

As It is the intent of West Valley Mosquito and Vector Control District (WVMVCD) to comply with the Americans with Disabilities Act (ADA). If you plan to attend this meeting and need special assistance, please contact the Office Administrator at (909)635-0307 within forty-eight (48) hours prior to this meeting. WVMVCD will attempt to accommodate you in every reasonable manner.

Any public records, relating to an open session agenda item that is distributed 72 hours prior to the meeting, are available for public inspection at the West Valley Mosquito and Vector Control District, 1295 E. Locust St., Ontario, CA 91761.

*****AGENDA *****

**WEST VALLEY MOSQUITO and VECTOR CONTROL DISTRICT
1295 E. LOCUST STREET
ONTARIO, CA 91761**

413th Meeting, December 1, 2020
Tuesday, 11:30 a.m.

During the current State of Emergency, pursuant to the provisions of California Executive Order N-29-20, and in the interest of public health and safety, the meeting of the Board will be conducted via teleconference. Members of the public may participate in the meeting by calling the toll-free number listed below.

(844) 854-2222
Access code: 278244

Leon 1. CALL TO ORDER/FLAG SALUTE/ROLL CALL

Paul Leon, President – City of Ontario
William Wittkopf, Vice-President – City of Rancho Cucamonga
Carolyn Raft, Secretary – City of Montclair
Brian Johsz, Trustee – City of Chino Hills
Eunice Ulloa, Trustee – City of Chino
Janice Elliott, Trustee – City of Upland
Gary George, Trustee – County-at-Large

Leon 2. AGENDA ADDITIONS/DELETIONS

(Addition Authority: Gov. Code 54954.2(b)(2))

Leon 3. PUBLIC COMMENTS

The Board President will invite comments on specific agenda items during the meeting before final votes are taken. The Board President will determine the number of comments and order them accordingly. Comments should be limited to five (5) minutes or less. **(This time limit will be doubled for members of the public utilizing a translator to ensure the non-English speaker receives the same opportunity to directly address the Board, unless simultaneous translation equipment is used which allows the Board to hear the translation simultaneously).** State law prohibits the District Board from addressing any issue not previously included on the agenda. The District Board may receive testimony and set the matter for a subsequent meeting.

Leon 4. CONSENT CALENDAR

The following Consent Calendar items are expected to be routine and non-controversial. They may be acted upon by the Board at one time without discussion. Any item may be removed by a Trustee or member of the audience for discussion.

- 4.1 Approve Minutes of the Regular Meeting of October 27, 2020 **Exhibit A**
- 4.2 Correspondence for the Period from October 16, 2020 through November 20, 2020 – None.
- 4.3 Expense Claims for the Months of October 2020 – None.

Leon 5. PUBLIC HEARINGS – None.

Leon 6. FINANCE AND BUDGET COMMITTEE

6.1 Discussion and Possible Action to Approve Resolution No. 2020-7, a Resolution Approving District Audit Report for the Fiscal Year 2019-2020

Exhibit C

Leon 7. INSURANCE COMMITTEE – None.

Leon 8. PERSONNEL COMMITTEE – None.

Leon 9. ADMINISTRATIVE MATTERS:

9.1 Staff Reports

Field Operations Reports.

Vector and Disease Surveillance Reports.

IT/Community Outreach Activities Report.

Administrative Report.

9.2 Discussion and Possible Action to Conduct Routine RFP for Legal Services to the District.

9.3 Presentation of Milestone Anniversary Awards

Exhibit E

Exhibit F

Exhibit G

Exhibit H

Leon 10. TRUSTEE REPORTS – None.

Leon 11. CLOSED SESSION – None.

Brown 12. INFORMATIONAL

12.1 Progress Report 2019-2020, California Department of Pesticide Regulation - August 2020.

Future Meeting

Leon 13. ADJOURNMENT

Next Meeting: January 26, 2021 at 11:30 a.m.

Reports and documents relating to each agenda item are on file in the District office, at 1295 E. Locust Street, Ontario, and are available for public inspection from 7:30 a.m. to 3:30 p.m. Monday through Friday.

EXHIBIT A

Minutes of the Regular Meeting of October 27, 2020 (Item 5.1)

Recommendation: Approve the minutes of the Regular Meeting of October 27, 2020 as presented or modified as per Board's direction.

**MINUTES OF THE BOARD OF TRUSTEES
OF THE
WEST VALLEY MOSQUITO and VECTOR CONTROL DISTRICT
412th Meeting
October 27, 2020**

BOARD OF TRUSTEES

Paul Leon, President

William Wittkopf, Vice President

Carolyn Raft, Secretary

Brian Johsz, Trustee

Eunice Ulloa, Trustee

Janice Elliott, Trustee

Gary George, Trustee

1. CLOSED SESSION

1.1 Pursuant to Government Code §54597

Discipline/Dismissal/Release.

Upon convening, President Leon noted that there were no actionable items.

2. CALL TO ORDER/FLAG SALUTE/ROLL CALL

President Leon called the meeting to order at 12:00 p.m. and noted that Trustee Ulloa was absent. Trustee Raft led the Pledge of Allegiance.

