

Marin/Sonoma  
Mosquito & Vector Control District  
595 Helman Lane  
Cotati, California 94931  
1-800-231-3236 (toll free) 707-285-2210 (fax)

---

## BOARD OF TRUSTEES

### BOARD MEETING AGENDA

DATE: December 11, 2019  
TIME: 7:00 PM  
LOCATION: District Headquarters  
595 Helman Lane  
Cotati, Ca 94931

*Items marked \* are enclosed attachments.  
Items marked # will be handed out at the meeting.*

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL** (*13 members must be present for a quorum*)

Bruce Ackerman, Fairfax	Ranjiv Khush, San Anselmo
Ken Blair, Windsor	Alannah Kinser, Tiburon
Gail Bloom, Larkspur	Matthew Naythons, Sausalito
Tamara Davis, Sonoma Co. at Large	Herb Rowland, Jr., Novato
Art Deicke, Santa Rosa	Paul Sagues, Ross ( <b><i>First V.P.</i></b> )
Laurie Gallian, Sonoma	Ed Schulze, Marin Co. at Large
Carol Giovanatto, Cloverdale ( <b><i>Second V.P.</i></b> )	Richard Snyder, Belvedere
Una Glass, Sebastopol	Michael Thompson, Rohnert Park
Pamela Harlem, San Rafael ( <b><i>Secretary</i></b> )	David Witt, Mill Valley
Susan Hootkins, Petaluma	Shaun McCaffery, Healdsburg ( <b><i>President</i></b> )

#### **Open Seats:**

Corte Madera, Cotati, one Marin County at Large and one Sonoma County at Large

*In accordance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Marin/Sonoma Mosquito & Vector Control District (MSMVCD) at 1-800-231-3236.*

*Translators, American Sign Language interpreters, and/or assistive listening devices for individuals with hearing disabilities will be available upon request. A minimum of 48 hours is needed to ensure the availability of translation service.*

*MSMVCD hereby certifies that this agenda has been posted in accordance with the requirements of the Government Code.*

**4. PUBLIC TIME**

*Public Time is time provided by the board so the public may make comment on any item not on the agenda.*

*The public will be given an opportunity to speak on each agenda item at the time the item is presented. Once the public comment portion of any item on this agenda has been closed by the Board, no further comment from the public will be permitted unless authorized by the Board President and if so authorized, said additional public comment shall be limited to the provision of information not previously provided to the Board or as otherwise limited by order of the Board.*

*We respectfully request that you state your name and address and provide the Board President with a Speaker Card so that you can be properly included in the consideration of the item.*

*Please limit your comments to three (3) minutes per person or twenty (20) minutes per subject in total so that all who wish to speak can be heard.*

**5. CONSENT CALENDAR**

**A. APPROVAL OF AGENDA**

**B.\* MINUTES** – Minutes for Board Meeting held on November 13, 2019.

**C.\* FINANCIAL**

Warrants – November 2019

November Payroll: \$184,255.20

November Expenditures: \$264,767.61

Total: \$449,022.81

**ACTION NEEDED**

INFORMATION ENCLOSED

**D. ENDING ACCOUNT BALANCES:**

Operating Fund: \$6,651,411.97

**6. NEW BUSINESS**

**A.\* Presentation of Fiscal Year (FY) 2018-19 Financial Audit by Vikki Rodriguez, Partner at Maze & Associates. Report from Audit Committee.**

**ACTION NEEDED**

**RECOMMENDED ACTION** by Audit Committee & staff: Receive the presentation by Ms. Rodriguez and consider a motion to accept the FY 2018-19 Audit.

INFORMATION ENCLOSED

- B.\* State Disability Insurance and Paid Family Leave Benefits Policy (Proposed Addition to District Employee Policy Manual)**  
**Staff Report:** Please see attached staff report.

INFORMATION ENCLOSED

ACTION NEEDED

Discuss the proposed State Disability Insurance and Paid Family Leave Benefits Policy. Consider a motion to

1. Approve the new State Disability Insurance and Paid Family Leave Benefits Policy and direct staff to incorporate it in the District Employee Policy Manual.
2. Repeal sections L-700 and L-1100 of the existing District Employee Policy Manual.

- C.\* Mutual Aid Agreement with other Mosquito Districts.**

**Staff Report:** In recent months, several mosquito & vector control districts (MVCDs), including San Mateo County MVCD, Monterey County Mosquito Abatement & Alameda County Mosquito Abatement Districts have recognized the potential need to assist one another by temporarily loaning experienced personnel and specialized equipment to one another during disasters and other urgent situations. Other districts have indicated their interest in becoming part of the agreement in future. This type of arrangement has been traditional for many years among police and fire departments. Given the recent encroachment of invasive species of *Aedes* mosquitoes and the increasing prevalence of wildfires, having the option to request trained personnel with equipment would provide a valuable and timely resource. The proposed agreement presented for the Board's review tonight would provide guidance regarding finances, work rules and other pertinent issues if District personnel are temporarily assigned to a requesting district, and vice versa. The agreement was reviewed and edited by counsel. Additionally, it was discussed with, and approved by, the Western Council of Engineers, which represents most of the District's employees.

ACTION NEEDED

Consider a motion to approve the Mutual Aid Agreement and authorize the Manager to sign it.

INFORMATION ENCLOSED

- D.\* Mutual Aid Agreement with other Mosquito Districts: Side Letter of Agreement with Western Council of Engineers (WCE).**

**Staff Report:** Following the WCE's concurrence with the terms and provisions of the Mutual Aid Agreement that was the subject of the foregoing item, staff prepared a side letter of agreement with WCE to memorialize the understanding between the District and WCE concerning the provisions of the mutual aid agreement. The parties intend to incorporate the provisions of this item into the successor Memorandum of Understanding.

**ACTION NEEDED**

Review the proposed side letter pertaining to the Mutual Aid Agreement. Consider a motion to authorize the Board President to execute the agreement with WCE.

INFORMATION ENCLOSED

**E.\* Revised Agreement for with Liebert Cassidy Whitmore for Negotiations and Legal Services.**

**Staff Report:** Pursuant to the Board's desire to engage Attorney Kelly Tuffo and other supporting personnel from Liebert Cassidy Whitmore (LCW) to provide Chief Negotiator services during the upcoming negotiations with the District's employees represented by the Western Council of Engineers, staff worked with LCW to prepare the attached proposed agreement. For some years, LCW has acted as employment law counsel under contract to the District. Additionally, the District, along with many other public agencies, participates in the North Bay employment law consortium operated by LCW. This consortium offers seminars and training relevant to public employment to district management and supervisory employees in addition to preferred rates.

Given the proposed addition of specialized services pertaining to the forthcoming negotiations, LCW advised the adoption of the attached revised agreement. Although, due to the nature of contract negotiations, it is not possible to forecast the final cost with any degree of precision, an amount of \$28,000 (considered to be adequate) was already allocated by the Board to the 2019-20 budget in line item 1-8180-63.

**ACTION NEEDED**

Consider a motion to approve the revised agreement with Liebert Cassidy Whitmore and authorize the Board President to sign it.

INFORMATION ENCLOSED

**F. Closed Session pursuant to California Government Code Section 54957.**

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION  
Position: District Manager. Report and recommendations by  
Executive Committee.**

**G. Reconvene to Open Session. Report from closed session (if any)**

**7. COMMITTEE & STAFF REPORTS**

**A. Executive Committee**

Report by Shaun McCaffery

**B. Nomination Committee**

Report by Ed Schulze, Chair

Nominations for Board Officer positions for 2020

**8.\* MANAGER'S REPORT**

INFORMATION ENCLOSED

**9. WRITTEN COMMUNICATIONS**

CORRESPONDENCE RECEIVED BY THE DISTRICT FROM RESIDENTS OR ANY OTHER PARTY SHALL BE READ ALOUD OR HANDED OUT TO THE BOARD

**10. OPEN TIME FOR BOARD OR STAFF COMMENTS**

**11. ADJOURNMENT**

FOR THE HEALTH AND COMFORT OF ALL, PLEASE REFRAIN FROM WEARING FRAGRANCES AND SCENTED PRODUCTS TO THIS AND ALL MOSQUITO AND VECTOR CONTROL BOARD MEETINGS.

# Marin/Sonoma Mosquito & Vector Control District

Board of Trustees  
595 Helman Lane  
Cotati, CA 94931

November 13, 2019

## MINUTES

1. **CALL TO ORDER**

President McCaffery called the meeting to order at 7:01 pm.

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

**Members present:**

Ackerman, Bruce

Blair, Ken

Davis, Tamara

Deicke, Art

Gallian, Laurie

Giovanatto, Carol

Harlem, Pamela *Arrived at 7:16*

Hootkins, Susan

Khush, Ranjiv

Rowland Jr., Herb

Schulze, Ed

Thompson, Michael

Witt, David

McCaffery, Shaun

**Members absent:**

Bloom, Gail

Glass, Una

Kinser, Alannah

Naythons, Matthew

Sagues, Paul

Snyder, Richard

**Open seats:** Corte Madera, Cotati, one Marin County at Large and one Sonoma County at Large

**Others present:**

Phil Smith, District Manager

Erik Hawk, Assistant Manager

Dawn Williams, Confidential Administrative Assistant

Janet Coleson, General Counsel

A quorum was present, and due notice had been published.

**4. PUBLIC TIME**

Ms. Deborah Tavares voiced her concern about the all-electric “Reach” building code changes currently being proposed at a nearby city. She also spoke about green energy “PACE” energy efficiency codes and climate change, noting her opinion that the weather is being used as a weapon through various means.

Mr. Lou Tavares stated that in his opinion, there is no actual shortage of water and the public is being misled. He stated that new “primary water” is continually being generated in the earth’s crust. Mr. Tavares referred to several web sites and videos that provide additional information.

**5. CONSENT CALENDAR**

**A. CHANGES TO AGENDA/APPROVAL OF AGENDA**

**B. MINUTES** – Minutes of the Board Meeting held July 10, 2019.

**C. FINANCIAL**

Warrants – July 2019

July Payroll: \$ 191,062.40

July Expenditures: \$1,176,205.33

Total: \$1,367,267.73

**D. FINANCIAL**

Warrants – August 2019

August Payroll: \$195,619.06

August Expenditures: \$653,203.06

Total: \$848,822.12

**E. FINANCIAL**

Warrants – September 2019

September Payroll: \$192,563.40

September Expenditures: \$383,879.37

Total: \$576,442.77

**F. FINANCIAL**

Warrants – October 2019

October Payroll: \$196,198.00

October Expenditures: \$335,822.88

Total: \$532,020.88

**G. 1<sup>st</sup> QUARTER FINANCIAL STATEMENT FOR FY 2019/20**

**H. ENDING ACCOUNT BALANCES:**

Operating Fund: \$7,093,460.08

Public Comment: Ms. Deborah Tavares commented on the minutes of the Board's July 10, 2019 meeting, referring to the presentation about mosquito source reduction methods and the increasing challenges to implementing such measures. Ms. Tavares spoke about constructed wetlands, low income housing and the potential for invasive species of mosquito vectoring pathogens new to the nine-county Bay Area.

*It was M/S Trustee Davis/Trustee Schulze to accept the Consent Calendar:*

*Motion passed with:*

***Ayes:** Trustee Ackerman, Trustee Blair, Trustee Davis, Trustee Deicke, Trustee Gallian, Trustee Giovanatto, Trustee Hootkins, Trustee Khush, Trustee Rowland, Trustee Schulze, Trustee Thompson, Trustee Witt and Trustee McCaffery*

***No:** (none)*

***Abstain:** (none)*

***Absent:** Trustee Bloom, Trustee Glass, Trustee Harlem, Trustee Kinser, Trustee Naythons, Trustee Sagues and Trustee Snyder*

**6. NEW BUSINESS**

**A. Presentation of Two Awards by the California Special Districts Association.**

*This item was moved to be discussed after New Business, Item B.*

**B. Presentation of the Actuarial Valuation Study of Other Post-Employment Benefits (OPEB) by Marilyn Oliver, Vice President, Bartel & Associates.**

Ms. Oliver explained the purpose of the study was to determine the funded status of the Post-Retirement Medical plan as of July 1, 2019 and to establish the actuarially determined contributions for fiscal years 2021 and 2022. Additionally, the information provided is used in the District's financial statements and is also filed with California Employees Retirement Benefit Trust (CERBT), which is the entity that holds the District's OPEB trust account.

Ms. Oliver highlighted some of the factors that contributed to the final valuation: as of July 1, 2017, the unfunded actuarial accrued liability (UAAL) was \$9.5M. However, due to the \$2.2M in gains from premium increases being lower than anticipated, and an additional \$1M due to larger trust assets than expected, the actual UAAL as of July 1, 2019 was \$6 M. The increase in net assets resulted from the District's additional contributions in excess of the Actuarially Determined Contribution (ADC). As a result, the current funded ratio now stands at 36% compared to the former ratio of 7% in July 1, 2017.

Public Comment: Ms. Deborah Tavares stated that climate change is increasing medical costs due to more people becoming ill and costs will continue to rise, so future cost savings are unlikely.



*It was M/S Trustee Davis/Trustee Gallian to accept the valuation report presented by Ms. Marilyn Oliver with Bartel & Associates:*

*Motion passed with:*

*Ayes: Trustee Ackerman, Trustee Blair, Trustee Davis, Trustee Deicke, Trustee Gallian, Trustee Giovanatto, Trustee Harlem, Trustee Hootkins, Trustee Khush, Trustee Rowland, Trustee Schulze, Trustee Thompson, Trustee Witt and Trustee McCaffery*

*No: (none)*

*Abstain: (none)*

*Absent: Trustee Bloom, Trustee Glass, Trustee Kinser, Trustee Naythons, Trustee Sagues and Trustee Snyder*

*Taken out of sequence*

**A. Presentation of Two Awards by the California Special Districts Association.**

Colleen Haley, a representative from the California Special District Association (CSDA) explained that the Special District Leadership Foundation (SDLF) is a not-for-profit foundation arm of CSDA. It is dedicated to promoting excellence in special districts through recognition programs that highlight and focus on implementation and governance best practices. The District Transparency Certificate of Excellence program was created in 2013 in an effort to promote transparency within the operations and governance of special districts.

Ms. Haley noted that the three (3) main subject areas that comprise the program include:

- **Basic Transparency Requirements:** including ensuring current ethics training certificates for all Board Members, timely submission of everyone's Form 700, as well as filing of all the required financial transactions and compensation reports with the State Controller's Office.
- **Website Requirements:** include posting all of the following: The Board's meeting schedule, the District's Mission Statement, current and previous fiscal year audits and budgets, and the complete Board roster with current terms of office.
- **Outreach Requirements:** The District was required to fulfill two of the following five options; publish a regular district newsletter, hold an annual informational workshop pertaining to the budget, conduct a salary survey for all positions, undertake a special community engagement project, or undergo a community transparency review by an outside agency. The District exceeded these minimum requirements.

Ms. Haley noted that as part of its transparency award application, the District completed a comprehensive checklist of requirements, including many items not listed above, thus demonstrating the District's commitment to being open and accessible to the public. She noted that this effort also displays

commitment to engaging the public and creating greater awareness of the District's activities.

As a precondition of receiving the District of Distinction Accreditation, the District was required to renew the Transparency Certification, first received in 2017.

Ms. Haley explained further that CSDA's District of Distinction Accreditation is designed as a way for special districts to highlight their prudent fiscal practices along with other areas of excellence that are important to the effective operation and governance of a public agency. The District of Distinction program enables districts to demonstrate to their communities, the media, legislators and other stakeholders, their commitment to operate in a sound, responsible manner and to show that they truly stand out as a District that has gone above and beyond minimum requirements. This Accreditation requires a clean financial audit for a minimum of 3 consecutive years, proof that the District has essential policies and procedures in place and that all trustees and designated staff have completed comprehensive training in governance and all laws pertaining to districts as public agencies.

On behalf of the Board and staff of SDLF, Ms. Haley then presented the District Transparency Certificate of Excellence and the District of Distinction Accreditation to the District in recognition of its commitment to good governance, transparency, ethics and sound operating practices. President Shaun McCaffrey accepted the awards on behalf of the District.

**C. Proposed Resolution No. 2019/20-01 Authorizing a Change in Authorized Signers on Bank of America Account.**

Manager Smith explained that Items C and D both pertained to the account with Bank of America (Bank) referred to in the accompanying staff reports. The two listed signers authorized to take actions on this now superfluous account are retired employees, and thus no longer authorized to administer the account. In order to accomplish the eventual goal of closing the account, action was needed to approve new authorized signers. Due to the account being dormant for a considerable time, the Bank required that the Board pass a resolution authorizing new signers. Accordingly, a draft resolution was prepared by District staff and subsequently approved by the Bank's legal department. The proposed resolution authorized two Trustees and the Manager, acting together, to administer the account.

