED JUNE 30, 2023**

Fiscal Year	2023	2022	2021	2020	2019	2018
Actuarially determined contribution ¹	\$ 650,019	\$ 674,882	\$ 607,781	\$ 535,930	\$ 447,994	\$ 433,225
Contribution in relation to the actuarially determined contribution ¹	<u>(650,019)</u>	<u>(674,882)</u>	<u>(607,781)</u>	<u>(535,930)</u>	<u>(447,994)</u>	<u>(433,225)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll ²	\$ 2,654,525	\$ 2,785,199	\$ 2,773,339	\$ 2,471,870	\$ 2,482,531	\$ 2,770,038
Contribution as a percentage of covered-employee payroll ²	24.49 %	24.23 %	21.92 %	21.68 %	18.05 %	15.64 %

¹Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

²Includes one year's payroll growth using 2.80 percent payroll growth assumption for fiscal years ended June 30, 2022; 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

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

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF PLAN CONTRIBUTION - PENSION
FOR THE LAST TEN YEARS*
FOR THE YEAR ENDED JUNE 30, 2023**

Fiscal Year	2017	2016	2015
Actuarially determined contribution ¹	\$ 399,717	\$ 378,216	\$ 441,602
Contribution in relation to the actuarially determined contribution ¹	<u>(399,717)</u>	<u>(378,216)</u>	<u>(441,602)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll ²	\$ 2,428,650	\$ 2,465,809	\$ 2,361,882
Contribution as a percentage of covered-employee payroll ²	16.46 %	15.34 %	18.70 %

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS*
JUNE 30, 2023

Reporting Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability						
Service cost	\$ 108,602	\$ 113,246	\$ 124,468	\$ 134,111	\$ 113,769	\$ 145,373
Interest	271,112	273,326	288,106	318,888	288,780	347,544
Change in benefit terms	28,422	-	-	-	-	-
Difference between actual and expected experience	(381)	45,235	(169,798)	(270,604)	(62,127)	(404,177)
Changes in assumption	290,579	45,953	(121,686)	37,355	75,357	(91,027)
Benefit payments, including implicit subsidies net of retiree contributions	<u>(159,203)</u>	<u>(163,266)</u>	<u>(159,787)</u>	<u>(173,886)</u>	<u>(156,887)</u>	<u>(169,439)</u>
Net change in Total OPEB liability	539,131	314,494	(38,697)	45,864	258,892	(171,726)
Total OPEB liability - beginning	<u>3,842,687</u>	<u>3,873,049</u>	<u>4,071,225</u>	<u>4,508,386</u>	<u>4,090,106</u>	<u>4,904,257</u>
Total OPEB liability - ending	<u>4,381,818</u>	<u>4,187,543</u>	<u>4,032,528</u>	<u>4,554,250</u>	<u>4,348,998</u>	<u>4,732,531</u>
Plan's fiduciary net position						
Contributions - employer	180,831	193,139	208,442	210,782	298,169	290,226
Contributions - employee	14,098	15,437	13,427	13,054	12,062	13,313
Net investment income	(341,546)	575,598	71,174	131,700	130,639	167,551
Benefit payments, including implicit subsidies net of retiree contributions	(159,203)	(163,266)	(159,787)	(173,887)	(156,887)	(169,439)
Administrative expense	(5,174)	(6,722)	(4,820)	(6,580)	(7,730)	(5,660)
Other	<u>30,300</u>	<u>50,006</u>	<u>13,587</u>	<u>49,429</u>	<u>25,730</u>	<u>40,167</u>
Net change in plan's fiduciary net position	(280,694)	664,192	142,023	224,498	301,983	336,158
Plan's Fiduciary Net Position - beginning	<u>2,496,394</u>	<u>2,056,237</u>	<u>1,998,883</u>	<u>2,011,539</u>	<u>1,638,440</u>	<u>1,559,629</u>
Plan's Fiduciary Net Position - ending	<u>\$ 2,215,700</u>	<u>\$ 2,720,429</u>	<u>\$ 2,140,906</u>	<u>\$ 2,236,037</u>	<u>\$ 1,940,423</u>	<u>\$ 1,895,787</u>
Net OPEB Liability - ending	<u>\$ 2,166,118</u>	<u>\$ 1,467,114</u>	<u>\$ 1,891,622</u>	<u>\$ 2,318,213</u>	<u>\$ 2,408,575</u>	<u>\$ 2,836,744</u>