3. AGENDA ADDITIONS/DELETIONS AND PUBLIC INPUT – None.

4. PUBLIC COMMENTS – None.

5. CONSENT CALENDAR

5.1 Approve Minutes of the Regular Meeting of September 22, 2020.

5.2 Correspondence for the period from September 12, 2020 through October 15, 2020.

5.3 Expense Claims for the Month of September 2020. - None

Trustee Wittkopf made a motion to approve the Consent Calendar as presented.

Seconded by Trustee Raft. Motion passed unanimously.

6. PUBLIC HEARINGS – None.

7. FINANCE AND BUDGET COMMITTEE – None.

8. INSURANCE COMMITTEE - None.

9. PERSONNEL COMMITTEE

9.1 Recommendation to Approve Office Assistant Job Description.

Trustee Elliott made a motion to approve the Office Assistant Job Description as presented. Seconded by Trustee Wittkopf. Motion passed unanimously.

10. ADMINISTRATIVE MATTERS

10.1 Staff reports. All reports were as presented in the Board packet.

10.2 Discussion and Possible Action to Approve the Staff Holiday Calendar for 2021.

Trustee Wittkopf made a motion to approve the Staff Holiday Calendar for 2021 as presented. Seconded by Trustee Raft. Motion passed unanimously.

11. TRUSTEE REPORTS – None.

12. INFORMATIONAL

12.1 *A National Public Health Framework for the Prevention and Control of Vector-Borne Diseases in Humans, Centers for Disease Control and Prevention – September 2020.*

12.2 *The Impact of COVID-19 on Vector-Borne Disease Research and Control Operations, Global Vector Hub – July 2020*

13. ADJOURNMENT – *The meeting was adjourned at 12:13 p.m.*

Reports and documents relating to each agenda item are on file in the District office, at 1295 East Locust St., Ontario, and are available for public inspection from 7:30 a.m. to 3:30 p.m., Monday through Friday.

Pursuant to Government Code Section 54957.5, any writing that: (1) is a public record; (2) relates to an agenda item for an open session of a regular meeting of the Board of Trustees; and (3) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the District offices. In addition, any such writing may also be posted on the District's website.

The next regular meeting of the Board of Trustees is scheduled for 11:30 a.m. Tuesday, December 1, 2020, at District Offices, 1295 East Locust Street, Ontario, CA 91761.

*Mary E. Quanstrom, District Clerk
West Valley Mosquito and Vector
Control District*

*Carolyn Raft, Secretary – Board of Trustees
West Valley Mosquito and Vector
Control District*

EXHIBIT C

Consideration and Possible Action to Adopt Resolution No. 2020-7 Regarding District's Financial Audit Report for Fiscal Year 2019-2020 (Item 6.1)

RECOMMENDATION: Motion to approve Resolution No. 2020-7 approving District Financial Audit Report for Fiscal Year 2019-2020.

RESOLUTION NO. 2020-7

**A RESOLUTION OF THE BOARD OF TRUSTEES OF THE
WEST VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT**

**A RESOLUTION APPROVING DISTRICT AUDIT REPORT
FOR THE FISCAL YEAR 2019-2020**

WHEREAS, the West Valley Mosquito and Vector Control District operates on a fiscal year beginning July 1 and ending June 30; and

WHEREAS, the District entered into a multi-year contract with the accounting firm of the Pun Group, LLP to conduct an audit for the fiscal year ended June 30, 2020; and

WHEREAS, the Pun Group, LLP certified all other audit reports required by the Board of Trustees of the West Valley Mosquito and Vector Control District; therefore

BE IT RESOLVED, that the Board of Trustees of the West Valley Mosquito and Vector Control District accepts the District audit report for the fiscal year ended June 30, 2020.

PASSED AND ADOPTED this 1st day of December 2020 by the following vote:

Action of the Board of Trustees, Resolution No. 2020-7

Leon

Wittkopf

Raft

Johsz

Elliott

Ulloa

George

President of the Board / Paul Leon

Dated December 1, 2020

ATTEST:

Secretary of the Board / Carolyn Raft

Dated December 1, 2020

November 10, 2020

To the Board of Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California

We have audited the financial statements of the West Valley Mosquito and Vector Control District (the “District”) as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 7, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. 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 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:

- Management’s estimate of the depreciation on capital assets is based on the industry standard and past experience on actual useful life of the asset groups. We evaluated the key factors and assumptions used to develop the depreciation on capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of net pension liabilities is based on the actuarial valuation on total pension liability and based on audited financial statements on fiduciary net position for CalPERS plans. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

- Note 1 – Reporting Entity and Summary of Significant Accounting Policies
- Note 6 – Net Pension Liabilities and Defined Benefit Pension Plan
- Note 11 – Contingencies

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.

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 the management representation letter dated November 10, 2020.

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 Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, and the Schedule of the District's Contribution to the Pension Plan, which are Required Supplementary Information ("RSI") that 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 RSI and do not express an opinion or provide any assurance on the RSI.

To the Board of Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California
Page 3

Restriction on Use

This information is intended solely for the information and use of Board of Trustees and management of The West Valley Mosquito and Vector Control District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

The Pw Group, LLP

Santa Ana, California.