*It was M/S Trustee Schulze/Trustee Giovanatto to adopt Resolution 2019/20-01, authorizing a Change in Authorized Signers on Bank of America Account ending in 5919:*

*Motion passed with a roll call vote:*

*Ayes: Trustee Ackerman, Trustee Blair, Trustee Davis, Trustee Deicke, Trustee Gallian, Trustee Giovanatto, Trustee Harlem, Trustee Hootkins, Trustee Khush, Trustee Rowland, Trustee Schulze, Trustee Thompson, Trustee Witt and Trustee McCaffery*

*No: (none)*

**Abstain:** (none)

**Absent:** *Trustee Bloom, Trustee Glass, Trustee Kinser, Trustee Naythons, Trustee Sagues and Trustee Snyder*

**D. Closure of one Bank of America Account.**

Manager Smith referred the Board to the bank statement provided in the packet which showed a balance of \$97,380.27 as of August 2019, the most recent statement available. He went on to note that this account was previously used for payroll tax transfers when payroll was prepared in-house. Since switching to an outside payroll vendor, that service is now provided for us and therefore there is no necessity to maintain this account. The proposed action was to close the account and transfer the funds to the District's Operating Account, also at Bank of America under the Marin County Treasury.

*It was M/S Trustee Gallian/Trustee Davis to direct staff to permanently close Bank of America account number ending in 5919 and deposit the full available balance in the District's Operating Fund at the County of Marin Treasury:*

*Motion passed with:*

**Ayes:** *Trustee Ackerman, Trustee Blair, Trustee Davis, Trustee Deicke, Trustee Gallian, Trustee Giovanatto, Trustee Harlem, Trustee Hootkins, Trustee Khush, Trustee Rowland, Trustee Schulze, Trustee Thompson, Trustee Witt and Trustee McCaffery*

**No:** (none)

**Abstain:** (none)

**Absent:** *Trustee Bloom, Trustee Glass, Trustee Kinser, Trustee Naythons, Trustee Sagues and Trustee Snyder*

**E. Monthly Billing and Treatment Operations Cost Control Billing Sheet for FY 2019-20.**

Introducing the item, Manager Smith remarked that the Cost Control Billing Sheet is presented to the Board annually for approval. Its purpose is to help staff prepare invoices for services provided by the District to other agencies such as a city, county, or the California Department of Fish & Wildlife. Several modifications were made to the billing sheet this year that affected the rates to be charged, including:

- Actuarial studies show that OPEB costs have decreased slightly and this drove a decrease in certain hourly staff rates.
- Overtime rates, which have never been charged before, were shown this year to improve cost recovery.
- The employer's pension contribution rates decreased slightly.
- A cost of living adjustment for employees became effective on July 1, 2019.

Manager Smith and Assistant Manager Hawk replied to several questions and comments from Board members.

*It was M/S Trustee Davis/Trustee Schulze to approve the Monthly Billing and Treatment Operations Cost Control Billing Sheet:*

*Motion passed with:*

*Ayes: Trustee Ackerman, Trustee Blair, Trustee Davis, Trustee Deicke, Trustee Gallian, Trustee Giovanatto, Trustee Harlem, Trustee Hootkins, Trustee Khush, Trustee Rowland, Trustee Schulze, Trustee Thompson, Trustee Witt and Trustee McCaffery*

*No: (none)*

*Abstain: (none)*

*Absent: Trustee Bloom, Trustee Glass, Trustee Kinser, Trustee Naythons, Trustee Sagues and Trustee Snyder*

**F. Proposed Reinstitution of Education Program Specialist Position.**

Manager Smith informed the Board that following a recent recruitment, Eric Engh, who currently serves as the Education Program/Insect ID Specialist, was the successful applicant for the recently created position of Environmental Biologist. Consequently, we would like to recruit for a new Education Program Specialist so that Mr. Engh can be promoted to Environmental Biologist. In 2014 Mr. Engh's job description and title were changed from Education Program Specialist to Education Program/I.D. Specialist to reflect some added responsibilities and his newly acquired academic qualifications.

As part of that action, the Education Program Specialist classification was eliminated, so the proposed action now before the Board was to reinstate this position and its applicable salary scale. Manager Smith also noted that staff had conferred with the Western Council of Engineers (WCE), who concurred with the proposed job classification and salary scale. In conclusion, it was noted that adequate funding for this proposal was contained in the current fiscal year's budget.

Public Time: Ms. Deborah Tavares expressed her dislike of the District's radio advertisement that focuses on tick bite prevention.

*It was M/S by Trustee Davis/Trustee Gallian to reinstate the position of Education Program Specialist, approve the proposed job description with one change proposed by Trustee Davis, removing the specified hours in the job description, replacing them with the phrase "full-time" and approve the annual salary scale:*

*Motion passed with:*

*Ayes: Trustee Ackerman, Trustee Bloom, Trustee Davis, Trustee Gallian, Trustee Giovanatto, Trustee Harlem, Trustee Hootkins, Trustee Khush, Trustee Kinser, Trustee Naythons, Trustee Rowland, Trustee Sagues, Trustee Schulze, Trustee Snyder, Trustee Thompson and Trustee McCaffery*

*No: (none)*

*Abstain: (none)*

*Absent: Trustee Blair, Trustee Deicke, Trustee Glass and Trustee Witt*

**G. Closed Session pursuant to California Government Code Section 54957.6 (a):**

**CONFERENCE WITH LABOR NEGOTIATORS**

District Representatives: Philip Smith, District Manager  
Erik Hawk, Assistant Manager

Employee Organization: Western Council of Engineers

**H. Reconvene to Open Session. Report from closed session (if any)**

*Closed Session & Reconvene to Open Session was moved to be discussed after Manager's Report, Item 8.*

**7. COMMITTEE & STAFF REPORTS**

**A. Audit Committee**

**B. Budget Committee**

*Committee and Staff Reports was moved to be discussed after New Business, Closed Session, Item 6 G & H.*

**8. MANAGER'S REPORT**

Manager Smith and Assistant Manager Hawk verbally expanded on their written reports. *(Manager and Assistant Manger's reports were included in the November Board packet)*

*Taken out of sequence*

**G. Closed Session pursuant to California Government Code Section 54957.6 (a):**

**CONFERENCE WITH LABOR NEGOTIATORS**

District Representatives: Philip Smith, District Manager  
Erik Hawk, Assistant Manager

Employee Organization: Western Council of Engineers

- H. Reconvene to Open Session. Report from closed session (if any)**  
President McCaffery stated that direction was given to staff.

*Taken out of sequence*

**7. COMMITTEE & STAFF REPORTS**

**A. Audit Committee**

Trustee Gallian explained that the committee met with Auditor Vikki Rodriguez of Maze and Associates, Financial Manager Jennifer Crayne and staff in September to review the audit process to that date. The decision was made that Maze will present the Fiscal Year 2018-19 Audit at the December meeting for the Board's review.

**B. Budget Committee**

Chair McCaffery stated that the committee had reviewed the cost control billing sheet that was approved by the Board earlier in the evening. He also noted that there was discussion regarding how financial data are reported in the Board's agenda packets. He went on to note that Financial Manager Crayne and Manager Smith are generating some new ideas and preparing sample reporting formats. Finally, he noted that a mid-year budget amendment is in the planning stages.

**9. WRITTEN COMMUNICATIONS**

President McCaffery informed the board of First-Vice President Paul Sagues' recent resignation, expressing regret at his departure and noting with appreciation his dedicated service to the District.

**10. OPEN TIME FOR BOARD OR STAFF COMMENTS**

Trustee Gallian expressed her gratitude to staff for showing up to work during the difficult times with the recent wildfires and power shutoffs.

Trustee Davis remarked how important it is to look into a system for providing back up electricity during the power outages that seem likely to become the norm. Manager Smith explained that staff are looking into a cost-effective way to deal with these situations because a recent bid received to provide backup electrical generation was deemed to be prohibitively expensive. Trustee Gallian added that a lot of municipalities are putting a request together for emergency preparedness equipment. There might be funding coming down from the state, so it is worth keeping up on this possibility.

Trustee Rowland acknowledged Manager Smith for his efforts in helping the District obtain the CSDA District of Distinction Accreditation and renew the Transparency Certificate. Manager Smith replied that the credit was principally due to the hard work of the Board and other members of staff.

Trustee Ackerman recommended looking into a battery system to work with the solar panels to maintain the power at the District. He noted that the Town of Fairfax is investigating the feasibility of a similar project.

Trustee Deicke recognized the efforts of staff in applying for the funding through the PG&E bankruptcy settlement.

**11. ADJOURNMENT**

There being no further business to come before the Board, President McCaffery adjourned the meeting tonight at 9:07 pm in remembrance of former District Manager James Wanderscheid who was held in high regard by many at the District.

\_\_\_\_\_  
*District Representative*  
MSMVCD

\_\_\_\_\_  
*Date of Approval*

\_\_\_\_\_  
*Trustee*  
MSMVCD Board of Trustees

\_\_\_\_\_  
*Date of Approval*

Marin/Sonoma Mosquito & Vector Control District  
 Fulltime Payroll  
 Pay Period 11/1-11/15/19

Check Type	Check Date	Employee Id	Employee Name	Net Amount	Dir Dep
Regular	11/15/2019	114	Crayne, Jennifer M	2,970.51	2,970.51
Regular	11/15/2019	87	Smith, Philip D	5,508.06	5,508.06
Regular	11/15/2019	81	Williams, Dawn A	1,972.45	1,972.45
Regular	11/15/2019	60	Brooks, Sarah M	2,971.70	2,971.70
Regular	11/15/2019	64	Holt, Kristen A	2,942.05	2,942.05
Regular	11/15/2019	118	Liebman, Kelly A	2,979.84	2,979.84
Regular	11/15/2019	62	Beardsley, Kevin G	2,021.63	2,021.63
Regular	11/15/2019	86	Beck, David G	2,683.89	2,683.89
Regular	11/15/2019	26	Cole, Michael S	2,983.44	2,983.44
Regular	11/15/2019	55	Hawk, Erik T	3,998.24	3,998.24
Regular	11/15/2019	48	Leslie, Daniel W	2,975.63	2,975.63
Regular	11/15/2019	74	Miller, Steven L	2,529.50	2,529.50
Regular	11/15/2019	63	Mohrman Jr, John C	2,678.30	2,678.30
Regular	11/15/2019	52	Morton, Robert D	2,602.60	2,602.60
Regular	11/15/2019	61	Nadale, Marc A	2,605.16	2,605.16
Regular	11/15/2019	96	Newman, Jared K	2,263.30	2,263.30
Regular	11/15/2019	34	Ohlinger, Bruce R	2,120.34	2,120.34
Regular	11/15/2019	58	Petersen, Jeffery R	2,704.91	2,704.91
Regular	11/15/2019	93	Peterson, Kasey L	2,235.66	2,235.66
Regular	11/15/2019	67	Picinich, Nick A	2,201.41	2,201.41
Regular	11/15/2019	40	Reed, Nathen C	3,091.11	3,091.11
Regular	11/15/2019	53	Russo Jr, Anthony J	2,775.39	2,775.39
Regular	11/15/2019	45	Sequeira, Jason A	3,046.89	3,046.89
Regular	11/15/2019	106	Smith, James L	2,444.53	2,444.53
Regular	11/15/2019	68	Tescallo, Joseph A	1,591.69	1,591.69
Regular	11/15/2019	56	Thomas-Nett, Teresa A	2,394.98	2,394.98
Regular	11/15/2019	120	Tyner, Keith W	2,630.62	2,630.62
Regular	11/15/2019	54	Wells, Michael L	2,608.74	2,608.74
Regular	11/15/2019	28	Delucchi, Steven A	3,772.18	3,772.18
Regular	11/15/2019	104	McGovern, Robert A	3,003.72	3,003.72
Regular	11/15/2019	76	Engh, Eric S	2,695.44	2,695.44
Regular	11/15/2019	37	Sequeira, Nizza N	2,994.79	2,994.79

<b>Totals for Summary</b>	<b>32 Items</b>			<b>88,998.70</b>	<b>88,998.70</b>
---------------------------	-----------------	--	--	------------------	------------------

Totals	Check Type	Count	Net Amount	Dir Dep
	Regular	32	88,998.70	88,998.70

**Report Totals**

Check Type	Count	Net Amount	Dir Dep
Regular	32	88,998.70	88,998.70
<b>Totals</b>	<b>32</b>	<b>88,998.70</b>	<b>88,998.70</b>



Marin/Sonoma Mosquito & Vector Control District  
 Seasonal Payroll  
 Date Range: 10/18-11/1/19  
 Paydate: 11/15/19

Check Type	Check Date	Employee Id	Employee Name	Net Amount	Dir Dep	Net Check
Regular	11/15/2019	113	Nunez, Monica A	1,363.08	1,363.08	
Regular	11/15/2019	115	Ball, Bradley A	733.43	733.43	
Regular	11/15/2019	119	Richtik, Raymond M	745.42	745.42	
<b>Totals for Payroll Checks</b>	<b>3 Items</b>			<b>2,841.93</b>	<b>2,841.93</b>	<b>0.00</b>

**Summary**

Totals for Account 701320459	Check Type	Count	Net	Dir Dep	Net Check
	Regular	3	2,841.93	2,841.93	0.00
	<b>Totals</b>	<b>3</b>	<b>2,841.93</b>	<b>2,841.93</b>	<b>0.00</b>

**Report Totals**

Check Type	Count	Net	Dir Dep	Net Check
Regular	3	2,841.93	2,841.93	0.00
<b>Totals</b>	<b>3</b>	<b>2,841.93</b>	<b>2,841.93</b>	<b>0.00</b>

Marin/Sonoma Mosquito & Vector Control District  
Fulltime Payroll  
Pay Period 11/16-11/30/19

Check/Voucher	Check Type	Check Date	Employee Id	Employee Name	Net Amount	Dir Dep
125	Regular	11/29/2019	114	Crayne, Jennifer M	2,970.51	2,970.51
126	Regular	11/29/2019	83	Delsid, Paula A	782.84	782.84
127	Regular	11/29/2019	87	Smith, Philip D	5,508.06	5,508.06
128	Regular	11/29/2019	81	Williams, Dawn A	1,972.45	1,972.45
129	Regular	11/29/2019	60	Brooks, Sarah M	2,971.70	2,971.70
130	Regular	11/29/2019	64	Holt, Kristen A	2,942.05	2,942.05
131	Regular	11/29/2019	118	Liebman, Kelly A	2,979.84	2,979.84
132	Regular	11/29/2019	62	Beardsley, Kevin G	2,021.63	2,021.63
133	Regular	11/29/2019	86	Beck, David G	2,683.89	2,683.89
134	Regular	11/29/2019	26	Cole, Michael S	2,983.44	2,983.44
135	Regular	11/29/2019	55	Hawk, Erik T	3,998.24	3,998.24
136	Regular	11/29/2019	48	Leslie, Daniel W	2,975.63	2,975.63
137	Regular	11/29/2019	74	Miller, Steven L	2,529.50	2,529.50
138	Regular	11/29/2019	63	Mohrman Jr, John C	2,678.30	2,678.30
139	Regular	11/29/2019	52	Morton, Robert D	3,200.92	3,200.92
140	Regular	11/29/2019	61	Nadale, Marc A	2,605.16	2,605.16
141	Regular	11/29/2019	96	Newman, Jared K	2,923.31	2,923.31
142	Regular	11/29/2019	34	Ohlinger, Bruce R	2,120.34	2,120.34
143	Regular	11/29/2019	58	Petersen, Jeffery R	2,704.91	2,704.91
144	Regular	11/29/2019	93	Peterson, Kasey L	2,235.66	2,235.66
145	Regular	11/29/2019	67	Picinich, Nick A	2,201.41	2,201.41
146	Regular	11/29/2019	40	Reed, Nathen C	3,091.11	3,091.11
147	Regular	11/29/2019	53	Russo Jr, Anthony J	2,775.39	2,775.39
148	Regular	11/29/2019	45	Sequeira, Jason A	3,046.89	3,046.89
149	Regular	11/29/2019	106	Smith, James L	2,444.53	2,444.53
150	Regular	11/29/2019	68	Tescalco, Joseph A	1,591.69	1,591.69
151	Regular	11/29/2019	56	Thomas-Nett, Teresa A	2,394.98	2,394.98
152	Regular	11/29/2019	120	Tyner, Keith W	2,630.62	2,630.62
153	Regular	11/29/2019	54	Wells, Michael L	2,608.74	2,608.74
154	Regular	11/29/2019	28	Delucchi, Steven A	3,816.78	3,816.78
155	Regular	11/29/2019	104	McGovern, Robert A	3,003.72	3,003.72
156	Regular	11/29/2019	76	Eng, Eric S	2,695.44	2,695.44
157	Regular	11/29/2019	37	Sequeira, Nizza N	2,994.79	2,994.79
<b>Totals for Payroll Checks</b>		<b>33 Items</b>			<b>91,084.47</b>	<b>91,084.47</b>