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS*
JUNE 30, 2023

Reporting Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Plan's fiduciary net position as a percentage of the Total OPEB Liability	50.57 %	64.96 %	53.09 %	49.10 %	44.62 %	40.00 %
Covered employee payroll	\$ 3,339,404	\$ 3,794,834	\$ 3,524,488	\$ 3,618,391	\$ 3,200,647	\$ 3,512,016
Plan Net OPEB liability as percentage of covered employee payroll	64.87 %	38.66 %	53.67 %	64.07 %	75.25 %	81.00 %

** Fiscal Year 2018 was the first year of implementation, therefore only six years are shown.*

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF PLAN CONTRIBUTION - OPEB
FOR THE LAST TEN YEARS*
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Fiscal Year Ended</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution (ADC)	\$ 221,052	\$ 243,404	\$ 243,805	\$ 275,801	\$ 298,169	\$ 340,635
Contributions in relation to the ADC	<u>(220,748)</u>	<u>(252,722)</u>	<u>(231,625)</u>	<u>(275,801)</u>	<u>(298,169)</u>	<u>(340,635)</u>
Contribution deficiency (excess)	<u>\$ 304</u>	<u>\$ (9,318)</u>	<u>\$ 12,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 3,339,404	\$ 3,794,834	\$ 3,524,488	\$ 3,618,391	\$ 3,200,647	\$ 3,512,016
Contributions as a % of covered- employee payroll	6.61 %	6.66 %	6.57 %	7.62 %	9.32 %	9.69 %

** Fiscal Year 2018 was the first year of implementation, therefore only six years are shown.*

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF PLAN CONTRIBUTION - OPEB
FOR THE LAST TEN YEARS*
FOR THE YEAR ENDED JUNE 30, 2023**

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022 were from the June 30, 2020 funding valuation.

Methods and assumptions used to establish “actuarially determined contribution” rates:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Measurement date	June 30, 2020 (used for establishing the ADC for the year ended June 30, 2022)
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	30-Year Closed Amortization; level percent of payroll
Remaining amortization period	27 years as of June 30, 2020
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.00%, net of investment expenses
Price inflation	2.50%
Wage inflation	2.75%
Salary Increases	Miscellaneous: 9.75% to 3.25%, varying by service, including wage inflation Safety: 15.95% to 4.25%, varying by service, including wage inflation
Medical cost trend rates	
Non-Medicare medical plan	6.75% applied to 2020-2021 plan year premiums to calculate 2021-2022 plan year premiums, graded down 0.25% per year until the 4.50% ultimate rate is reached
Medicare medical plan	6.25% applied to 2020-2021 plan year premiums to calculate 2021-2022 plan year premiums, graded down 0.25% per year until the 4.50% ultimate rate is reached
Medicare Part B	4.50%
Other assumptions	Same as those used in the June 30, 2020 funding actuarial valuation for the OPEB Plan

SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 1 - EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

Sources/Inflows of Resources

Actual amounts (budgetary basis) "available for appropriation" from the Budgetary comparison schedule \$ 7,951,014

Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund \$ 7,951,014

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total charges to appropriations" from the Budgetary comparison schedule \$ 8,654,195

Total Expenditures as Reported on the Statement of Revenues, Expenditures, and changes in Fund Balance - Governmental Fund \$ 8,654,195

COMPLIANCE SECTION

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

To the Board of Trustees
Santa Clara County Vector Control District
San Jose, 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, each major fund of Santa Clara County Vector Control District (the "District"), a component unit of the County of Santa Clara as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 07, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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.

Harshmal & Company LLP

Oakland, California
November 07, 2023

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that a not considered to be material weakness?	None reported
Noncompliance material to the financial statements noted?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings reported in the current year.

**SANTA CLARA COUNTY VECTOR CONTROL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

There were no findings reported in the prior year that requires a status update.