West Valley Mosquito and Vector Control District

Ontario, California

Annual Financial Report

For the Year Ended June 30, 2020



West Valley Mosquito and Vector Control District
Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents

	<u>Page</u>
Table of Contents	i
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report on the Financial Statements.....	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Management's Discussion and Analysis – Required Supplementary Information (Unaudited)	5
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet.....	19
Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Position.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balance	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	22
 Notes to the Basic Financial Statements	 25
 Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule – General Fund	45
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability	46
Schedule of the District's Contributions to the Pension Plan	47

West Valley Mosquito and Vector Control District
Annual Financial Report
For the Year Ended June 30, 2020

Table of Contents

	<u>Page</u>
Table of Contents	i
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report on the Financial Statements	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Management's Discussion and Analysis – Required Supplementary Information (Unaudited)	5
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet	19
Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balance	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	22
Notes to the Basic Financial Statements	25
 Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule – General Fund	45
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability	46
Schedule of the District's Contributions to the Pension Plan	47

This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the West Valley Mosquito and Vector Control District (the "District") as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 9 and the Budgetary Comparison Schedule – General Fund, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability and the Schedule of the District's Contributions to the Pension Plan on pages 43 through 47, respectively, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The Pw Group, LLP

Santa Ana, California
November 10, 2020

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

Independent Auditors' Report

To the Board of Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the West Valley Mosquito and Vector Control District (the "District") as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Trustees
of the West Valley Mosquito and Vector Control District
Ontario, California
Page 2

Purpose of this Report

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

The Puck Group, LLP

Santa Ana, California
November 10, 2020

West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the West Valley Mosquito and Vector Control District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position increased 2.17%, or \$119,303 from the prior year's net position of \$5,503,912 to \$5,623,215, as a result of this year's operations.
- Total revenues from all sources increased by 1.83%, or \$64,387 from \$3,527,920 to \$3,592,307, from the prior year, primarily due to an increase of \$65,268 in property assessments.
- Total expenses for the District's operations increased by 1.81% or \$61,659 from \$3,411,345 to \$3,473,004, from the prior year. This increase in operations expense is primarily due to an increase in salaries and benefits including the increase in pension costs.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. Think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors such as changes in the District's property assessment base to assess the *overall health* of the District.

West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

Governmental Funds Financial Statements

Balance Sheets and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

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

Notes to the Basic Financial Statements

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$5,623,215 as of June 30, 2020.

Condensed Statement of Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>
Assets:			
Current assets	\$ 3,802,954	\$ 3,697,995	\$ 104,959
Capital assets, net	4,288,478	4,464,951	(176,473)
Total assets	<u>8,091,432</u>	<u>8,162,946</u>	<u>(71,514)</u>
Deferred outflows of resources	<u>328,863</u>	<u>333,390</u>	<u>(4,527)</u>
Liabilities:			
Current liabilities	275,148	361,852	(86,704)
Non-current liabilities	2,514,866	2,616,775	(101,909)
Total liabilities	<u>2,790,014</u>	<u>2,978,627</u>	<u>(188,613)</u>
Deferred inflows of resources	<u>7,066</u>	<u>13,797</u>	<u>(6,731)</u>
Net position:			
Net investment in capital assets	2,066,978	2,073,503	(6,525)
Unrestricted	3,556,237	3,430,409	125,828
Total net position	<u>\$ 5,623,215</u>	<u>\$ 5,503,912</u>	<u>\$ 119,303</u>

At the end of fiscal year 2020, the District shows a positive balance in its unrestricted net position of \$3,556,237 that may be utilized in future years.

West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

Government-wide Financial Analysis (Continued)

Condensed Statements of Activities

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>
Program revenues	\$ 3,548,041	\$ 3,486,473	\$ 61,568
Expenses	<u>(3,473,004)</u>	<u>(3,411,345)</u>	<u>(61,659)</u>
Net program expense	75,037	75,128	(91)
General revenues	<u>44,266</u>	<u>41,447</u>	<u>2,819</u>
Change in net position	119,303	116,575	2,728
Net position – beginning of period	<u>5,503,912</u>	<u>5,387,337</u>	<u>116,575</u>
Net position – end of period	<u>\$ 5,623,215</u>	<u>\$ 5,503,912</u>	<u>\$ 119,303</u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, net position increased by \$119,303, during the fiscal year ended June 30, 2020.

Total Revenues:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Program revenues:			
Property assessments	\$ 3,237,135	\$ 3,171,867	\$ 65,268
Contract services	<u>310,906</u>	<u>314,606</u>	<u>(3,700)</u>
Total program revenues	<u>3,548,041</u>	<u>3,486,473</u>	<u>61,568</u>
General revenues:			
Investment earnings	40,800	38,547	2,253
Other revenues	<u>3,466</u>	<u>2,900</u>	<u>566</u>
Total general revenues	<u>44,266</u>	<u>41,447</u>	<u>2,819</u>
Total revenues	<u>\$ 3,592,307</u>	<u>\$ 3,527,920</u>	<u>\$ 64,387</u>

•Total revenues from all sources increased by 1.83%, or \$41,363 from \$3,527,920 to \$3,592,302, from the prior year, primarily due to an increase of \$65,268 in property assessments.

Total Expenses:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Expenses:			
Operations	\$ 3,201,015	\$ 3,127,284	\$ 73,731
Depreciation expense	208,273	215,512	(7,239)
Interest expense	<u>63,716</u>	<u>68,549</u>	<u>(4,833)</u>
Total expenses	<u>\$ 3,473,004</u>	<u>\$ 3,411,345</u>	<u>\$ 61,659</u>

West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

Government-wide Financial Analysis (Continued)

Total expenses for the District's operations increased by 1.81% or \$61,659 from \$3,411,345 to \$3,473,004, from the prior year. This increase in operations expense is primarily due to an increase in salaries and benefits including the increase in pension costs.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2020, the District reported a total fund balance of \$3,763,436. An amount of \$3,274,165 constitutes the District's *unassigned fund balance*, which is available for future expenditures.