**Summary**

<b>Totals for Payroll Checks</b>	Check Type	Count	Net Amount	Dir Dep
	Regular	33	91,084.47	91,084.47
	<b>Totals</b>	<b>33</b>	<b>91,084.47</b>	<b>91,084.47</b>

**Report Totals**

Check Type	Count	Net Amount	Dir Dep
Regular	33	91,084.47	91,084.47
<b>Totals</b>	<b>33</b>	<b>91,084.47</b>	<b>91,084.47</b>

Marin/Sonoma Mosquito & Vector Control District  
 Seasonal Payroll Date Range 11/05/19-11/18/19  
 Pay Date 11/29/19

Check/Voucher	Check Type	Check Date	Employee Id	Employee Name	Net Amount	Dir Dep
162	Regular	11/29/2019	113	Nunez, Monica A	1,330.10	1,330.10
<b>Totals for Payroll Checks</b>		<b>1 Items</b>			<b>1,330.10</b>	<b>1,330.10</b>

**Summary**

Totals for Payroll	Check Type	Count	Net Amount	Dir Dep
	Regular	1	1,330.10	1,330.10
	<b>Totals</b>	<b>1</b>	<b>1,330.10</b>	<b>1,330.10</b>

**Report Totals**

Check Type	Count	Net Amount	Dir Dep
Regular	1	1,330.10	1,330.10
<b>Totals</b>	<b>1</b>	<b>1,330.10</b>	<b>1,330.10</b>

Account	Date	Amount
H 7487	11/06/2019	5,000.00
H 7487	11/06/2019	1,152.34
H 7487	11/06/2019	10,385.00
H 7487	11/06/2019	208.79
H 7487	11/06/2019	359.70
H 7487	11/06/2019	3,492.00
H 7487	11/06/2019	1,904.49
H 7487	11/06/2019	119.63
H 7487	11/06/2019	1,770.38
H 7487	11/06/2019	3,439.16
H 7487	11/06/2019	84.19
H 7487	11/06/2019	182.84
H 7487	11/06/2019	113.90
H 7487	11/06/2019	175.89
H 7487	11/06/2019	14.34
H 7487	11/06/2019	156.00
H 7487	11/06/2019	3,024.00
H 7487	11/06/2019	36.45
H 7487	11/06/2019	12.27
H 7487	11/06/2019	4,554.74
H 7487	11/06/2019	1,452.25
H 7487	11/06/2019	11,625.95
H 7487	11/06/2019	1,106.42
H 7487	11/06/2019	1,500.00
H 7487	11/06/2019	101.78
H 7487	11/06/2019	195.55
H 7487	11/06/2019	103.00
H 7487	11/06/2019	4,666.47
H 7487	11/06/2019	2,011.67
H 7487	11/06/2019	1,012.52
H 7487	11/06/2019	746.22
H 7487	11/06/2019	29.75
H 7487	11/06/2019	424.65
H 7487	11/06/2019	1,800.91
H 7487	11/06/2019	891.33
Total		63,854.58
Count		35

Check	Description
806453985	ALDRICH NETWORK CONSULTING
806453986	ALDRICH NETWORK CONSULTING
806453987	ALPINE HELICOPTER SERVICE INC
806453988	AT & T
806453989	BRODIE'S TIRE & BRAKE INC.
806453990	CALPERS 457 PLAN
806453991	CINTAS CORPORATION
806453992	CLARKE MOSQUITO CONTROL PRODUCTS, I
806453993	COMPLETE WELDERS SUPPLY, INC.
806453994	DELTA DENTAL OF CALIFORNIA
806453995	FISHER SCIENTIFIC
806453996	THE HARTFORD
806453997	HOME DEPOT CREDIT SERVICES
806453998	INTERSTATE BATTERY SYSTEM
806453999	LARSENGINES
806454000	DAN LESLIE
806454001	LIEBERT CASSIDY WHITMORE
806454002	LOWE'S BUSINESS ACCOUNT
806454003	MATHESON TRI-GAS, INC.
806454004	NATIONWIDE TRUST COMPANY, FSB
806454005	NORTH BAY COMMERCIAL SERVICES INC.
806454006	NORTH BAY PETROLEUM
806454007	PETALUMA MINUTEMAN PRESS
806454008	CYNTHIA RIHA
806454009	SACRAMENTO BEEKEEPING & HONEY
806454010	SANTA ROSA AUTO PARTS
806454011	SONOMA MEDIA INVESTMENTS, LLC
806454012	SPARK CREATIVE DESIGN
806454013	STROUPE PETROLEUM MAINTENANCE, INC.
806454014	TASC
806454015	TEAMSTERS LOCAL UNION NO. 856 HEALT
806454016	UPS
806454017	US BANK
806454018	VERIZON WIRELESS
806454019	VISION SERVICE PLAN (CA)

A/P 11.06.19

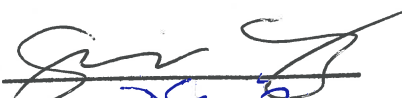

During the signing of these checks  
all supporting documents were provided

Signature: Lamara Davis  
Signature: [Handwritten Signature]

Account	Date	Amount	Check	Description
H 7487	11/22/2019	1,183.20	806454020	AFLAC
H 7487	11/22/2019	864.21	806454021	ARGO ADVENTURE/LIEWER
H 7487	11/22/2019	32.65	806454022	AT & T
H 7487	11/22/2019	1,170.00	806454023	BAY AREA REGIONAL TRAINING FUND
H 7487	11/22/2019	936.00	806454024	BEST BEST & KRIEGER, LLC.
H 7487	11/22/2019	314.75	806454025	BRODIE'S TIRE & BRAKE INC.
H 7487	11/22/2019	3,492.00	806454026	CALPERS 457 PLAN
H 7487	11/22/2019	2,277.70	806454027	CITY OF COTATI
H 7487	11/22/2019	1,323.00	806454028	CMI, A SOLUTIONS II COMPANY
H 7487	11/22/2019	153.42	806454029	COMCAST BUSINESS
H 7487	11/22/2019	700.98	806454030	COMMON SENSE BUSINESS SOLUTIONS, IN
H 7487	11/22/2019	53.37	806454031	DISH
H 7487	11/22/2019	343.05	806454032	GREAT AMERICA FINANCIAL SERVICES
H 7487	11/22/2019	785.00	806454033	JBL SOLAR ENERGY
H 7487	11/22/2019	50,161.98	806454034	KAISER FOUNDATION HEALTH PLAN
H 7487	11/22/2019	117,203.61	806454035	MARIN COUNTY EMPLOYEES RETIREMENT A
H 7487	11/22/2019	50.00	806454036	MARIN INDEPENDENT JOURNAL
H 7487	11/22/2019	1,007.09	806454037	MITEL
H 7487	11/22/2019	593.89	806454038	MTM RECOGNITION
H 7487	11/22/2019	4,554.74	806454039	NATIONWIDE TRUST COMPANY, FSB
H 7487	11/22/2019	94.34	806454040	OFFICE DEPOT BUSINESS CREDIT
H 7487	11/22/2019	504.25	806454041	P.G. & E.
H 7487	11/22/2019	1,515.56	806454042	P.G. & E.
H 7487	11/22/2019	1,525.00	806454043	PATRICK VON ELM
H 7487	11/22/2019	223.47	806454044	RECOLOGY SONOMA MARIN
H 7487	11/22/2019	113.53	806454045	RELIABLE HARDWARE AND STEEL CO.
H 7487	11/22/2019	1,095.00	806454046	RICHARD A. SANCHEZ
H 7487	11/22/2019	834.29	806454047	SANTA ROSA AUTO PARTS
H 7487	11/22/2019	2,625.00	806454048	STATE WATER RESOURCES CONTROL BOARD
H 7487	11/22/2019	1,012.52	806454049	TASC
H 7487	11/22/2019	3,398.43	806454050	US BANK
H 7487	11/22/2019	771.00	806454051	VANTAGEPOINT TRANSFER AGENTS-803673
Total		200,913.03		
Count		32		

A/P 11.22.19

During the signing of these checks  
all supporting documents were provided.

Signature:   
Signature: 

## MEMORANDUM ON INTERNAL CONTROL

Board of Trustees  
Marin/Sonoma Mosquito and Vector Control District  
Cotati, California

In planning and performing our audit of the basic financial statements of the Marin/Sonoma Mosquito and Vector Control District as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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 may exist that have not been identified.

This communication is intended solely for the information and use of management, Board of Trustees, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Pleasant Hill, California  
December 3, 2019

**MARIN/SONOMA MOSQUITO AND  
VECTOR CONTROL DISTRICT  
REQUIRED COMMUNICATIONS  
FOR THE YEAR ENDED JUNE 30, 2019**

This Page Left Intentionally Blank



**MARIN/SONOMA MOSQUITO AND  
VECTOR CONTROL DISTRICT**

**REQUIRED COMMUNICATIONS**

**For the Year Ended June 30, 2019**

**Table of Contents**

	<b><u>Page</u></b>
<b><i>Required Communications</i></b> .....	1
Significant Audit Findings .....	1
Accounting Policies.....	1
Unusual Transactions, Controversial or Emerging Areas .....	1
Accounting Estimates .....	1
Disclosures .....	2
Difficulties Encountered in Performing the Audit .....	2
Corrected and Uncorrected Misstatements.....	2
Disagreements with Management .....	2
Management Representations.....	3
Management Consultations with Other Independent Accountants .....	3
Other Audit Findings or Issues.....	3
Other Information Accompanying the Financial Statements .....	3

This Page Left Intentionally Blank

## REQUIRED COMMUNICATIONS

To the Board of Trustees  
Marin/Sonoma Mosquito and Vector Control District  
Cotati, California

We have audited the basic financial statements of the Marin/Sonoma Mosquito and Vector Control District (District) for the year ended June 30, 2019. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

### Significant Audit Findings

#### *Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

The following pronouncements became effective, but did not have any effect on the financial statements:

**GASB 83 - Certain Asset Retirement Obligations**

**GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements**

#### *Unusual Transactions, Controversial or Emerging Areas*

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

#### *Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the District's financial statements were:

*Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 6 to the financial statements and are based on actuarial studies provided by MCERA. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimated Net OPEB Liabilities and OPEB-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net OPEB liabilities and deferred outflows/inflows of resources are disclosed in Note 7 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimated Fair Value of Investments:* As of June 30, 2019, the District held approximately \$15 million of cash and investments as measured by fair value as disclosed in Note 3 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2019. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2019.

*Estimate of Depreciation:* Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 4 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimate of Compensated Absences:* Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 2F to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### ***Disclosures***

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Trustees.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in a management representation letter dated December 3, 2019.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Information Accompanying the Financial Statements**

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information, which accompanies the financial statements but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\*\*\*\*\*

This information is intended solely for the use of the Audit Committee, Board of Trustees and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Pleasant Hill, California  
December 3, 2019

This Page Left Intentionally Blank

**MARIN/SONOMA MOSQUITO AND  
VECTOR CONTROL DISTRICT**

**COTATI, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2019**

Final Draft

This Page Left Intentionally Blank

Final Draft



**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT  
BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**INTRODUCTORY SECTION**

Table of Contents..... i

Board of Trustees..... ii

**FINANCIAL SECTION**

Independent Auditor’s Report ..... 1

Management’s Discussion and Analysis ..... 3

Basic Financial Statements:

District-wide statements:

Statement of Net Position ..... 8

Statement of Activities..... 9

Fund financial statements:

Governmental Funds – Balance Sheet..... 10

Reconciliation of the Governmental Funds Balance Sheet  
With the Statement of Net Position ..... 11

Governmental Funds – Statement of Revenues, Expenditures and  
Changes in Fund Balances ..... 12

Reconciliation of the Net Change in Fund Balances – Total Governmental Funds  
With the Statement of Activities ..... 13

Statement of Revenues, Expenditures, and Changes in Fund  
Balance - Budget and Actual – General Fund ..... 14

Notes to Basic Financial Statements ..... 17

Required Supplementary Information

Schedule of the District’s Proportionate Share of the Net Pension Liability ..... 36

Schedule of Contributions – Retirement Plan..... 37

Schedule of Changes in the Net OPEB Liability and Related Ratios..... 38

Schedule of Contributions – OPEB ..... 39

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT  
BOARD OF TRUSTEES  
JUNE 30, 2019**

	Term Expires
Shaun McCaffery, President.....	December 2020
Paul Sagues, 1 <sup>st</sup> Vice-President .....	December 2019
Carol Giovanatto, 2 <sup>nd</sup> Vice-President .....	December 2022
Pamela Harlem, Secretary .....	December 2019
Bruce Ackerman .....	January 2022
Ken Blair.....	January 2020
Gail Bloom .....	December 2019
Tamara Davis.....	December 2022
Art Deicke.....	December 2019
Laurie Gallian .....	December 2022
Una Glass.....	December 2019
Susan Hootkins .....	December 2022
Ranjiv Khush .....	December 2022
Alannah Kinser .....	December 2022
Matthew Naythons.....	December 2020
Herb Rowland.....	December 2020
Ed Schulze .....	December 2019
Richard Snyder .....	January 2022
Michael Thompson.....	December 2020
David Witt .....	January 2020

Final Draft

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Marin/Sonoma Mosquito and Vector Control District  
Cotati, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Marin/Sonoma Mosquito and Vector Control District, California (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of governmental activities and each major fund of the Marin/Sonoma Mosquito and Vector Control District as of June 30, 2019, and the respective changes in the financial position and budgetary comparisons listed in the Table of Contents as part of the basic financial statements, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

Pleasant Hill, California  
December 3, 2019

Final Draft

## **MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

#### **FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

This discussion reflects the District's present and future programs for the fiscal year beginning July 1, 2018 and ending June 30, 2019 and offers its readers a narrative overview and analysis of the financial activities of the District.

#### **FINANCIAL HIGHLIGHTS JULY 1, 2018—JUNE 30, 2019**

- The District's operating fund cash balance (with the County of Marin) at the beginning of the fiscal year was \$10,262,758 and \$10,174,285 at the end of the fiscal year.
- The District's capital replacement fund cash balance (with the County of Marin) at the beginning of the fiscal year was \$3,138,384 and \$3,194,012 at the end of the fiscal year.
- The District's emergency vector control fund cash balance (with the County of Marin) at the beginning of the fiscal year was \$1,175,195 and \$1,196,026 at the end of the fiscal year.
- The District had general revenues and charges for services of \$9,988,575 and program expenses of \$8,892,909. The District's net position was increased by \$1,226,337.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statement is comprised of four (4) components:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to Basic Financial Statements
- Required Supplementary Information

#### **REPORTING ENTITY**

The Marin/Sonoma Mosquito Abatement District was formed in May of 1915 and later became a California Special District. The District is empowered under the California Health and Safety Code to take all necessary steps to abate mosquitoes and other vectors, such as rats and yellow jackets. The District also provides robust public outreach and an Education Program within the Marin and Sonoma County school systems. The District is governed by a twenty-four (24) member appointed Board of Trustees that represents both counties and each City or Town. As of June 30, 2019, there were four vacant seats, Corte Madera, Cotati, one Marin County at Large and one Sonoma County at Large. The District covers an area of almost 2300 sq. miles and has a payroll of 33 regular, full-time employees.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities include all of the financial activities of the District, including long-term items such as capital assets. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) funds and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Marin-Sonoma Mosquito and Vector Control District

### STATEMENT OF NET POSITION

	<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>% CHANGE</u>
<b>TOTAL ASSETS</b>	<u>\$ 22,413,026</u>	<u>\$ 22,394,369</u>	-0.08%
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>3,387,503</u>	<u>5,858,117</u>	72.93%
<b>TOTAL LIABILITIES</b>	<u>14,492,804</u>	<u>15,346,201</u>	5.89%
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,403,227</u>	<u>1,775,450</u>	26.53%
<b>NET POSITION:</b>			
Net Investment in Capital Assets	5,448,108	5,234,862	-3.91%
Unrestricted	<u>4,456,390</u>	<u>5,895,973</u>	32.30%
<b>TOTAL NET POSITION</b>	<u>\$ 9,904,498</u>	<u>\$ 11,130,835</u>	<u>12.38%</u>

As of June 30, 2019, the District reported its proportionate share of the net pension liability (Note 6B) as well as the deferred outflows and inflows of resources related to retiree healthcare (OPEB) (Note 7F). The District's net position for fiscal year 2018/2019 increased by \$1,226,337. In addition, the Districts total liabilities increase 5.89% in FY 2018/2019, helping to contribute to a 12.38% positive change in total net position.