General Fund Budgetary Highlights

The final expenditures for the District at year-end were \$338,123 less than budgeted. The variance is principally due to salaries and benefits, materials and supplies, and capital outlay being lower than budget. Actual revenues were less than budgeted by \$130,114. The variance is principally due to property assessment and contract services revenues being lower than budgeted.

Capital Asset Administration

Changes in capital assets for the year were as follows:

	Balance	Balance
	June 30, 2020	June 30, 2019
Capital assets:		
Non-depreciable assets	\$ 330,875	\$ 330,875
Depreciable assets	6,275,586	6,243,786
Accumulated depreciation	(2,317,983)	(2,109,710)
Total capital assets, net	\$ 4,288,478	\$ 4,464,951

At the end of fiscal year 2020, the District's investment in capital assets amounted to \$4,288,478 (net of accumulated depreciation). This investment in capital assets includes structures and improvements, equipment and vehicles.

See Note 3 for further information on the District's capital assets.

Long-Term Debt Administration

Changes in long-term debt for the year were as follows:

	Balance	Balance
	June 30, 2020	June 30, 2019
Long-term debt:		
Loan payable	\$ 2,221,500	\$ 2,391,448

**West Valley Mosquito and Vector Control District
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020**

Long-Term Debt Administration (Continued)

See Note 5 for further information on the District's long-term debt administration.

Economic and Other Factors Effecting Next Year's Operations and Budget

West Nile Virus Outbreak

The California Department of Public Health (CDPH) is reporting increased West Nile virus activity across the state and is investigating numerous suspect cases in humans. The District continues to monitor the situation in its service area for any potential outbreaks.

Invasive Aedes mosquitoes

The District has observed a dramatic increase in the proliferation of invasive Aedes mosquitoes. These aggressive, day-biting mosquitoes are creating a greater need to inspect and treat small, backyard water sources. More public outreach is needed to inform the public on how to protect from these aggressive biters.

Tropical diseases

With the establishment of invasive Aedes mosquitoes within the District, there is a greater risk of diseases such as dengue and chikungunya will become locally transmitted. CDPH tracks many imported human cases of dengue and chikungunya each year.

Contract Services

The District will continue to seek out vector control type contract services to service certain areas that are habitat for vectors and mosquitos.

Contacting the District's Financial Management Team

The financial report is designed to provide the District's present users with a general overview of the District's finances and to demonstrate the District's accountability with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact adminemail@wvmvcd.org or (909) 635-0307.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank.

West Valley Mosquito and Vector Control District
Statement of Net Position
June 30, 2020

ASSETS	Governmental Activities
Current assets:	
Cash and investments (Note 2)	\$ 3,276,790
Accounts receivable – other	134,953
Accrued interest receivable	392
Materials and supplies inventory	66,310
Deposits with Vector Control Joint Powers Agency (VCJPA) (Note 10)	324,509
Total current assets	3,802,954
Non-current assets:	
Capital assets – not being depreciated (Note 3)	330,875
Capital assets – being depreciated, net (Note 3)	3,957,603
Total non-current assets	4,288,478
Total assets	8,091,432
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions (Note 6)	328,863
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	24,192
Accrued salaries and benefits	15,326
Accrued interest payable	26,380
Long-term liabilities – due in one year:	
Compensated absences (Note 4)	34,459
Loan payable (Note 5)	174,791
Total current liabilities	275,148
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (Note 4)	63,993
Loan payable (Note 5)	2,046,709
Net pension liability (Note 6)	404,164
Total non-current liabilities	2,514,866
Total liabilities	2,790,014
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions (Note 6)	7,066
NET POSITION	
Net investment in capital assets (Note 7)	2,066,978
Unrestricted	3,556,237
Total net position	\$ 5,623,215

West Valley Mosquito and Vector Control District
Statement of Activities
For the Year Ended June 30, 2020

	Governmental Activities
Expenses:	
Mosquito and vector control:	
Operations	\$ 3,201,015
Depreciation expense	208,273
Interest expense	63,716
Total expenses	<u>3,473,004</u>
Program revenues:	
Charges for services:	
Property assessments	3,237,135
Contract services	310,906
Total program revenues	<u>3,548,041</u>
Net Revenue	<u>75,037</u>
General revenues:	
Investment earnings	40,800
Other revenues	3,466
Total general revenues	<u>44,266</u>
Change in net position	119,303
Net position:	
Beginning of year	5,503,912
End of year	<u><u>\$ 5,623,215</u></u>

FUND FINANCIAL STATEMENTS

This page intentionally left blank.

West Valley Mosquito and Vector Control District
Balance Sheet
Governmental Funds – General Fund
June 30, 2020

ASSETS	General Fund
Assets:	
Cash and investments	\$ 3,276,790
Accounts receivable – other	134,953
Interest receivable	392
Materials and supplies inventory	66,310
Deposits with Vector Control Joint Powers Agency (VCJPA)	324,509
Total assets	3,802,954
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	24,192
Accrued salaries and benefits	15,326
Total liabilities	39,518
Fund balance: (Note 8)	
Nonspendable	390,819
Assigned	98,452
Unassigned	3,274,165
Total fund balance	3,763,436
Total liabilities and fund balance	\$ 3,802,954

West Valley Mosquito and Vector Control District
Reconciliation of the Balance Sheet of Governmental Funds to the
Government-Wide Statement of Net Position
June 30, 2020

Fund Balance – Governmental Funds	\$ 3,763,436
--	--------------

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.

4,288,478

Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the statement of net position as follows:

Accrued interest payable	\$ (26,380)	
Compensated absences	(98,452)	
Loan payable	<u>(2,221,500)</u>	(2,346,332)

Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources	328,863	
Net pension liabilities	(404,164)	
Pension related deferred inflows of resources	<u>(7,066)</u>	(82,367)

Total adjustments

1,859,779

Net Position – Governmental Activities

\$ 5,623,215

West Valley Mosquito and Vector Control District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds - General Funds
For the Year Ended June 30, 2020

	<u>General Fund</u>
Revenues:	
Charges for services:	
Property assessments	\$ 3,237,135
Contract services	350,185
Investment earnings	40,800
Other revenues	<u>3,466</u>
Total revenues	<u><u>3,631,586</u></u>
Expenditures:	
Current:	
Salaries and benefits	2,303,106
Materials and services	826,989
Capital outlay	31,800
Debt service:	
Principal	169,948
Interest	<u>65,734</u>
Total expenditures	<u><u>3,397,577</u></u>
Net change in fund balance	234,009
Fund balance:	
Beginning of year	<u>3,529,427</u>
End of year	<u><u>\$ 3,763,436</u></u>

West Valley Mosquito and Vector Control District
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balance – Governmental Funds		\$ 234,009
Amounts reported for governmental activities in the statement of activities is different because		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	\$ 31,800	
Depreciation expense	<u>(208,273)</u>	(176,473)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		(688)
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		(70,232)
Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.		
Repayment of debt principal	169,948	
Interest expense	<u>2,018</u>	171,966
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		
		<u>(39,279)</u>
Total adjustments		<u>(114,706)</u>
Change in Net Position – Governmental Activities		<u><u>\$ 119,303</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The West Valley Mosquito and Vector Control District (District) is located in Ontario, California. The District was formed pursuant to Section 2200 et. Seq., of the Health and Safety Code and incorporated in the State of California in 1983. The District covers a wide area of San Bernardino County and includes the cities of Chino, Ontario, Chino Hills, Rancho Cucamonga, Montclair, Upland and portions of the areas of unincorporated territory in San Bernardino County. The purpose of the District is to provide mosquito and other vector control to protect the residents within the District's service area from mosquito-borne disease and from other vectors. The District is governed by a seven-member Board of Trustees.

Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. The effect of inter-fund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred.

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

In accordance with U.S. GAAP the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-wide Financial Statements. The District has presented its General Fund, as its major fund, in this statement to meet the qualifications of U.S. GAAP.

Governmental funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60-days after year-end) are recognized when due. The primary sources susceptible to accrual for the District are property taxes and assessments, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The District reports the following major funds:

General Fund – is a government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary

Fair Value Measurements

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements and Applications*, provides framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

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

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Materials and Supplies Inventory

Inventories consist of expendable chemicals and supplies and are valued at cost using a first-in first-out basis.

Prepaid Items

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets is equipment used at the District. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

<u>Asset Class</u>	<u>Useful Lives</u>
Structures and improvements	7-50 years
Equipment and Vehicles	5-15 years
Office equipment	3-5 years

Compensated Absences

Accrued Vacation – Upon completion of 1 through 4 years of employment, 80 vacation hours are earned, from year 5 through year 10, 120 vacation hours are earned, after 10 years, 160 vacation hours are earned per year to a maximum accrual amount of 240 hours, with the exception of the District Manager which is 540 hours.

Accrued Sick Leave – shall accumulate at the rate of 3.69 hours per pay-period, 96 hours per year to a maximum accrual amount of 1,040 hours.

Pension Plan

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

Property Assessments

Property assessments determined by the District are included on property tax bills of San Bernardino County within the District's service area. Property assessments are recorded as revenue when received, in the fiscal year of receipt, because of the adoption of the *alternate method of property tax distribution* known as the Teeter Plan, by the District and San Bernardino County. San Bernardino County remits the property assessments to the District throughout the fiscal year.

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Net Position

Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District has no restricted net position as of June 30, 2020.

Unrestricted – This component of net position consists of net amount of assets that are not included in the determination of *restricted* or *net investment in capital assets*.

Fund Balance

The financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Nonspendable – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.

Committed – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Trustees) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.

Unassigned – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Trustees establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

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

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising assessments and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2020 consisted of the following:

Description	Balance
Demand deposits with financial institutions	\$ 2,677,749
Investments	599,041
Total cash and investments	\$ 3,276,790

Demand Deposits

At June 30, 2020 the carrying amount of the District's demand deposits was \$2,677,749 and the financial institution balance was \$2,699,825. The \$22,076 net difference as of June 30, 2020 represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

Investments

Investments as of June 30, 2020 consisted of the following:

<u>Investments</u>	<u>Fair Value</u> <u>June 30, 2020</u>	<u>Maturity</u> <u>12 Months or</u> <u>Less</u>
External Investment Pools:		
California Local Agency Investment Fund (LAIF)	\$ 107,893	\$ 107,893
CalTRUST – Short Term Fund	381,823	381,823
CalTRUST – Medium Term Fund	109,325	109,325
Total investments	\$ 599,041	\$ 599,041

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions.