Marin-Sonoma Mosquito and Vector Control District

### STATEMENT OF ACTIVITIES & CHANGES IN NET POSITION

	<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>% CHANGE</u>
<b>GENERAL REVENUE:</b>			
Taxes and Assessments	\$ 8,945,986	\$ 9,389,137	-4.95%
Use of Money and Property	128,001	285,003	-122.66%
Other Revenues	<u>357,254</u>	<u>314,435</u>	11.99%
<b>TOTAL GENERAL REVENUE</b>	<u>\$ 9,431,241</u>	<u>\$ 9,988,575</u>	<u>5.91%</u>
<b>TOTAL PROGRAM REVENUE</b>	<u>\$ 91,054</u>	<u>\$ 130,671</u>	<u>43.51%</u>
<b>EXPENSES</b>	<u>\$ 8,047,663</u>	<u>\$ 8,892,909</u>	<u>10.50%</u>
Change in net position	\$ 1,474,632	1,226,337	16.84%
Beginning Net position	<u>8,429,866</u>	<u>9,904,498</u>	-17.49%
Ending net position	<u>\$ 9,904,498</u>	<u>\$ 11,130,835</u>	12.38%

The District has two main revenue components: Ad valorem taxes and the two Benefit Assessments. The District has experienced an increase in assessments and property tax revenue of 4.95%. Also, use of money and property (investment income) rose by 123% over the prior year. Other Revenues include reimbursement for miscellaneous work performed by the District throughout the year, insurance refunds/reimbursements, miscellaneous reimbursements and sale of equipment. Program revenue consists of contract work performed by the District and the amount received is variable from year to year.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

## **MAJOR FUNDS**

GASB Statement No. 34 defines major funds and requires that the District's major governmental type funds be identified and presented separately in the financial statements. Major funds are defined as funds that either have assets, deferred inflows, liabilities, deferred outflows, revenues, or expenditures equal to or greater than ten percent of their fund-type total and five percent of the grand total of all fund types. The District has elected to show all funds as major funds.

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

The Capital Replacement Fund is used to account for all capital related purchases.

## **ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES**

The projected Budget for the 2019-20 Fiscal Year is \$9,808,634 with projected Revenues of \$9,586,810. Due to the projected shortfall of revenue compared with expenses, \$221,824 was slated to drawn from net assets to balance the budget. The total amount allocated for Capital Replacement items is \$195,000. For fiscal year 2019/20the District's benefit assessments were increased as follows: Benefit Assessment (BA) #1 remained flat at \$12.00 per/parcel, BA #2 (Marin County and Zone A) to \$27.58 per/parcel and Zone B to \$26.38 per/parcel. The ad valorem tax collections were forecast to increase by 5.0% for Marin County and 3.50% for Sonoma County.

The following factors were considered in preparing the District's Budget for the fiscal year 2019/20:

- Staff was directed to more accurately forecast both revenues and expenditures while preparing the budget for FY 2019-20. Staff looked closely at past trends in salaries, benefits and services and supplies and determined the most accurate forecast based on prior year actuals. In addition, the Budget Committee directed staff to modify the calculation of anticipated revenues. In an effort to more accurately forecast revenues, revenues for the proposed budget for FY 2019-20 are based on actuals from the prior year rather than budgeted amounts from the prior year.
- Staff remains vigilant controlling costs and adhering to the adopted budget and continues efforts to plan for the specific needs of individual departments.
- Represented employees entered the final year of a three-year memorandum of understanding with the District and realized a 3.0% cost of living allowance applied to salaries on July 1, 2019.

Employees continue to make a 1.75% contribution to the employer paid member contribution to MCERA.

- For FY 2019-20, employer rates for MCERA contributions decreased slightly to 30.18% for the Classic Tier and 21.78% for the PEPRA Tier. The percentage of the budget to be spent on pension contributions is 10.81%. The most significant change to benefits can be largely attributed to the Board's decision to adopt the OPEB funding method which resulted in allocating 100% of the Actuarially Determined Contribution as determined in the most recent valuation. The percentage of the budget spent on OPEB for FY 2019-20 is 6.80%.
- The level of expenditures on capital replacement items increased significantly over the prior budget year. Items scheduled to be purchased during FY 19/20 include four trucks for the vector control technicians and a new van for the Public Education and Outreach Department totaling \$195,000.
- The District will continue its participation in the State's West Nile virus dead bird testing program and telephone hotline system. Costs to the District did not increase because the Mosquito & Vector Control Association covered the additional costs of operating the program, backfilling revenue lost to the state as a consequence of federal grants decreasing support.
- The District is enhancing the tick-borne disease surveillance program and its associated public outreach efforts.

#### **FUTURE EVENTS THAT WILL FINANCIALLY IMPACT THE DISTRICT**

- Recent robust growth in ad valorem (property tax) revenues has offset the flat revenue from Benefit Assessment #1, which supplies the great majority of the benefit assessment revenue, but this factor alone may be insufficient to meet long-term funding needs. Revenue from Assessment District #1 has remained flat since reaching its \$12 cap in 2014 and the assessed amount can never be increased. Consequently, the District is increasingly dependent on ad valorem revenue, which could decrease in the event of an economic recession.
- Demand for services continues to increase each year, further stressing the District's operational capacities. Increased workload due to requests for assistance with yellowjacket and rodent problems continue to represent the largest growth area. Presently, the District is studying the feasibility of adding additional permanent and seasonal staffing.
- Since the prior audit period, invasive *Aedes aegypti* and *albopictus* mosquitoes encroached closer to the District, with first detections reported in Placer and Sacramento Counties. Although surveillance has not yet detected these mosquitoes in the District's service area, it is very possible that they may spread here in the future. Other mosquito districts' experience has been that substantial additional staffing, equipment, and supplies are needed to contain and attempt to eradicate such an infestation. Accordingly, the District increased its public health emergency reserve from approximately \$1M to 20% of annual budgeted expenditures.
- Advanced technology in various forms will present opportunities for increased surveillance and treatment efficacy. Efficiencies may be realized in the future by the application of Unmanned Aerial Vehicle technology to vector control operations, potentially replacing some or all manned



helicopter flights and enabling personnel to operate in sensitive habitats with reduced impacts. Demonstration projects are already under way at several mosquito districts. Although this technology is very promising and advancing rapidly, its implementation in the field of vector control is still in the early stages. The State Department of Public Health and the Department of Pesticide Regulation promulgated regulations governing the application of mosquito control materials by district personnel. Applicators must pass a series of state examinations.

- Following the 2017 Sonoma Complex Fires, the District expended approximately \$265,000 in staff effort and materials to address the more than nine hundred pools, spas, septic tanks, ponds etc. that became prodigious breeding sources of mosquitoes. Efforts to obtain financial reimbursement from the Federal Emergency Management Agency were unsuccessful, due to their highly restrictive rules. Unless the governing regulations are changed, the District is likely to experience the same outcome following future disaster recovery efforts. Wildfires are expected to increase in frequency and severity. The District recently applied for financial relief as part of the PG&E bankruptcy case. Even though PG&E was found not to have started the Kincaid fire, monies may become available as part of the settlement of the case.
- Demand for services continues to increase each year, further stressing the District's operational capacities. Increased workload due to requests for assistance with yellowjacket and rodent problems continue to represent the largest growth area.
- The 2016 study conducted by Municipal Resource Group (MRG) that examined the future costs associated with District's capital equipment and facility replacement needs for the next twenty years is being updated in December 2019. A proposal to alter the way that the District deals with financing capital replacement or improvement projects may be presented to the District Board during 2020. As an interim measure, the District reduced the applicable target fund balance to \$2M from \$3M.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Marin/Sonoma Mosquito and Vector Control District, 595 Helman Lane, Cotati, CA 94931.

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and investments (Note 3)	\$14,669,035
Deposits held by VCJPA (Notes 3 and 8)	791,760
Accounts receivable	1,177,525
Property taxes receivable	236,498
Inventory (Note 2E)	284,689
Total current assets	17,159,507
Capital assets (Note 4):	
Nondepreciable:	
Land	675,000
Depreciable:	
Structures and improvements	6,705,661
Office equipment	387,259
Office furniture	37,619
Field equipment	155,024
Vehicles	2,047,674
Less: Accumulated depreciation	(4,773,375)
Total capital assets, net	5,234,862
Total Assets	22,394,369
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related (Note 6B)	2,590,813
OPEB related (Note 7F)	3,267,304
Total Deferred Outflows of Resources	5,858,117
<b>LIABILITIES</b>	
Current liabilities:	
Compensated absences (Note 2F)	233,371
Total current liabilities	233,371
Non-current liabilities:	
Compensated absences (Note 2F)	285,232
Net OPEB liability (Note 7C)	9,706,000
Collective net pension liability (Note 6B)	5,121,598
Total non-current liabilities	15,112,830
Total Liabilities	15,346,201
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related (Note 6B)	1,025,450
OPEB related (Note 7F)	750,000
Total Deferred Inflows of Resources	1,775,450
<b>NET POSITION (Note 5)</b>	
Net investment in capital assets	5,234,862
Unrestricted	5,895,973
Total Net Position	\$11,130,835

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	<u>Program Revenues</u> Charges for Services	Net (Expense) Revenue and Change in Net Position
Governmental Activities:			
Public Health	(\$8,892,909)	\$130,671	(\$8,762,238)
Total Governmental Activities	<u>(\$8,892,909)</u>	<u>\$130,671</u>	<u>(8,762,238)</u>
General revenues:			
Taxes and assessments			9,389,137
Use of money and property			285,003
Other revenues			<u>314,435</u>
Total General Revenues			<u>9,988,575</u>
Change in Net Position			1,226,337
Net Position - Beginning			<u>9,904,498</u>
Net Position - Ending			<u><u>\$11,130,835</u></u>

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2019

	General Fund	Capital Replacement Fund	Totals
<b>ASSETS</b>			
Cash and investments (Note 3)	\$11,475,023	\$3,194,012	\$14,669,035
Deposits with VCJPA (Notes 3 and 8)	791,760		791,760
Accounts receivable	1,177,525		1,177,525
Property taxes receivable	236,498		236,498
Inventory (Note 2E)	284,689		284,689
<b>Total Assets</b>	<b>\$13,965,495</b>	<b>\$3,194,012</b>	<b>\$17,159,507</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - accounts receivable	\$1,048,295		\$1,048,295
<b>Total Deferred Inflows of Resources</b>	<b>1,048,295</b>		<b>1,048,295</b>
<b>FUND BALANCES (Note 5)</b>			
Nonspendable: inventory	284,689		284,689
Committed for dry period funding	3,200,000		3,200,000
Committed for public health emergencies	1,175,195		1,175,195
Assigned for insurance	791,760		791,760
Assigned for future capital replacements		\$3,194,012	3,194,012
Unassigned	7,465,556		7,465,556
<b>Total Fund Balances</b>	<b>12,917,200</b>	<b>3,194,012</b>	<b>16,111,212</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$13,965,495</b>	<b>\$3,194,012</b>	<b>\$17,159,507</b>

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT  
 Reconciliation of the  
 GOVERNMENTAL FUNDS -- BALANCE SHEET  
 with the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019

FUND BALANCE OF GOVERNMENTAL FUNDS \$16,111,212

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds Balance Sheet because of the following:

Capital assets used in Governmental Activities are not current resources, and therefore, are not reported in the Governmental Fund Balance Sheet.

Capital assets at historical cost	\$10,008,237	
Less: accumulated depreciation	(4,773,375)	5,234,862

The liabilities and deferred outflows/inflows below are not due and payable in the current period, and therefore, are not reported in the Governmental Fund Balance Sheet.

Unavailable revenue	1,048,295	
Compensated absences payable	(518,603)	
Other postemployment benefits payable	(9,706,000)	
Deferred outflows related to pension	2,590,813	
Deferred outflows related to OPEB	3,267,304	
Net pension liability	(5,121,598)	
Deferred inflows related to pension	(1,025,450)	
Deferred inflows related to OPEB	(750,000)	(10,215,239)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$11,130,835

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Replacement Fund	Totals
REVENUES:			
Taxes and assessments	\$9,389,137		\$9,389,137
Use of money and property	229,374	\$55,629	285,003
Other revenues	232,675		232,675
Total Revenues	<u>9,851,186</u>	<u>55,629</u>	<u>9,906,815</u>
EXPENDITURES:			
Current:			
Salaries and benefits	7,475,229		7,475,229
General and administrative	2,390,368		2,390,368
Capital outlay		59,060	59,060
Total Expenditures	<u>9,865,597</u>	<u>59,060</u>	<u>9,924,657</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(14,411)</u>	<u>(3,431)</u>	<u>(17,842)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		59,059	59,059
Transfers (out)	(59,059)		(59,059)
Total other financing sources (uses)	<u>(59,059)</u>	<u>59,059</u>	
NET CHANGE IN FUND BALANCES	(73,470)	55,628	(17,842)
BEGINNING FUND BALANCES	<u>12,990,670</u>	<u>3,138,384</u>	<u>16,129,054</u>
ENDING FUND BALANCES	<u>\$12,917,200</u>	<u>\$3,194,012</u>	<u>\$16,111,212</u>

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

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

NET CHANGE IN FUND BALANCES (\$17,842)

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are added back to fund balance	\$69,060	
Depreciation expense is not reportable in the governmental fund	(243,006)	
Net retirements and adjustments are deducted from fund balance	<u>(39,300)</u>	<u>(213,246)</u>

Net Pension Liability is not a current liability, and therefore, governmental funds record pension expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability. (169,908)

Other Post Employment Benefits payable is not a current liability, and therefore, is not recorded in the governmental fund statements. This amount represents the amount of the change in the payable and related deferred outflows/(inflows) in the current period. 1,461,653

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources, and therefore, are not reported as revenue or expenditures in governmental fund statements. The net changes are as follows:

Unearned revenue	212,431	
Compensated absences	<u>(46,751)</u>	

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$1,226,337

See accompanying notes to financial statements

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and assessments:				
Assessments	\$3,162,225	\$3,162,225	\$3,148,624	(\$13,601)
Current secured	4,401,706	4,401,706	4,977,812	576,106
Current unsecured	103,364	103,364	121,256	17,892
Prior unsecured	3,077	3,077	3,120	43
Homeowners' property tax relief	34,523	34,523	28,257	(6,266)
Annexation revenue	956,481	956,481	955,662	(819)
Supplemental assessments	71,316	71,316	41,808	(29,508)
Other aid			112,598	112,598
<b>Total taxes and assessments</b>	<b>8,732,692</b>	<b>8,732,692</b>	<b>9,389,137</b>	<b>656,445</b>
Use of money and property:				
Interest income	25,256	25,256	229,374	204,118
Other revenues:				
Contract work	150,000	150,000	130,671	(19,329)
Refunds and reimbursements			102,004	102,004
<b>Total other revenues</b>	<b>150,000</b>	<b>150,000</b>	<b>232,675</b>	<b>82,675</b>
<b>Total Revenues</b>	<b>8,907,948</b>	<b>8,907,948</b>	<b>9,851,186</b>	<b>943,238</b>
<b>EXPENDITURES</b>				
Current:				
Employees' compensation				
Salaries and compensated absences	3,875,290	3,689,100	3,485,853	203,247
Employee benefits	2,612,657	4,128,365	3,989,376	138,989
<b>Total employees' compensation</b>	<b>6,487,947</b>	<b>7,817,465</b>	<b>7,475,229</b>	<b>342,236</b>
<b>Total expenditures forward</b>	<b>6,487,947</b>	<b>7,817,465</b>	<b>7,475,229</b>	<b>342,236</b>

(Continued)



MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
<b>Current:</b>				
Total forward	\$6,487,947	\$7,817,465	\$7,475,229	\$342,236
<b>General and administrative:</b>				
Agriculture	873,035	873,035	764,160	108,875
Pest abatement supplies	12,000	12,000	11,020	980
Insectory supplies	300	300	152	148
Spray/field equipment	18,200	18,300	12,808	5,492
Source reduction equipment	15,900	15,900	4,642	11,258
Furniture, appliances and equipment	4,460	4,460	1,419	3,041
Clothing and personal supplies	34,640	35,140	32,903	2,237
Safety equipment	9,775	13,132	8,915	4,217
Communications	52,360	53,360	48,928	4,432
Food	3,500	3,850	4,492	(642)
District special expense	251,500	312,100	301,320	10,780
Household expense	7,550	7,550	5,993	1,557
Insurance	259,832	261,585	260,559	1,026
Accidents			2,717	(2,717)
Projects	3,000	3,000	2,996	4
Maintenance - equipment	100,800	103,800	67,076	36,724
Maintenance - ground/structures	6,350	21,250	14,161	7,089
Lab	15,200	15,200	10,371	4,829
Fish supplies	3,375	3,375	1,180	2,195
Disease surveillance	20,700	20,700	15,404	5,296
Memberships	44,450	44,450	41,852	2,598
Office expense	23,575	23,575	14,595	8,980
Professional and special services	424,650	356,930	342,728	14,202
Publications and legal notices	132,300	137,300	125,525	11,775
Rents and leases	7,200	7,200	5,912	1,288
Small tools and instruments	4,900	4,900	1,821	3,079
Minor construction/improvements	74,600	79,600	54,988	24,612
Video productions	5,500	6,195	6,195	
Education/public relations and printing	42,900	137,900	31,789	106,111
Educational supplies	11,550	11,550	11,090	460
Education and training for employees	17,200	17,200	13,564	3,636
Travel and transportation	26,300	25,500	18,068	7,432
Fuel and oil	95,300	95,300	102,991	(7,691)
Utilities	29,650	33,000	48,034	(15,034)
Total general and administrative	2,632,552	2,758,637	2,390,368	368,269
Total Expenditures	9,120,499	10,576,102	9,865,597	710,505

MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in (out)			(\$59,059)	(\$59,059)
Total other financing sources (uses)			(59,059)	(59,059)
NET CHANGE IN FUND BALANCE	(\$212,551)	(\$1,668,154)	(73,470)	\$1,594,684
BEGINNING FUND BALANCE			12,990,670	
ENDING FUND BALANCE			\$12,917,200	

See accompanying notes to financial statements

Final Draft

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 1 – GENERAL**

Formed in 1915, the Marin/Sonoma Mosquito and Vector Control District (District) is a California Special District empowered to take all necessary steps for the abatement of mosquito and other vectors such as yellow jackets and rats. The District is also empowered to abate as nuisances all standing water that produces mosquitoes. A twenty-four (24) member appointed Board of Trustees governs the District. As of June 30, 2019, there were four vacant seats.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

These Statements require that the following financial statements be presented:

***District-wide Financial Statements:*** The District's financial statements reflect only its own activities; it has no component units (other government units overseen by the District). The Statement of Net Position and Statement of Activities include the financial activities of the overall District government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

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

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

**Capital Replacement Fund** – The Capital Replacement Fund is used to account for all capital purchases.

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Accounting**

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

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

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

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

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

**C. Property Taxes**

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The Counties of Marin and Sonoma levy, bill and collect property taxes and benefit assessments for the District; the Counties remit the entire amount levied and handle all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the personal property being taxed.