Investments are to be made in the following areas:

- External Investment Pools:
 - California Local Agency Investment Fund (LAIF)
 - Investment Trust of California – CalTRUST
- Non-negotiable certificates-of-deposit
- Governmental agency securities

Investment in California – Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Further information about LAIF is available on the California State Controller's website: www.treasurer.ca.gov/pmia-laif/

The District's investment with LAIF at June 30, 2020 included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

Investment in California – Local Agency Investment Fund (LAIF)(Continued)

LAIF has indicated to the District that as of June 30, 2020 the value of LAIF's portfolio approximated \$100,979 billion. As of June 30, 2020, the District had \$107,893 invested in LAIF, which had invested 3.37% of the pool's investment funds in structured notes and medium-term asset-backed securities.

Deposits and withdrawals to and from LAIF are transferred on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, LAIF is valued based on inputs not categorized as level 1, level 2 or level 3.

Investment Trust of California – CalTRUST

The Investment Trust of California, doing business as CalTRUST, is a California joint powers agency which provides California public agencies with investment management services for surplus funds to consolidate investment activities of its participants and thereby reduces duplication, achieves economies of scale and carries out coherent and consolidated investment strategies through the issuance of shares of beneficial interest in investments purchased by CalTRUST. CalTRUST currently offers three accounts or series as a means for Public Agencies to invest their funds. The District participates in the CalTRUST Short-Term & Medium-Term Fund Series.

CalTRUST investments do not fall under the fair value hierarchy (i.e. uncategorized) as there is no active market for the investments.

Disclosures Relating to Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2020, none of the District's deposits and investments were exposed to disclosable custodial credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF and CalTRUST are not rated.

Disclosures Relating to Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF and CalTRUST.

Note 3 – Capital Assets

Changes in capital assets for the year were as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Non-depreciable capital assets:				
Land	\$ 330,875	\$ -	\$ -	\$ 330,875
Total non-depreciable capital assets	330,875	-	-	330,875
Depreciable capital assets:				
Structures and improvements	5,326,274	-	-	5,326,274
Equipment and vehicles	917,512	31,800	-	949,312
Total depreciable capital assets	6,243,786	31,800	-	6,275,586
Accumulated depreciation:				
Structures and improvements	(1,353,917)	(153,590)	-	(1,507,507)
Equipment and vehicles	(755,793)	(54,683)	-	(810,476)
Total accumulated depreciation	(2,109,710)	(208,273)	-	(2,317,983)
Total depreciable capital assets, net	4,134,076	(176,473)	-	3,957,603
Total capital assets, net	<u>\$ 4,464,951</u>	<u>\$ (176,473)</u>	<u>\$ -</u>	<u>\$ 4,288,478</u>

Note 4 – Compensated Absences

Compensated absences comprise unpaid vacation leave time off which is accrued as earned.

The changes to the compensated absences balance at June 30, 2020 were as follows:

<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 97,764	\$ 97,416	\$ (96,728)	\$ 98,452	\$ 34,459	\$ 63,993

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Long-Term Debt

Changes in long-term debt for the year ended June 30, 2020 were as follows:

<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 2,391,448	\$ -	\$ (169,948)	\$ 2,221,500	\$ 174,791	\$ 2,046,709

Loan Payable

On September 17, 2015, the District received principal proceeds of \$2,883,764 to advance refund its Certificates-of-Participation – Series 2005 RR into a 15-year 2.85% loan payable. Principal is payable annually on August 1, and interest is payable semi-annually on August 1 and February 1 at 2.85%. Annual debt service requirement for the loan payable is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 174,791	\$ 60,822	\$ 235,613
2022	179,772	55,769	235,541
2023	184,896	50,573	235,469
2024	190,166	45,228	235,394
2025	195,585	39,731	235,316
2026-2030	1,064,784	110,560	1,175,344
2031	231,506	3,299	234,805
Total	\$ 2,221,500	\$ 365,982	\$ 2,587,482

Note 6 – Net Pension Liability and Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 50 for Classic Tier 1 members and 52 for PEPRA Tier 2 members with at least 5 years of service.

Participant members are eligible for non-industrial disability benefits after 5 years of service. Industrial disability benefits are not offered to miscellaneous employees.

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Benefits Provided (Continued)

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous Plans	
	Classic	PEPRA
	Tier 1	Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0 @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates	10.823%	6.985%

Employees Covered by Benefit Terms

At June 30, 2018, the valuation date, the following employees were covered by the benefit terms:

Plan Members	Miscellaneous Plans		
	Classic Tier 1	PEPRA Tier 2	Total
Active members	9	13	22
Transferred and terminated members	12	5	17
Retired members and beneficiaries	6	-	6
Total plan members	27	18	45

Contributions

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

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

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

As of June 30, 2020, the District reported a liability of \$404,164 for its proportionate share of the collective net pension liability.