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property tax revenue is recognized in the fiscal year for which the tax is levied. Marin and Sonoma Counties distribute property tax (termed “settlements”) under the Teeter Plan, which allows the District to receive all property taxes in the year in which they are levied. The Counties retain any collections of interest, penalties and delinquencies under this plan. Sonoma County’s Teeter Plan includes current year secured and supplemental ad valorem taxes but does not include any direct charges (benefit assessments) or unsecured taxes. A settlement apportionment for 95% of unsecured property taxes is received in October, with the remainder distributed in June. Secured property taxes are received in three settlements and apportioned as follows: 55% in December, 40% in April and 5% in June.

**D. *Budgets and Budgetary Accounting***

The District follows the procedures established by the State of California for special districts in establishing the budgetary data reflected in the financial statements. During the year, the General Fund was the only fund for which a budget was required.

**E. *Inventory***

Inventories consist primarily of pesticides and are stated at cost (first-in, first-out basis) and are recorded as expenditures at the time the inventory is consumed.

**F. *Compensated Absences***

Accumulated unpaid employee vacation and compensated hours, are recognized as liabilities of the District to the extent they vest. Sick leave has also been included as employees receive 50% of their accumulated sick leave upon termination of employment. The liability is recorded in the Statement of Net Position. The General Fund has been used to liquidate compensated absences. At June 30, 2019, the balance of compensated absences was \$518,603, of which \$233,371 was estimated to be the current portion.

**G. *Use of Estimates***

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

**H. *Deferred Outflows/Inflows of Resources***

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

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**NOTE 3 – CASH AND INVESTMENTS**

**A. Policies and Classification**

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District’s cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the District’s name and places the District ahead of general creditors of the institution. Deposits with JPA are reserves held by the Vector Control Joint Powers Agency (VCJPA) and are uncollateralized and uninsured (See Note 8).

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

The District’s cash and investments consist of the following at June 30, 2019:

Cash on hand	\$350
Deposits with financial institutions	103,821
County of Marin Treasury	14,564,864
Sub-total	14,669,035
Deposits with VCJPA	791,760
Total cash and investments	\$15,460,795

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**B. Permitted Investments**

The District has authorized staff to deposit cash with the Marin County Treasurer in a series of pooled accounts with cash from various other governmental entities within the County, for investment purposes. The County’s investment policies are governed by State statutes. In addition, the County has an investment committee, which prescribes written investment policies regarding the types of investments that may be made. The policies limit amounts that may be invested in any one financial institution or amounts, which may be invested in long-term instruments. Interest earned from such time deposits and investments is allocated quarterly to the District based on its average daily cash balances. The fair value of the account at June 30, 2019 was provided by the County Treasurer.

Authorized Investment Type	Maximum Maturity	Minimum Rating	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	N/A	N/A	None	\$60 million
Certificates of Deposit - Negotiable	N/A	None	30%	None
Certificates of Deposit - Non-negotiable	None	None	None	None
Money Market Funds	N/A	Highest ranking	20%	10%
U.S. Treasury Obligations	None	None	None	None
U.S. Agency Obligations	None	None	None	None
U.S. Government Securities	None	None	None	None
California Local Agency Bonds, Notes & Warrants	None	None	None	None
Medium-term Notes	2 years	A	30%	None
County Cash Pool	3 years	AAA	None	5%
Bankers Acceptances	180 days	None	30%	None
Commercial Paper	270 days	A	40%	None
Repurchase Agreements	None	None	None	None

**C. Fair Value Hierarchy**

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

The District’s only investment is in the County of Marin Treasury Pool which is classified as Level 2 of the fair value hierarchy and is valued using quoted prices for identical instruments in markets that are not active as provided by the County Treasurer. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources.

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 4 – CAPITAL ASSETS**

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their acquisition fair value at the date of donation. The District's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of capital assets which range from 20 to 50 years for structures and improvements, 3 to 40 years for office equipment, 3 to 20 years for office furniture, 10 to 20 years for field equipment, and 5 to 15 years for vehicles.

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Deletions & Adjustments	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$675,000			\$675,000
Total capital assets not being depreciated	675,000			675,000
Capital assets being depreciated:				
Structures and improvements	6,705,661			6,705,661
Office equipment	431,775		(\$44,516)	387,259
Office furniture	27,128		10,491	37,619
Field equipment	125,361	\$17,562	12,101	155,024
Vehicles	1,974,252	51,498	21,924	2,047,674
Total capital assets being depreciated	9,264,177	69,060		9,333,237
Accumulated depreciation:				
Structures and improvements	(2,367,425)	(155,512)	(778)	(2,523,715)
Office equipment	(220,532)	(16,096)	(41,933)	(278,561)
Office furniture	(27,128)		(10,491)	(37,619)
Field equipment	(125,361)	(5,455)	26,382	(104,434)
Vehicles	(1,750,623)	(65,943)	(12,480)	(1,829,046)
Total accumulated depreciation	(4,491,069)	(243,006)	(39,300)	(4,773,375)
Total capital assets, being depreciated, net	4,773,108	(\$173,946)	(\$39,300)	4,559,862
Capital assets, net	\$5,448,108			\$5,234,862



**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 – NET POSITION AND FUND BALANCES**

Net Position is measured on the full accrual basis while Fund Balances are measured on the modified accrual basis.

**A. Net Position**

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

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

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. The District had no Restricted Net Position as of June 30, 2019.

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

**B. Fund Balance**

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

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

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

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

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 5 – FUND BALANCES AND NET ASSETS (Continued)**

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

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

**NOTE 6 – PENSION PLANS**

**A. General Information about the Pension Plans**

**Plan Descriptions** – The District contributes to the Marin County Employees’ Retirement Association (MCERA). The MCERA provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. MCERA is a cost sharing multiple-employer plan administered by the County of Marin.

**Benefits Provided** – Employees hired before January 1, 2013 vest after 10 years of service and may receive retirement benefits at the age of 50. Employees hired on or after January 1, 2013 vest after 10 years of service and may receive retirement benefits at age 62. These benefit provisions and all requirements are by the County Employees’ Retirement Law of 1937, as amended and set forth in Section 34150 et. seq. of the government code.

Copies of MCERA’s annual financial reports, which include required supplementary information for each participant in the plan, may be obtained from the Marin County Employees’ Retirement Association, One McInnis Parkway, Suite 100, San Rafael, California 94903.

The Plans’ provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Miscellaneous	
	Tier 1 - Classic Prior to January 1, 2013	Tier 2 - PEPRA On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55.5	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	100%	100%
Required employee contribution rates	8.32% - 12.90%	10.99%
Required employer contribution rates	31.93%	23.53%

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 – PENSION PLANS (Continued)**

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by MCERA. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions recognized as part of pension expense for the Plans were as follows:

	Miscellaneous
Contributions - employer	\$990,343

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

As of June 30, 2019, the District reported its proportionate share of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$5,121,598
Total Net Pension Liability	\$5,121,598

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2018, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for each Plan as of June 30, 2017 and 2018 was as follows:

	Miscellaneous
Proportion - June 30, 2017	1.2260%
Proportion - June 30, 2018	1.5506%
Change - Increase (Decrease)	0.3246%

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 – PENSION PLANS (Continued)**

For the year ended June 30, 2019, the District recognized pension expense of \$1,160,251. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$990,343	
Differences between actual and expected experience		\$134,538
Changes in assumptions	474,503	
Difference between District contributions and proportionate share of contributions	23,973	\$47,527
Change in proportion	1,101,994	
Net differences between projected and actual earnings on plan investments		843,385
Total	<u>\$2,590,813</u>	<u>\$1,025,450</u>

\$990,343 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2019	\$552,686
2020	300,999
2021	(89,607)
2022	(189,058)
Total	<u>\$575,020</u>

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 – PENSION PLANS (Continued)**

*Actuarial Assumptions* – The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement. The key assumptions in the valuation were:

	Miscellaneous
Measurement Date	June 30, 2018
Valuation Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Return on Assets	7.00%, net of investment expenses
Discount Rate	7.00%
Projected Salary Increase	3.00% plus merit component based on employee classification and years of service
Price Inflation	2.75%
Post Retirement COLA	Assumed at the rate of 2.7% for members with a 4% COLA cap, 2.6% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap
Mortality	CalPERS 2017 Pre-Retirement Non-Industrial Death rates (for active members), CalPERS 2017 Post-Retirement Healthy Mortality rates, multiplied by 90% for Males (for retired healthy members), CalPERS 2017 Disability Mortality rates (non-industrial rates) multiplied by 90% for Males and Females (for disabled members) - all with a 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017.

*Discount Rate* – The discount rate used to measure the Total Pension Liability was 7.00%.

We have assumed that the employees will continue to contribute to the Plan at the required rates and the employers will continue the historical and legally required practice of contributing to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, a portion of the expected Administrative Expenses, an amortization payment for the extraordinary losses from 2009 amortized over a closed period (21 years remaining as of the June 30, 2017 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (20 years remaining as of the June 30, 2017 actuarial valuation).

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 – PENSION PLANS (Continued)**

The MCERA Board of Retirement has adopted an Investment Policy Statement (IPS), which provides the framework for the management of MCERA’s investments. The IPS establishes MCERA’s investment objectives and defines the principal duties of the Retirement Board, the custodian bank, and the investment managers. The asset allocation plan is an integral part of the IPS and is designed to provide an optimum and diversified mix of asset classes with return expectations to satisfy expected liabilities while minimizing risk exposure. MCERA currently employs external investment managers to manage its assets subject to the provisions of the policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The following was the Retirement Board’s adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32%	4.60%
International Equity	22%	4.75%
Fixed Income	23%	0.75%
Public Real Assets	8%	3.25%
Real Estate	7%	3.50%
Private Equity	8%	5.10%
Total	<u>100%</u>	

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The discount rate used to measure the Total Pension Liability was 7.00%. Related to the discount rate is the funding assumption that employees will continue to contribute to the plan at the required rates and employers will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, a portion of the expected administrative expenses, an amortization payment for the extraordinary losses from 2009 amortized over a closed period (21 years remaining as of the June 30, 2017 actuarial valuation) and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (13 years remaining as of the June 30, 2017 actuarial valuation).

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 6 – PENSION PLANS (Continued)**

A change in the discount rate would affect the measurement of the TPL. A lower discount rate results in a higher TPL and higher discount rates results in a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. A one percent decrease in the discount rate increases the TPL by approximately 13% and increases the NPL by approximately 96%. A one percent increase in the discount rate decreases the TPL by approximately 11% and decreases the NPL by approximately 79%.

The following presents the District’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total Pension Liability	\$49,681,318	\$43,908,650	\$39,156,159
Fiduciary Net Position	38,787,052	38,787,052	38,787,052
Net Pension Liability	\$10,894,266	\$5,121,598	\$369,107
Fiduciary Net Position as a Percentage of the Total Pension Liability	78.1%	88.3%	99.1%

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

**NOTE 7 – OTHER POST EMPLOYMENT BENEFITS**

**A. Plan Description, Benefits Provided and Funding Policy**

The District’s Post Employment Benefit Plan is an agent multiple employer plan. The following is a summary of Plan benefits as of June 30, 2019:

Note 7

The District’s policy is to contribute the full Actuarially Determined Contribution (ADC). The District began making contributions to a CERBT trust during fiscal year 2014-2015.

Membership in the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Active plan members	26
Inactive employees or beneficiaries currently receiving benefit payments	20
Inactive employees entitled to but not yet receiving benefit payments	0
Total	46

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**B. Net OPEB Liability**

*Actuarial Methods and Assumptions* – The District’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2017 that was rolled forward using standard update procedures to determine the District’s total OPEB liability as of June 30, 2018, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Assumptions:	
Discount Rate	6.50%
Expected Rate of Return on Assets	6.50%
Inflation	2.75% per year
Payroll Growth	Aggregate - 3% annually
Mortality, Termination, Service Retirement, Disability	Merit - MCERA 2011-2014 Experience Study
Mortality Improvement	MCERA 2011-2014 Experience Study
Medical Trend	Mortality projected fully generational with Scale MP-2016
Medicare B Trend	- Non-Medicare - 7.5% for 2018, decreasing to an ultimate rate of 4.0% in 2076
Participation for future retirees	- Medicare - 6.5% for 2018, decreasing to an ultimate rate of 4.0% in 2076
	- 0% for 2018 and 2019, 3.7% in 2020, increasing to Medicare medical trend in 2023
	- Hired 7/30/14 or earlier: 100%
	- Hired after 7/30/14: Ineligible

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:



**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57%	4.82%
Fixed Income	27%	1.47%
Treasury Inflation-Protected Securities	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	

Assumed Long-Term Rate of Inflation	2.75%
Assumed Long-Term Net Rate of Return, Rounded	6.50%

The Expected Long-Term Rate of Return is provided by CalPERS' Strategic Asset Allocation Overview in August 2011 – Strategy 1.

***Discount Rate***

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. 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.

**C. *Change in Net OPEB Liability***

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018	\$10,226,000	\$726,000	\$9,500,000
Changes Recognized for the Measurement Period:			
Service Cost	247,000	-	247,000
Interest on the total OPEB liability	672,000	-	672,000
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	636,000	(636,000)
Net investment income	-	79,000	(79,000)
Administrative expenses	-	(2,000)	2,000
Benefit payments and refunds	(282,000)	(282,000)	-
Net Changes	637,000	431,000	206,000
Balance at June 30, 2019	\$10,863,000	\$1,157,000	\$9,706,000

The benefit payments and refunds include implied subsidy benefit payments in the amount of \$44,000.

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**D. Sensitivity of the Net OPEB Liability to Change in the Discount Rate**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1% (5.5%)	Current Discount Rate (6.5%)	Discount Rate +1% (7.50%)
\$11,454,000	\$9,706,000	\$8,295,000

**E. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates**

Plan's Net OPEB Liability/(Asset)		
Decrease -1%	Current Healthcare Cost Trend Rates	Increase Rate +1%
\$8,091,000	\$9,706,000	\$11,734,000

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report.

**F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

For the year ended June 30, 2019, the District recognized OPEB expense of \$894,000. At June 30, 2019, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$2,355,304	
Difference between expected and actual experience		\$733,000
Changes in assumptions	912,000	
Net difference between projected and actual earnings on plan investments		17,000
Total	\$3,267,304	\$750,000

\$2,355,304 reported as deferred outflows of resources related to employer contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Measurement Period Ended June 30	Annual Amortization
2020	\$41,000
2021	42,000
2022	41,000
2023	38,000
Total	\$162,000

**G. *Deferred Compensation Plan***

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available for full-time employees. The Internal Revenue Services regulations allow an employer to designate a 457(b) Deferred Compensation Plan as an alternative to social security. The plan permits employees 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. However, participants are allowed to borrow against their account value, up to 50%.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employee or other beneficiary) are held in trust by third party administrators for the exclusive benefit of the plan participants and their beneficiaries as prescribed by Internal Revenue Code Section 457 (g). Accordingly, these assets have been excluded from the accompanying financial statements.