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using actuarial procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool:

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2018). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2019). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY2019).
- (3) The individual plan's TPL, FNP, and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from step (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the measurement date is equal to the risk pool TPL generated in step (2) multiplied by the TPL ratio generated in step (4). The plan's FNP as of the measurement date is equal to the FNP generated in step (2) multiplied by the FNP ratio generated in step (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the measurement date is the difference between the TPL and FNP calculated in step (5).

The District's proportion of the net collective pension liability as of June 30, 2020 was as follows:

	Fiscal Year Ending June 30, 2020
Beginning of measurement period	0.00344%
Ending of measurement period	0.00394%
Change - Increase	0.00050%

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2020, the District recognized a pension expense of \$228,723. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	\$ 158,491	\$ -
Difference between actual and proportionate share of employer contributions	48,988	-
Change in employer's proportion	83,048	-
Differences between expected and actual experience	25,896	-
Differences between projected and actual earnings on pension plan investments	-	7,066
Changes in assumptions	12,440	-
Total Deferred Outflows (Inflows) of Resources	\$ 328,863	\$ 7,066

\$158,491 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ 108,125
2022	35,289
2023	18,464
2024	1,428
Total	\$ 163,306

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

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

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions.

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Long-term Expected Rate of Return

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

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

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

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

Long-term Expected Rate of Return (continued)

The expected real rates of return by asset class are as followed:

Asset class¹	Assumed asset allocation	Real Return Years.1 - 10²	Real Return Years 11+³
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

¹ In the CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

² An expected inflation of 2.0% used

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, 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:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
CalPERS – Miscellaneous Plan	<u>\$ 814,656</u>	<u>\$ 404,164</u>	<u>\$ 65,332</u>

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

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

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

Note 7 – Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2020 consisted of the following:

Description	Balance
Capital assets – not being depreciated	\$ 330,875
Capital assets – being depreciated, net	3,957,603
Loan payable – current portion	(174,791)
Loan payable – noncurrent portion	(2,046,709)
Total net investment in capital assets	\$ 2,066,978

Note 8 – Fund Balance

A detailed schedule of fund balances and their funding composition at June 30, 2020 is as follows:

Description	Balance
Nonspendable:	
Materials and supplies inventory	\$ 66,310
Deposits with Vector Control Joint Powers Agency (VCJPA)	324,509
Total nonspendable	390,819
Assigned:	
Compensated absences	98,452
Unassigned:	
Unassigned	3,274,165
Total fund balances	\$ 3,763,436

Note 9 – Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Deferred Compensation Savings Plan (Continued)

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

Note 10 – Risk Management

Self-Insurance and Joint Powers Agency

The District participates with other districts in a joint venture under a joint powers agreement, which established the Vector Control Joint Powers Agency (VCJPA). The relationship between the District and the VCJPA is such that the VCJPA is not a component unit of the District for financial reporting purposes.

The VCJPA is a consortium of thirty-four districts located throughout 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 4-5 times per year, consisting of one member from each of the four regions (Coastal, Sacramento Valley, San Joaquin Valley, and Southern California) and two members from the Trustee Advisory Council.

The District is covered for the first \$1,000,000 of each general liability claim and \$350,000 of each workers' compensation claim through the VCJPA. The District has the right to receive dividends or the obligation to pay assessments based on a formula, which, among other expenses, charges the District's account for liability losses and workers' compensation losses under their individual self-insured retention (SIR). The VCJPA participates in an excess pool, which provides general liability coverage above \$1,000,000 for each occurrence up to \$14,000,000.

The VCJPA also participates in an excess pool, which provides workers' compensation coverage from \$350,000 to \$150,000,000.

The District's share of the VCJPA's Members Trust Fund and Property Contingency Fund balance as of June 30, 2020 totaled \$324,509. The balance includes interest earnings and may be withdrawn upon leaving the plan with a sixty-day notice. At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the districts in accordance with its governing documents.

Note 11 – Contingencies

Litigation

In the ordinary course of operations, the District is subject to other claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters will not materially affect its financial condition.

West Valley Mosquito and Vector Control District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Contingencies (Continued)

COVID-19

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the District and the duration cannot be estimated at this time.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services:			
Property assessments	3,347,500	\$ 3,237,135	\$ (110,365)
Contract services	384,200	350,185	(34,015)
Investment earnings	25,000	40,800	15,800
Other revenues	5,000	3,466	(1,534)
Total revenues	3,761,700	3,631,586	(130,114)
Expenditures:			
Current:			
Salaries and benefits	2,434,300	2,303,106	131,194
Materials and services	957,200	826,989	130,211
Capital outlay	99,200	31,800	67,400
Debt service:			
Principal	170,000	169,948	52
Interest	75,000	65,734	9,266
Total expenditures	3,735,700	3,397,577	338,123
Net change in fund balance	\$ 26,000	234,009	\$ 208,009
Fund balance:			
Beginning of year		3,529,427	
End of year		\$ 3,763,436	

Notes to the Budgetary Comparison Schedule:

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year the District prepares and submits an operating budget to the Board of Trustees no later than June of each year. The basis used to prepare the budget does not differ substantially from the modified accrual basis of accounting. The adopted budget becomes operative on July 1. The Board of Trustees must approve all supplemental appropriations to the budget and transfers between major accounts.