**NOTE 8 – RISK MANAGEMENT**

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

The VCJPA is a consortium of thirty-four (34) mosquito abatement or vector control districts in the State of California. It was established under the provisions of California Government Code section 6500 et seq. The VCJPA is governed by a Board of Directors, which meets four times per year, consisting of one member from each of the four regions as well as two trustees of the Mosquito and Vector Control Association of California (MVCAC). A risk management group employed by the VCJPA handles the day-to-day business.

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**NOTE 8 – RISK MANAGEMENT (Continued)**

The following is a summary of the insurance policies in force carried by the Authority as of June 30, 2019:

Type of Coverage	District Limits	District Deductibles
General Liability	\$15,000,000	\$50,000
Employment Practices	2,000,000	25,000
Workers' Compensation	Statutory	500,000
Boiler and Machinery	100,000,000	2,500 to 350,000
All-risk Property	1,000,000,000	10,000
Auto Physical Damage (per vehicle)	35,000	1,000
Business Travel Accident	150,000	None
Group Fidelity	1,000,000	2,500
Alliant Deadly Weapon Response	500,000	10,000

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

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

In accordance with GASB 10, the District has recorded its deposit with VCJPA as an asset at June 30, 2019. The District had no claims losses outstanding at June 30, 2019. Settled claims for the District have not exceeded coverage in any of the past three years.

The District has reserves of \$791,760 on deposit with VCJPA for member contingencies to cover the District’s self-insured retentions (SIR) for two claims in each type of coverage. The VCJPA has also purchased insurance to cover catastrophic losses.

Financial statements may be obtained from Vector Control Joint Powers Agency, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

**REQUIRED SUPPLEMENTARY INFORMATION**

Final Draft

**MARIN/SONOMA MOSQUITO & VECTOR CONTROL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Last 10 years\***

<b>Measurement Date</b>	<b>6/30/2014</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2017</b>	<b>6/30/2018</b>
District's proportionate share	1.3670%	1.0675%	1.1722%	1.2260%	1.5506%
Proportionate share of total pension liability	\$30,836,408	\$26,359,459	\$30,203,230	\$32,918,302	\$43,908,650
Proportionate share of fiduciary net position	<u>27,458,012</u>	<u>22,224,119</u>	<u>24,600,929</u>	<u>28,397,350</u>	<u>38,787,052</u>
<b>Proportionate share of the net pension liability</b>	<b><u>\$3,378,396</u></b>	<b><u>\$4,135,340</u></b>	<b><u>\$5,602,301</u></b>	<b><u>\$4,520,952</u></b>	<b><u>\$5,121,598</u></b>
Plan fiduciary net position as a percentage of the total pension liability	89.04%	84.31%	81.45%	86.27%	88.34%
Covered payroll	\$3,105,278	\$2,845,790	\$2,856,069	\$2,965,789	\$3,051,566
Net pension liability as a percentage of covered payroll	108.80%	145.31%	196.15%	152.44%	167.84%

\* The fiscal year ended June 30, 2015 was the first year of implementation, therefore only five years are shown.

Final Draft

**MARIN/SONOMA MOSQUITO & VECTOR CONTROL DISTRICT**  
**Cost-Sharing Multiple Employer Defined Benefit Retirement Plan**  
**Last 10 Years\***  
**SCHEDULE OF CONTRIBUTIONS**

	<u>Fiscal Year 2014 - 2015</u>	<u>Fiscal Year 2015 - 2016</u>	<u>Fiscal Year 2016 - 2017</u>	<u>Fiscal Year 2017 - 2018</u>	<u>Fiscal Year 2018 - 2019</u>
Actuarially determined contribution	\$856,583	\$968,417	\$994,927	\$1,041,782	\$990,343
Contributions in relation to the actuarially determined contributions	<u>856,583</u>	<u>968,417</u>	<u>994,927</u>	<u>1,041,782</u>	<u>990,343</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$2,845,790	\$2,856,069	\$2,965,789	\$3,051,566	\$3,265,466
Contributions as a percentage of covered payroll	30.10%	33.91%	33.55%	34.14%	30.33%

\* The fiscal year ended June 30, 2015 was the first year of implementation, therefore only five years are shown.

Final Draft

**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**For the Year Ended June 30, 2019**

Last Ten Fiscal Years \*

**Other Post-Employment Benefits (OPEB)**

Measurement period	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
<b>Total OPEB liability</b>			
Service cost	\$213,000	\$212,000	\$247,000
Interest	618,000	659,000	672,000
Differences between expected and actual experience	-	(1,109,000)	-
Assumption changes	-	1,380,000	-
Benefit payments, including refunds of employee contributions	<u>(248,000)</u>	<u>(246,000)</u>	<u>(282,000)</u>
<b>Net change in total OPEB liability</b>	583,000	896,000	637,000
<b>Total OPEB liability - beginning</b>	<u>8,747,000</u>	<u>9,330,000</u>	<u>10,226,000</u>
<b>Total OPEB liability - ending (a)</b>	<u><u>\$9,330,000</u></u>	<u><u>\$10,226,000</u></u>	<u><u>\$10,863,000</u></u>
<b>OPEB fiduciary net position</b>			
Contributions - employer	\$417,000	\$624,000	\$636,000
Net investment income	3,000	56,000	79,000
Benefit payments, including refunds of employee contributions	(248,000)	(246,000)	(282,000)
Administrative expense	<u>-</u>	<u>-</u>	<u>(2,000)</u>
<b>Net change in plan fiduciary net position</b>	172,000	434,000	431,000
<b>Plan fiduciary net position - beginning</b>	<u>120,000</u>	<u>292,000</u>	<u>726,000</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$292,000</u></u>	<u><u>\$726,000</u></u>	<u><u>\$1,157,000</u></u>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<u><u>\$9,038,000</u></u>	<u><u>\$9,500,000</u></u>	<u><u>\$9,706,000</u></u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u><u>3.13%</u></u>	<u><u>7.10%</u></u>	<u><u>10.65%</u></u>
<b>Covered payroll</b>	<u><u>\$2,709,398</u></u>	<u><u>\$2,747,596</u></u>	<u><u>\$2,699,763</u></u>
<b>Plan net OPEB liability as a percentage of covered payroll</b>	<u><u>333.58%</u></u>	<u><u>345.76%</u></u>	<u><u>359.51%</u></u>

\* Historical information is required only for the measurement periods for which GASB 75 is applicable.



**MARIN/SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
SCHEDULE OF CONTRIBUTIONS  
For the Year Ended June 30, 2019**

**Last Ten Fiscal Years \***

**Other Post-Employment Benefits (OPEB)**

<b>Fiscal Year</b>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Actuarially determined contribution	\$817,000	\$857,000	\$1,081,000
Contributions in relation to the actuarially determined contribution	<u>624,000</u>	<u>635,651</u>	<u>2,355,304</u>
Contribution deficiency (excess)	<u>\$193,000</u>	<u>\$221,349</u>	<u>(\$1,274,304)</u>
Covered payroll	\$2,747,596	\$2,699,763	\$2,053,078
Contributions as a percentage of covered payroll	22.71%	23.54%	114.72%

\* GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation.

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Valuation Date	July 1, 2017
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar
Remaining Amortization	21-year fixed period for 2018/19
Asset Valuation Method	Market value of assets
Discount Rate	6.50%
General Inflation	2.75%
Medical Trend	- Non-Medicare - 7.5% for 2018, decreasing to an ultimate rate of 4.0% in 2076
Mortality	MCERA 2011-2014 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2016

This Page Left Intentionally Blank

---

## STAFF REPORT



DATE: December 11, 2019

TO: The Board of Trustees

FROM: Philip D. Smith, District Manager

SUBJECT: State Disability Insurance and Paid Family Leave Benefits Policy: Proposed Addition to the District Employee Policy Manual

---

### **RECOMMENDATION**

Discuss the proposed State Disability Insurance and Paid Family Leave Benefits Policy. Consider a motion to:

1. Approve the new State Disability Insurance and Paid Family Leave Benefits Policy and direct staff to add it to the District Employee Policy Manual.
2. Repeal sections L-700 and L-1100 of the existing District Employee Policy Manual.

### **RESULT OF RECOMMENDED ACTION**

Adoption of the proposed policy would provide guidance to management and staff on how to integrate State Disability Insurance (SDI) and PFL benefits with employee payroll and use of accrued leave balances.

### **BACKGROUND**

#### Why something needs to be done

Staff Report: In the current two Memoranda of Understanding (MOU), executed August 17, 2017, between the District and those employees represented by the Western Council of Engineers (WCE), it was stipulated that District employees would transition from the District's previous short and long term disability programs to the State Disability Insurance (SDI) program. In accord with this provision, employees began to pay the cost of participating in SDI. The short term and long-term disability plans paid for by the District were discontinued once staff had earned sufficient credits at the State Employment Development Department (EDD) to be allowed to submit a claim if necessary. By virtue of their contributions to SDI, employees are also eligible for Paid Family Leave (PFL), a program also administered by EDD. PFL provides up to six weeks of wage replacement benefits within a twelve-month period to employees who take time off to care for a seriously ill family member, or to bond with a child within one year of the birth or foster care/adoption placement. Beginning July 1, 2020, the wage replacement entitlement increases from six to eight weeks within a twelve-month period.

Although the District and Union agreed in contract negotiations to transition from private disability insurance coverage to SDI/PFL, the parties did not address some of the logistical issues involved with the new benefit. For example, the parties did not address what would happen if an employee took part-time leave from work and claimed partial benefits under the SDI or PFL programs. This type of situation requires coordination between the employee, District financial staff and the EDD to ensure that the employee is not underpaid or overpaid.

In another example, District management was presented recently with a situation in which an employee needed to take time from work to care for a family member. Upon inquiry, it was confirmed that PFL offers partial wage replacement to employees who need to take time off work to care for immediate family members. The question that arose was how the District would integrate accrued paid leaves in conjunction with an employee receiving SDI or PFL benefits.

To address these issues, the District drafted a proposed SDI/PFL integration policy. The proposed policy would provide guidance to management and staff on how to integrate SDI or PFL benefits with payroll and use of accrued leave balances. The policy also requires that employees take one week of vacation time before using PFL benefits, a requirement permitted under the provisions of PFL. The provisions contained in the proposed policy are consistent with those used by many other public agencies.

After consultation with the District's employment law Counsel, District management approached the WCE to discuss this topic and provided the opportunity to review and comment on the District's proposed policy. The draft District policy before you was discussed with the Western Council of Engineers and following negotiations, agreement was reached. As part of the meet and confer process with WCE, the parties agreed that Catastrophic Leave could be used in conjunction with SDI/PFL benefits upon exhaustion of FMLA/CFRA/PDL qualifying leaves. This sentence supersedes provisions to the contrary in Section 15.4.2 of the District's Memoranda of Understanding with the General and Management Confidential Units.

It is recommended that the Board repeal the existing policies L-700 and L-1100 (Short Term and Long Term Disability Insurance respectively) contained in the Employee Policy Manual because the provisions in the 2014 MOUs terminating the private insurance plans and implementing SDI, superseded these two policies. Additionally, if the new policy is approved, it is recommended that the Board direct staff to incorporate it into the District Employee Policy Manual.

## **CONCLUSION**

The District Employee Manual is currently under major revision with presentation for the Board's review anticipated in early 2020. Due to the pressing need to establish policy guidance pertaining to the integration of SDI and PFL leaves with payroll and leave balances, staff recommends that the Board adopt and approve the proposed policy now.

Respectfully submitted,

Philip Smith, District Manager

Marin/Sonoma Mosquito and Vector Control District  
District Employee Policy Manual  
Policy Title: State Disability Insurance and Paid Family Leave Benefits Policy  
Policy Number: TBD

### Purpose

California's Employment Development Department (EDD) administers the State Disability Insurance (SDI) and Paid Family Leave (PFL) programs to provide partial wage replacement for employees temporarily unable to work for qualifying reasons.

The purpose of this policy is to define how the SDI/PFL partial wage replacement is integrated with District paid leave benefits.

### Eligibility

Employees in the General and Management/Confidential Units are eligible for SDI/PFL wage replacement benefits in accordance with the terms and conditions of the SDI/PFL Program.

- A. Employees who experience a loss of wages when they are unable to work due to a non-work-related illness, injury, or pregnancy, may be eligible for Disability Insurance (DI) benefits.
- B. Employees who experience a loss of wages when they need to take time off work to care for a seriously ill child, parent, parent-in-law, grandparent, grandchild, sibling, spouse, registered domestic partner, or to bond with a new child entering the family through birth, adoption, or foster care placement, may be eligible for Paid Family Leave (PFL) benefits.

Employees fund SDI/PFL benefits through employee payroll deductions. The District does not fund SDI/PFL. Benefit amounts are solely determined by the EDD.

### Filing a Claim

It is the employee's responsibility to file a claim for SDI/PFL benefits. The District is not involved in the application or benefit payment process.

Upon request from the EDD, the District will verify employment, pay rate, dates of absence due to a qualifying event, and integration of paid leave (if applicable).

The employee is responsible for notifying the District of claim approval and benefit amounts.

### Integration

The SDI/PFL program allows for integration of SDI/PFL benefits with accrued, unused paid leave. Integration has the effect of ensuring the employee will receive his/her normal salary or wages during the period of SDI/PFL wage replacement benefits. The following terms apply:

- A. District payroll personnel will integrate payment of paid leave for the remaining base salary only if sick leave, vacation leave, and/or compensatory time off (CTO) is available to draw from when the absence begins. The employee is required to integrate enough paid leave per pay period to amount to the employee's base salary in conjunction with SDI/PFL benefits, except (1) in the pay

period in which leave is exhausted, and (2) in the pay period in which the employee elects to discontinue integration as specified below.

- B. Integration of paid leave benefits with SDI/PFL benefits is to be automatic, except where the employee is concurrently on designated Family Medical Leave. If an employee is concurrently on designated Family Medical Leave (FMLA/CFRA), the employee may *elect* to integrate paid leave with SDI/PFL benefits. In addition, an employee may elect to discontinue integration in order to retain up to forty hours of accrued, unused vacation and/or up to forty hours of accrued, unused sick leave.
- C. The total, combined compensation from integrated SDI/PFL benefits and accrued paid leaves shall not exceed the employee's base salary at the time of disability/PFL.
- D. In order to receive integrated paid leave, the employee shall provide a copy of their SDI/PFL statement showing the amount of benefits and period of time for which the employee received SDI/PFL benefits. The District will utilize the employee's SDI/PFL statement as the basis for integration of paid leave. The District shall subtract SDI/PFL benefits paid to the employee by EDD from the employee's gross wages in a pay period, and then divide the remainder by the employee's current District hourly rate, totaling the number of leave hours to be deducted from the employee's leave bank.

#### Type and Order Of Leave

Integration will occur first with accrued, unused sick leave (where use is required according to District policy), and then with accrued, unused vacation and compensatory time off (CTO). An employee who exhausts sick leave, vacation and CTO will receive no monetary compensation from the District for the remaining period of SDI/PFL wage replacement.

An employee is required to use up to one week of accrued, unused vacation time before, and as a condition of, the employee's initial receipt of PFL benefits during any 12-month period.

The District's contribution to group health insurance benefits will continue during FMLA/CFRA/Pregnancy Disability Leave (PDL) qualifying leaves in accordance with District policy. After FMLA/CFRA/PDL leave is exhausted, the District's contribution to group health insurance benefits will continue during SDI/PFL only for the period of time that the employee integrates paid leave.

Catastrophic Leave may be used in conjunction with SDI/PFL benefits upon exhaustion of FMLA/CFRA/PDL qualifying leaves. This sentence supersedes provisions to the contrary in Section 15.4.2 of the District's Memoranda of Understanding with the General and Management Confidential Units.

#### Overpayments

Overpayments during integration can frequently occur. The employee is fully responsible for repayment of overpayments. If the employee is overpaid by the District, the employee shall be required to repay the District for the overpayment within three pay periods, or unless otherwise agreed by the parties. The employee is solely responsible for repaying overpayments from the EDD.

## COASTAL REGION VECTOR CONTROL MUTUAL AID AGREEMENT

THIS AGREEMENT is entered into by and between Alameda County Mosquito Abatement District, a local government agency (“ACMAD”), San Mateo County Mosquito & Vector Control District, a local government agency (“SMCMVCD”), and Marin/Sonoma Mosquito and Vector Control District, a local government agency (“MSMVCD”). This Agreement will become effective on the date that it is signed by the last Party to sign as indicated by the date associated with that Party’s signature below. The Parties agree as follows:

### **1. Definitions.** The following definitions apply to words and phrases used in this Agreement:

a. “Agreement” means this Coastal Region Vector Control Mutual Aid Agreement, as it may be amended from time to time.

b. “Coastal Region” means the Coastal Region of the Mosquito and Vector Control Association of California.

c. “Emergency” means the existence or threat of a mosquito-borne virus outbreak or other public health situation or a natural or manmade event, incident or condition that causes an increased demand for vector control services, which is or is likely to be beyond the capability of a Party to respond to and manage with its existing personnel, equipment, and supplies.

d. “Loaned Employee” has the meaning as set forth at section 6.

e. “Parties” mean the initial parties to this Agreement as set forth in the first paragraph plus any additional parties added to the Agreement through an addendum approved pursuant to section 3. “Party” means any one of the Parties.

f. “Request” means a request for mutual aid assistance made pursuant to section 5.

g. “Requesting Party” means a Party that requests mutual aid assistance under this Agreement.

h. “Responding Party” means a Party that agrees to provide mutual aid assistance in response to a Request.

### **2. Recitals.** This Agreement is made with reference to the following background recitals:

a. Each Party provides mosquito or vector control services to its service area within the Coastal Region. Each Party employs certain personnel and owns certain equipment and supplies for use with its mosquito and vector control services.

b. Each Party has limited personnel, equipment, and supplies to serve its service areas and needs. It therefore would be advantageous to, and in the mutual best interests of, the Parties and their residents and taxpayers to develop and implement a mutual aid program to allow for the sharing of personnel, equipment, and supplies when needed. The Parties therefore desire and intend to develop and implement a mutual aid program pursuant to the terms of this Agreement.

c. This Agreement is entered into pursuant to Health and Safety Code section 2045 and other applicable law.

**3. Parties.** The initial parties to this Agreement are ACMAD, SMCMVCD and MSMVCD. Additional mosquito or vector control districts or agencies within the Coastal Region may become Parties to this Agreement pursuant to an addendum approved and signed by the joining new Party and by all then-existing Parties. The addendum also shall set forth the new Party's contact information for purposes of section 9(g).

**4. Term.** This Agreement shall commence on its effective date and continue in effect until terminated as provided in this section. While there are two Parties, this Agreement may be terminated for any reason at any time by either Party upon 30-days advance written notice to the other Party. After a third or more Parties have been added to the Agreement pursuant to section 3, then: (a) any Party may withdraw from the Agreement for any reason at any time upon 30-days advance written notice to the other Parties, (b) the Agreement may be terminated by the mutual written approval of all Parties, and (c) if all Parties except one Party withdraw from the Agreement, the Agreement will be deemed terminated. In the event of such a termination or withdrawal, a Responding Party shall be compensated for all use of its personnel, equipment, or supplies provided to a Requesting Party up to the date of termination or withdrawal.

### **5. Request for Assistance**

a. In the event of an Emergency (as reasonably determined by a Party), any Party (the Requesting Party) may request assistance from any other Party or Parties. The Request for assistance shall be in writing (e.g., email) and directed to the manager or chief executive officer of the other Party or Parties. The Request shall specify the nature of the Emergency, desired and requested personnel, equipment (e.g., vehicles, tools, sprayers), or supplies (e.g., pesticides), and the expected duration of the requested mutual aid assistance.

b. Upon receipt of a Request under subsection (a), the other Party(ies) will evaluate the Request, ability to accommodate the Request, and workload, schedule, service, planning, and other effects and concerns associated with providing the assistance in response to a Request. A Party will decide in its sole discretion whether to provide assistance in response to a Request. Assistance ordinarily will be provided only when a Party determines that its own needs can continue to be met while rendering assistance. If a Party decides to provide assistance in response to a Request (in which case it becomes a Responding Party), then Responding Party will so notify the Requesting Party about its available resources and the approximate time of such assistance. This Agreement does not create any duty to respond on the part of any Party receiving a Request and a Party shall not be held liable for declining to provide or failing to provide assistance in response to a Request.

c. If any Responding Party agrees to provide assistance in response to a Request, then it shall provide the requested personnel, equipment, or supplies to and in coordination with Requesting Party. Responding Party's response and assistance will be subject to the extent, type, and timing of its available resources. Requesting Party and Responding Party shall coordinate regarding the time and manner of delivery of assistance in response to a Request.



d. Any Party also may submit a Request to borrow equipment or supplies from any other Party or Parties in a non-Emergency situation. In any such non-Emergency Request, the Requesting Party and any interested Responding Party shall first confirm in writing the scope and type of equipment or supplies to be provided, time and manner of delivery of assistance in response to a Request, duration of the assistance, cost reimbursement arrangement, and other terms of the transaction. The cost reimbursement shall be consistent with section 8, unless the Requesting Party and Responding Party agree in writing otherwise. Upon approval of any non-Emergency request, the Responding Party shall provide the equipment or supplies in accordance with the approved Request.

e. Requesting Party or Responding Party may terminate the mutual aid response at any time by giving 48-hour advance written notice to the other Party. In the event of any such termination, Requesting Party promptly shall return any equipment or unused supplies to Responding Party, Responding Party personnel shall cease working for Requesting Party, and Responding Party shall be compensated for all use of its personnel, equipment, or supplies provided to a Requesting Party up to the date of termination.

**6. Sharing of Personnel.** This section applies when a Responding Party provides its personnel (a “Loaned Employee”) to aid a Requesting Party in response to a Request.

a. **General and Special Employer.** The Parties acknowledge that Responding Party will be the general employer of any Loaned Employee and Requesting Party will be the special employer of the Loaned Employee. The Loaned Employee will work for Requesting Party during the period of the mutual aid assistance, but will remain an employee of Responding Party during that period. The Parties recognize that workload requirements involving either Responding Party or Requesting Party may require temporary adjustments to the Loaned Employee’s work schedule and the involved Parties agree to mutually cooperate to accommodate such requirements in coordination with the affected Loaned Employee(s).

**b. Special Employer Role**

(1) When working for Requesting Party, a Loaned Employee will be under the supervision and direction of Requesting Party, and Requesting Party and its management and supervisory employees will determine the particular tasks, services, and assignments to be performed by the Loaned Employee. Requesting Party shall be responsible for providing the Loaned Employee with office space, support services, materials, supplies, tools, and equipment appropriate to perform the work (unless otherwise provided pursuant to section 7). A Loaned Employee is not expected to know Requesting Party’s rules, regulations, and personnel policies. As a result, a Loaned Employee shall abide by all Responding Party rules, regulations, and personnel policies while working at Requesting Party.

(2) If a Loaned Employee undertakes any business-related travel or incurs other business-related expenses at the request and direction of the Requesting Party, then Requesting Party will be responsible for payment or reimbursement of the Loaned Employee’s reasonable business-related expenses in accordance with Requesting Party’s expense reimbursement policy and procedures. A Requesting Party shall not direct a Loaned Employee to undertake any business-related travel unless authorized by the Responding Party.

(3) If a Loaned Employee commits a crime or act of moral turpitude, or if Loaned Employee, after being instructed by Requesting Party as to its rules, regulations, and personnel policies, violates any of these rules, regulations and/or policies, Requesting Party may immediately remove the Loaned Employee from duty, instruct the Loaned Employee to return to Responding Party, notify Responding Party of any actions that are subject to discipline, and cooperate fully in any investigation undertaken by Responding Party.

(4) Requesting Party may not take any disciplinary action whatsoever against an employee of Responding Party who is temporarily assigned to Requesting Party. The Loaned Employee shall be subject to discipline, in Responding Party's sole discretion, according to Responding Party's disciplinary procedures, regardless of the number of hours the Loaned Employee was assigned to Requesting Party. If employees of more than one Party are involved in an action that may require discipline, there shall be only one investigation, which shall be conducted jointly by the Parties, the results of which may be used by the Parties as each Party sees fit.

(5) Requesting Party will remain responsible for reporting any reportable injuries and illnesses on its OSHA 300 log and for other employer workplace incident reporting obligations involving Requesting Party's workplace, even if a Loaned Employee is the subject of the injury, illness or incident.

(6) If any Loaned Employee proves unsatisfactory to the Requesting Party, for any legal reason, the Loaned Employee shall, upon written notice by Requesting Party to Responding Party, promptly be replaced by another Loaned Employee.

#### **c. General Employer Role.**

(1) Any Loaned Employee will remain a regular employee of Responding Party, will remain on Responding Party's payroll, will remain subject to Responding Party's general personnel administration, will continue to receive compensation and benefits solely from Responding Party, and will remain subject to Responding Party's personnel policies, rules and regulations and, if applicable, collective bargaining or union contract. Responding Party will be responsible for payment of all Loaned Employee salary or wages and related benefits, pension, insurance, taxes and withholdings required under Responding Party's personnel rules, policies and contracts and applicable federal and state law. Responding Party will be responsible for keeping and maintaining the personnel file and payroll and other records of the Loaned Employee. No Loaned Employee shall receive any compensation (including salary, retirement, leave and other benefits) from the Requesting Party, regardless of how much time that Loaned Employee is assigned to the Requesting Party under this Agreement.

(2) Loaned Employee shall keep a record of all hours worked and duties performed for Requesting Party in a format and at a frequency specified by Responding Party.

#### **d. Workers' Compensation Insurance**

(1) Neither Requesting Party nor Responding Party will be responsible to provide workers' compensation insurance to or for the other Party's employees. Each Party waives any right of subrogation to the other Party.

(2) Responding Party will procure and maintain for the duration of any mutual aid assistance workers' compensation insurance or self-insurance covering any Loaned Employee in accordance with the requirements of California law. In accordance with Labor Code section 3602(d), the Parties intend that this obligation constitute a valid and enforceable agreement by which Responding Party agrees to obtain, and shall obtain, workers' compensation coverage for the Loaned Employee provided to Requesting Party. Requesting Party therefore will not be subject to civil, criminal or other penalties for failure to provide workers' compensation coverage or tort liability in the event of an injury to or illness of a Loaned Employee suffered in the course of providing mutual aid assistance pursuant to a Request.

(3) In accordance with Insurance Code section 11663, and because any Loaned Employee will remain on Responding Party's payroll, Responding Party acknowledges that its workers' compensation insurer or self-insurer will be liable for the entire cost of workers' compensation benefits payable on account of an illness or injury occurring in the course of and arising out of the general and special employment of a Loaned Employee pursuant to a Request. The Parties acknowledge that a fair share of the workers' compensation premium costs attributable to the Loaned Employee will be included in the costs to be paid by Requesting Party to Responding Party under section 8.

(4) If a Loaned Employee suffers a work-related injury or illness when working for Requesting Party, then Requesting Party must immediately inform Responding Party in order for Responding Party to be able to timely provide the workers' compensation claim form (DWC 1) to the Loaned Employee. Responding Party will be responsible for providing the claim form, receiving and processing any claim from the Loaned Employee, arranging for medical treatment and the provision of other workers' compensation benefits, and instructing the Loaned Employee that under this Agreement the Responding Party and its insurer remain liable for any workers' compensation benefits even though the injury or illness occurred when working for the Requesting Party.

e. **Indemnification.** In accordance with Government Code section 895.4, the following indemnity provisions apply when a Responding Party provides any Loaned Employee to a Requesting Party.

(1) Requesting Party shall, to the fullest extent permitted by law, indemnify, defend, protect, and hold harmless Responding Party, and its officers, employees and agents, from and against any and all liability, losses, claims, damages, expenses, demands, and costs (including, but not limited to, attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of: (i) a breach of Requesting Party's obligations under this Agreement, or (ii) an act or omission of the Loaned Employee in performing work for Requesting Party pursuant to a Request, except for the following: (a) an injury to or illness of the Loaned Employee suffered in the course of providing work pursuant to a Request that is covered by Responding Party's workers' compensation insurance; or (b) as otherwise provided or limited by law. The scope of the Requesting Party's duty to indemnify includes, but is not limited to, any and all liability, losses, claims, damages, expenses, demands, and costs (including, but not limited to, attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of negligent or wrongful use of equipment or supplies on loan to the Requesting Member, or faulty workmanship or other negligent acts, errors or omissions by Requesting Party or the Responding Party's personnel.

(2) Responding Party shall, to the fullest extent permitted by law, indemnify, defend, protect, and hold harmless Requesting Party, and its officers, employees and agents, from and against any and all liability, losses, claims, damages, expenses, demands, and costs (including, but not limited to, attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of a breach of Responding Party's obligations under section 6 subsections (c) and (d), except as otherwise provided or limited by law.

**7. Sharing of Equipment and Supplies.** This section applies when a Responding Party provides its equipment or supplies to aid a Requesting Party in response to a Request.

a. **General.** Responding Party will provide the equipment or supplies to the Requesting Party at such time and under such circumstances as agreed to by the Responding Party and Requesting Party. Requesting Party will use the equipment or supplies as appropriate for the reasons described in the Request. Requesting Party will be responsible for the proper use, operation, storage, and care of the equipment or supplies while in its custody or control. Requesting Party will supply all fuel, lubrication, power, other consumables, or services as needed for its use of any equipment. Requesting Party will pay all costs related to the transportation, handling, loading and unloading of the equipment or supplies. At the option of Responding Party, the equipment may be provided together with a Responding Party employee to operate the equipment, in which case the Responding Party employee will be considered a Loaned Employee under section 6.

b. **Indemnification.** In accordance with Government Code section 895.4, the following indemnity provision applies when a Responding Party provides equipment or supplies to a Requesting Party pursuant to a Request: Requesting Party shall, to the fullest extent permitted by law, indemnify, defend, protect and hold harmless Responding Party, and its officers, employees and agents, from and against any and all liability, losses, claims, damages, expenses, demands, and costs (including, but not limited to, attorney, expert witness and consultant fees, and litigation costs) of every nature arising out of (i) a breach of Requesting Party's obligations under this Agreement, or (ii) the use, operation, storage, or care of the equipment or supplies, except as otherwise provided or limited by law. If the equipment or supplies are damaged, destroyed, or lost while in the custody or control of Requesting Party, Requesting Party will pay or reimburse Responding Party for the cost of repairing or replacing the damaged, destroyed, or lost equipment or supplies.

## **8. Cost Reimbursement**

a. **General; Billing and Payment.** When a Responding Party provides aid in response to a Request, Requesting Party shall pay to Responding Party the costs and other amounts as described in this section and section 6(d)(3), or as otherwise agreed to in writing between Responding Party and Requesting Party. At the end of the period of mutual aid assistance, Responding Party shall prepare and submit to Requesting Party an itemized statement showing the payment due based on the cost principles set forth below. Requesting Party shall pay requested sum to Responding Party within 45 days after receipt of the statement.

b. **Loaned Employee.** For a Loaned Employee, the cost will be based on Responding Party's fully-burdened labor cost for the employee, including salary or wages, fringe benefits, overhead, and direct and indirect costs associated with the employee's share of the workers' compensation insurance. The fully burdened labor costs shall be determined as an hourly

rate and that rate will be applied to the number of hours actually worked by the Loaned Employee in providing aid to the Requesting Party. Requesting Party shall keep and maintain a daily time report showing the hours worked per Loaned Employee.

c. **Equipment.** For equipment, the cost will be based on the then-current Federal Emergency Management Agency schedule of equipment rates (if the particular equipment is listed in that rate schedule), or, if the equipment is not listed on the FEMA rate schedule, a commercially reasonable equipment rental rate applied to the number of hours or days during which the equipment was in Requesting Party's custody and control. Responding Party also shall pay or reimburse any costs relating to the transportation, handling, and loading/unloading of the equipment.

d. **Supplies.** For supplies used or consumed by Requesting Party, the cost will be based on the actual replacement price for the supplies plus any handling or delivery charges. Requesting Party shall return any unused supplies to Responding Party in a clean, damage-free condition.

e. **Non-Emergency.** If the Request involves a non-Emergency situation and if Requesting Party and Responding Party established cost reimbursement terms pursuant to section 5(d), then those cost reimbursement terms shall govern the costs and payment arrangement.

## 9. General Provisions

a. **Non-liability of Nonparticipating Party.** In the event of any liability, loss, claim, demand or lawsuit arising out of the rendering of assistance under this Agreement, the Responding Party and Requesting Party(ies) agree to indemnify and hold harmless any non-participating Party whose only involvement in the transaction or occurrence that is the subject of the liability, loss, claim, demand or lawsuit is the fact that it is a Party to this Agreement.

b. **State Audit.** In accordance with Government Code section 8546.7, the Parties acknowledge that this Agreement, and performance and payments under it, may be subject to examination and audit by the State Auditor General for three years following final payment under the Agreement.

c. **Entire Agreement.** This writing represents the sole, final, complete, exclusive and integrated expression and statement of the terms of this contract among the Parties concerning requests for assistance, and supersedes all prior oral or written negotiations, representations or contracts. This Agreement may be amended only by a subsequent writing approved and executed by all Parties.

d. **No Waiver of Rights.** Any waiver at any time by a Party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by Requesting Party to Responding Party shall be considered or construed to be a waiver of any breach or default.

e. **Severability.** If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each Party still receives the benefits of this Agreement.

f. **No Third Party Beneficiaries.** This Agreement shall not be construed to create any third party beneficiaries. This Agreement is for the sole benefit of the Parties and no other person or entity shall be entitled to rely upon or receive any benefit from this Agreement or any of its terms.

g. **Notice.** Any notice, demand, invoice, or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, first class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

<p>ACMAD:</p> <p>General Manager Alameda County Mosquito Abatement District 23187 Connecticut Street Hayward, CA 94545 ryan@mosquitoes.org</p>	<p>SMCMVCD:</p> <p>District Manager San Mateo County Mosquito &amp; Vector Control District 1351 Rollins Rd. Burlingame, CA 94010 cpeavey@smcmvcd.org</p>
<p>MSMVCD:</p> <p>Manager Marin/Sonoma Mosquito and Vector Control District 595 Helman Lane Cotati, CA 94931 PhilS@msmosquito.com</p>	

or, for other Parties, at such contact information provided by the addendum approved pursuant to section 3.

Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender's receipt of an email from the other Party confirming the delivery of the notice, etc. Any Party may change its contact information by notifying the other Party of the change in the manner provided above. Requests for assistance and responses under section 5 may be provided and sent via e-mail to the above e-mail addresses.

h. **Dispute Resolution.** The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement by promptly holding negotiations between the authorized representatives of each Party involved in the dispute. The disputing Party shall give the other involved Party(ies) written notice of any dispute. Within twenty (20) days after delivery of such notice, the authorized representatives of the involved Parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem

necessary to exchange information and to attempt to resolve the dispute. If the matter is not resolved within thirty (30) days of the first meeting, any involved Party may initiate a mediation of the dispute. The mediation shall be facilitated by a mediator that is acceptable to all involved Parties and shall conclude within sixty (60) days of its commencement, unless the Parties agree to extend the mediation process beyond such deadline. Upon agreeing on a mediator, the Parties shall enter into a written agreement for the mediation services with each involved Party paying a pro rata share of the mediator's fee, if any. Each involved Party shall bear its own legal fees and expenses. If, after good faith efforts to mediate a dispute the involved Parties cannot agree to a resolution of the dispute, any involved Party may pursue whatever legal remedies may be available to it at law or in equity, before a court of competent jurisdiction.

**i. Governing Law.** This Agreement shall be interpreted in accordance with the laws of the State of California. If, after exhausting the dispute resolution procedure in section 9(h), an action is brought to interpret or enforce any term of this Agreement, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorneys' fees, as determined by the court.

**j. Compliance with Law.** The Parties shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments.

**k. Assignment.** No Party to this Agreement shall assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of the other Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date last written below.

\_\_\_\_\_  
ALAMEDA COUNTY MOSQUITO  
ABATEMENT DISTRICT

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ryan Clausnitzer  
General Manager

\_\_\_\_\_  
SAN MATEO COUNTY MOSQUITO & VECTOR  
CONTROL DISTRICT

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Chindi Peavey  
District Manager

MARIN/SONOMA MOSQUITO AND  
VECTOR CONTROL DISTRICT

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Philip D. Smith  
Manager

**SIDE LETTER BETWEEN  
MARIN SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT (MSMVCD) AND  
THE WESTERN COUNCIL OF ENGINEERS (WCE)  
RE: EMPLOYEE TRAVEL FOR MUTUAL AID**

The Marin Sonoma Mosquito and Vector Control District (“MSMVCD” or “District”) and Western Council of Engineers (“Union”) (collectively referred to as the “parties”) hereby tentatively agree to the following side letter, subject to Union ratification and Board of Trustees adoption of this Side Letter and the Coastal Region Mutual Aid Agreement.

WHEREAS, the District is considering entering into a Mutual Aid Agreement with the Alameda County Mosquito Abatement District (“ACMAD”), and the San Mateo County Mosquito & Vector Control District (“SMCMVCD”) (“Mutual Aid Agreement”), which may be expanded in the future to include additional mosquito and vector control districts in northern California;

WHEREAS, the Mutual Aid Agreement between MSMVCD, ACMAD, and SMCMVCD provides as follows under Section 6, subsection b:

*(2) If a Loaned Employee undertakes any business-related travel or incurs other business-related expenses at the request and direction of the Requesting Party, then Requesting Party will be responsible for payment or reimbursement of the Loaned Employee’s reasonable business-related expenses in accordance with Requesting Party’s expense reimbursement policy and procedures. A Requesting Party shall not direct a Loaned Employee to undertake any business-related travel unless authorized by the Responding Party.*

WHEREAS, the Mutual Aid Agreement does not address commute issues to and from the Requesting District;

NOW THEREFORE, by this side letter, the parties agree to the following conditions to address travel time and expense reimbursement in connection with the Mutual Aid Agreement, as may be expanded in the future to include additional districts:

1. **Travel:** The following rules regarding travel and the compensability of travel time shall apply for overtime-eligible District employees when loaned to a Requesting District:
  - a. **Travel Time:** All time spent traveling to and from the location of the Requesting District is considered compensable, including time spent traveling as a passenger, but excluding time spent for meal breaks, sleeping, or engaging in purely personal pursuits not related to travel or travel connections.
  - b. **Travel During the Workday:** Travel during the workday, after the employee has reported for work for the District or Requesting District, is compensable, unless it is in connection with a bona fide meal break.
  - c. **District Vehicle:** The District reserves the right to require or approve a Loaned Employee to use a District vehicle for travel to and from the Requesting District.



**SIDE LETTER BETWEEN  
MARIN SONOMA MOSQUITO AND VECTOR CONTROL DISTRICT (MSMVCD) AND  
THE WESTERN COUNCIL OF ENGINEERS (WCE)  
RE: EMPLOYEE TRAVEL FOR MUTUAL AID**

- d. Overnight Stay: The District reserves the right to require the Loaned Employee to stay overnight in proximity to the Requesting District in the event of a multi-day assignment.
2. **Hourly Rate**: For FLSA non-exempt employees, compensable time described above shall be paid at the employee's regular hourly rate, or if applicable, the required overtime rate, as provided by the provisions of the Memorandum of Understanding between the parties.

FLSA exempt employees shall not receive additional compensation beyond their regular salary for travel time to and from the Requesting District.

3. **Expenses**: All necessary expenses incurred in connection with District-required travel on behalf of a Requesting District shall be reimbursed to the employee in accordance with the District's policy regarding Employee Travel and Expense Reimbursement (Policy E-500) and California Labor Code Section 2802.

The District reserves the right to seek reimbursement from the Requesting District for the above-stated costs.

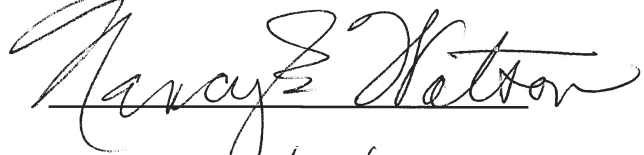
Upon negotiation of a successor MOU in 2020, the parties agree to incorporate this side letter into the successor MOU, unless otherwise agreed to or amended by the parties, at which point this side letter shall be eliminated.

**MSMVCD:**

\_\_\_\_\_

Dated: \_\_\_\_\_

**WCE:**

  
\_\_\_\_\_

Dated: 12/4/19

## **AGREEMENT FOR SPECIAL SERVICES**

This Agreement is entered into between the law firm of LIEBERT CASSIDY WHITMORE, A Professional Corporation (“Attorney” or “LCW”), and the MARIN/SONOMA MOSQUITO & VECTOR CONTROL DISTRICT (“District”).

### **1. Conditions**

This Agreement will not take effect, and Attorney will have no obligation to provide services, until District returns a properly signed and executed copy of this Agreement.

### **2. Attorney’s Services**

Attorney agrees to provide District with consulting, representational and legal services pertaining to employment relations matters, including representation in negotiations and in administrative and court proceedings, as requested by District or otherwise required by law.

### **3. Fees, Costs, Expenses**

District agrees to pay Attorney the sums billed monthly for time spent by Attorney in providing the services, including reasonable travel time.

The current range of hourly rates for Attorney time is from Two Hundred Ten to Three Hundred Eighty Dollars (\$210.00 - \$380.00). See Schedule I for a full Fee Schedule. Attorney reviews its hourly rates on an annual basis and, if appropriate, adjusts them effective July 1. Attorney will provide the District with written notification of any adjustment in the range of rates. Attorney bills its time in minimum units of one-tenth of an hour.

For Litigation Matters

See Schedule II attached for a description of Attorney's Litigation and E-Discovery Management.

Other Expenses

District agrees to reimburse Attorney for necessary costs and expenses incurred by Attorney on behalf of District. Attorney bills photocopying charges at Fifteen Cents (\$0.15) per page. See Schedule I attached.

Payment by District against monthly billings is due upon receipt of statements, and is considered delinquent if payment is not received within thirty (30) days of the date of the invoice.

**4. Professional Liability Insurance**

The California Business & Professions Code requires us to inform you whether we maintain errors and omissions insurance coverage applicable to the services to be rendered to you. We hereby confirm that the firm does maintain such insurance coverage.

**5. Arbitration of Professional Liability or Other Claims**

Disputes. If a dispute between District and Attorney arises over fees charged for services, the controversy will be submitted to binding arbitration in accordance with the rules of the California State Bar Fee Arbitration Program, set forth in California Business and Professions Code, sections 6200 through 6206. The arbitrator or arbitration panel shall have the authority to award to the prevailing party attorneys' fees, costs and interest incurred. Any arbitration award may be served by mail upon either side and personal service shall not be required.

If a dispute arises between District and Attorney over any other aspect of the attorney-client relationship, including, without limitation, a claim for breach of professional duty, that dispute will also be resolved by arbitration. It is understood that any dispute as to any alleged breach of professional duty (that is, as to whether any legal services rendered under this agreement were allegedly unnecessary, unauthorized, omitted entirely, or were improperly, negligently or incompetently rendered) will be determined by submission to arbitration as provided by California law, and not by a lawsuit or resort to court process except as California law provides for judicial review of arbitration proceedings. **Both parties to this agreement, by entering into it, are giving up their constitutional right to have any such dispute decided in a court of law before a jury, and instead are accepting the use of arbitration.** Each party is to bear its own attorney's fees and costs.

**6. File Retention**

After our services conclude, Attorney will, upon District's request, deliver the file for the matter to District, along with any funds or property of District's in our possession. If District requests the file for the matter, Attorney will retain a copy of the file at the District's expense. If District does not request the file for this matter, we will retain it for a period of seven (7) years after this matter is closed. If District does not request delivery of the file for this matter before the end of the seven (7) year period, we will have no further obligation to retain the file and may, at our discretion, destroy it without further notice to District. At any point during the seven (7) year period, District may request delivery of the file.

**7. Assignment**

This Agreement is not assignable without the written consent of District.

**8. Independent Contractor**

It is understood and agreed that Attorney, while engaged in performing the terms of this Agreement, is an independent contractor and not an employee of District.

**9. Authority**

The signators to this Agreement represent that they hold the positions set forth below their signatures, and that they are authorized to execute this Agreement on behalf of their respective parties and to bind their respective parties hereto.

**10. Term**

This Agreement is effective November 22, 2019, ongoing and may be modified by mutual agreement of the parties. This agreement shall be terminable by either party upon thirty (30) days written notice.

LIEBERT CASSIDY WHITMORE,  
A Professional Corporation

MARIN/SONOMA MOSQUITO &  
VECTOR CONTROL DISTRICT

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

SCHEDULE I – FEES & COSTS

1. Hourly Rates (As of Agreement Effective Date)

Partners	\$380.00
Senior Counsel	\$325.00
Associates	\$210.00 - \$305.00
Labor Relations/HR Consultant	\$240.00
Paralegals	\$135.00
E- Discovery Specialists	\$135.00
Law Clerks	\$135.00 - \$175.00

2. COSTS

1. Photocopies	\$0.15 per copy
----------------	-----------------

## SCHEDULE II

### LCW LITIGATION and E-DISCOVERY MANAGEMENT

LCW is committed to using state-of-the-art technology to efficiently manage and harness electronically-stored information (“ESI”) in compliance with Federal and State law requirements. LCW partners with an outside managed services provider to provide Relativity, the industry leading e-discovery software, for this purpose. The cost for each matter will depend on the volume and format of the data. For non-complex data up to 50 gigabytes, LCW charges a monthly fee of \$375 on all active litigation matters for data management, including data validation and security, ingestion, de-duplication, culling and streamlining, and creation of Relativity fields for expedited review. For data of 50 gigabytes and over and for complex data requiring specialized services (e.g., payroll data, spreadsheets with underlying formulas, video, advanced searches, etc.), additional charges are incurred and are passed through to the client. For such charges, we will provide an itemized bill from our managed services provider and obtain client approval prior to incurring the charges.

#### Litigation Case Staffing

LCW has organized its litigation practice to meet the challenges of today’s complex litigation cases. We employ a dedicated Litigation Manager – a non-billing attorney litigator – whose responsibility is to monitor all litigation cases to ensure quality, efficiency, and adherence to client and firm litigation guidelines. Each litigation case is staffed with a Partner, an Associate (or Associates, as required and as approved by the Client), a Paralegal and an E-Discovery Specialist. Our E-Discovery Specialists have extensive experience in the efficient management of electronic data through every stage of the e-discovery life cycle, and they strategize with attorneys and clients on effective ESI protocols. This makes the document review process more efficient and enables our attorneys to target the most relevant data to meet litigation objectives. Working with our e-discovery managed services provider, we are able to provide state-of-the-art data processing and hosting services at below-market rates.

## Manager's Report

- Senior personnel at MRG are making good progress on the two projects assigned to them. Mike Bakaldin of MRG has been working with Erik Hawk & Shop/Facilities Coordinator Steve Delucchi to complete the revamped Capital Items Valuation & Replacement Plan. Dana Shigley is working with me and Financial Manager Jennifer Crayne to study the District's financial situation and prepare recommendations for potentially beneficial uses of any funds that exceed the target balances set by the Board. Given the holiday schedule and need for committee review and input, we anticipate that MRG will report to the full Board in either February or March of next year.
- Due to the processes described above, NBS will prepare and present their annual financial forecast in February or March of 2020.
- A recruitment for Education Program Specialist is underway. Applications will be accepted until December 20.
- In the arena of working safely, we're excited to have set a new record of 484 days free of injuries or accidents. Risk Control Manager Tom Kline from the Vector Control JPA will hold a safety training day for District staff on January 21 next year. Among other topics, he will focus on driving safety and train us on the state's new wildfire smoke regulations.
- Public Information Officer Nizza Sequeira, Eric Engh and I are preparing the script for a new informational video that will explain integrated vector management in easily accessible terms. When finished, we plan to highlight this video on the new web site, which has been working well since its launching a couple of months ago.
- The project to replace the malfunctioning air conditioning chiller unit has been completed successfully.
- Jeff Wickman, the MCERA Administrator, is tentatively scheduled to present an update to our Board in March or April next year.
- Financial staff at the Vector Control Joint Powers Agency advise that the District will receive a retrospective adjustments (refunds) of \$13,717 from the Pooled Liability Program and \$27,271 from the Worker's Compensation Program. These amounts would have been twice as large had the JPA Board not decided to retain 50% of this year's refunds to build additional equity in the mid-layer pools, which seems to be a prudent precaution. We expect the reduced refunds to continue for the next four program years.
- President Shaun McCaffrey and the Executive Committee advise that a Board meeting is anticipated for January 8, 2020. A proposed mid-year budget adjustment will be presented at this meeting. At present, it is not certain whether a February meeting will be scheduled.
- The District and the Western Council of Engineers has scheduled the first MOU negotiating session for late in the month of January 2020.



## Assistant Manager's Report

- Mosquito production has declined with the change in weather. We are beginning to see the seasonal transition from summer to winter mosquitoes. For example, we are already seeing populations of *Aedes squamiger* (California salt marsh mosquito) in tidally influenced areas.
- Most of the water sources (e.g. swimming pools) inspected within the Kincade Fire burn area were positive for mosquito production and required larvicide treatment. Mosquito surveillance, control and communication with residents will continue.
- Yellowjacket populations are declining rapidly as are the related calls for service. Service requests for rat issues remain steady.
- Laboratory staff are testing ticks, analyzing data and preparing reports for the 2018/19 tick season. Tick collection for the 2019/20 season is underway.
- Operations staff are busy working on Argo tear downs and rebuilds, equipment maintenance and calibration and District facilities projects.
- The vast majority of District staff are attending Coastal Region continuing education seminars as required by the California Department of Public Health, EPA and California Department of Pesticide Regulation to maintain State of California vector control pesticide applicators licenses. One of the education events was held on November 14, 2019 and the second will take place on December 12, 2019.
- I have been working with Laboratory and Operations staff on enhancements to the District's data base. The enhancements should increase efficiency relative to information queries and data analyses.
- Staff and I are compiling annual reports for permits (e.g. USFWS, NPS) and renewing permits for the 2020 season (e.g. Marin and Sonoma County Agricultural Departments).
- I am working with Audubon California, USFWS, and consultants on preliminary planning and design for phase two of the Sonoma Creek Enhancement Project. The goal of this project is to enhance endangered and threatened species habitat and achieve mosquito source reduction. We hope to be able to create some auxiliary tidal exchange channels in the project area this winter to reduce mosquito production in specific problem areas. This work will be dependent on weather and the tides.