West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date:	June 30, 2019¹	June 30, 2018¹	June 30, 2017¹	June 30, 2016¹	June 30, 2015¹	June 30, 2014¹
Proportion of the collective net pension liability	0.003944%	0.352500%	0.003525%	0.003105%	0.003096%	0.003038%
Proportionate share of the collective net pension liability	\$ 404,164	\$ 334,283	\$ 349,585	\$ 268,669	\$ 212,486	\$ 189,052
Covered payroll	\$ 1,534,361	\$ 1,379,427	\$ 1,205,929	\$ 1,074,387	\$ 992,636	\$ 884,829
Proportionate share of the collective net pension liability as a percentage of covered payroll	26.34%	24.23%	28.99%	25.01%	21.41%	21.37%
Plan's fiduciary net position as a percentage of the plan's total pension liability	77.73%	75.26%	73.31%	74.06%	78.40%	79.82%

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

West Valley Mosquito and Vector Control District
Required Supplementary Information (Unaudited)
Schedule of the District's Contributions to the Pension Plan
For the Year Ended June 30, 2020

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year:	2019-20 ¹	2018-19 ¹	2017-18 ¹	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 158,491	\$ 137,868	\$ 122,138	\$ 112,698	\$ 100,339	\$ 143,832	\$ 120,180
Contribution in relation to the actuarially determined contribution	(158,491)	(137,868)	(122,138)	(112,698)	(100,339)	(143,832)	(120,180)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,534,361	\$ 1,379,427	\$ 1,379,427	\$ 1,205,929	\$ 1,074,387	\$ 992,636	\$ 884,829
Contributions as a percentage of covered payroll	10.33%	9.99%	8.85%	9.35%	9.34%	14.49%	13.58%

¹ Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

This page intentionally left blank.

EXHIBIT E

Field Operations Reports October 2020 (Item 9.1)

Field Operations Section

In the month of October, the District experienced a 38% decrease in service requests from the previous month and had a 51% increase in comparison to the same period of last year. October service requests concerning mosquitoes, rodents, flies, bees, and miscellaneous vectors were down from the previous month. The District received 185 *Aedes* service calls.

Meetings

Inland Empire Utilities Agency:

Date – 10/21/20

Midge conference call

Attending – Andy Campbell (Inland Empire Utilities Agency), James McKenzie (San Bernardino County Groundwater Recharge Division), Ramiro Salazar (San Bernardino County Vector Control), Michelle Brown (West Valley MVCD) and Robert Real (West Valley MVCD),

Reviewed midge trap count's and all traps are below threshold. No treatments necessary.

City of Ontario:

Date – 10/30/20

Location – Mill Creek Wetlands in the City of Chino

Attending – Nathan S. Pino (City of Ontario Engineering Department), Shadi Lari (Natures Image Landscaping) and Alfonso Melgoza (West Valley MVCD).

Reviewed current vegetation maintenance with the landscape company.

Pond #1 – work has been completed.

Pond #2 – work has been completed.

Pond #3 – work has been completed.

Pond #4 – needs vegetation thinning and removal.

Pond #5 – needs vegetation removal, access around the pond and access to the island.

Pond #6 – needs vegetation removal, access around the pond, access to the island,
and entry points to the water.

West Valley Mosquito and Vector Control District
October 2020.
Abatement Activities

Zone	A	B	E	F	G	H	Total
	Chino Hills	Chino	R.C.	Ontario	Montclair	Upland	

Inspection Reports Iss'd

Mosquito sources:

agricultural	0	1	0	0	0	0	1
res./comm.	0	2	1	6	1	1	11

Fly sources:

agricultural	0	0	0	0	0	0	0
res./comm.	0	0	0	0	0	0	0

Rodent sources:

res./comm.	0	1	0	0	0	0	1
------------	---	---	---	---	---	---	---

Miscellaneous sources:

res./comm.	0	0	0	0	0	0	0
------------	---	---	---	---	---	---	---

Bee sources:

res./comm.	0	0	0	0	0	0	0
------------	---	---	---	---	---	---	---

Warning Notices Iss'd

Mosquito sources:

agricultural	0	0	0	3	0	0	3
res./comm.	4	1	1	2	0	2	10

Fly sources:

agricultural	0	0	0	0	0	0	0
res./comm.	0	0	0	0	0	0	0

Rodent sources:

res./comm.	0	0	0	0	0	0	0
------------	---	---	---	---	---	---	---

Miscellaneous sources:

res./comm.	0	0	0	0	0	0	0
------------	---	---	---	---	---	---	---

Bee sources:

res./comm.	0	0	0	0	0	0	0
------------	---	---	---	---	---	---	---

Notice of Hearings Iss'd

	0	0	0	0	0	0	0
--	---	---	---	---	---	---	---

Hearings Held

	0	0	0	0	0	0	0
--	---	---	---	---	---	---	---

West Valley Mosquito and Vector Control District
October 2020.
SERVICE REQUESTS

Oct-20

	MOSQ	Ae. MX	FLIES	RODENTS	BEEES	DEAD BIRD	MIDGE	OTHERS	TOTAL
CH	5	38	0	4	0	0	0	4	51
CO	4	42	0	6	0	0	0	3	55
RC	6	47	0	5	0	0	0	1	59
ON	4	37	0	3	0	0	0	0	44
MC	0	2	0	0	0	0	0	0	2
UL	2	19	0	2	0	0	0	1	24
OOD	0	0	0	0	0	0	0	0	0
Total	21	185	0	20	0	0	0	9	235

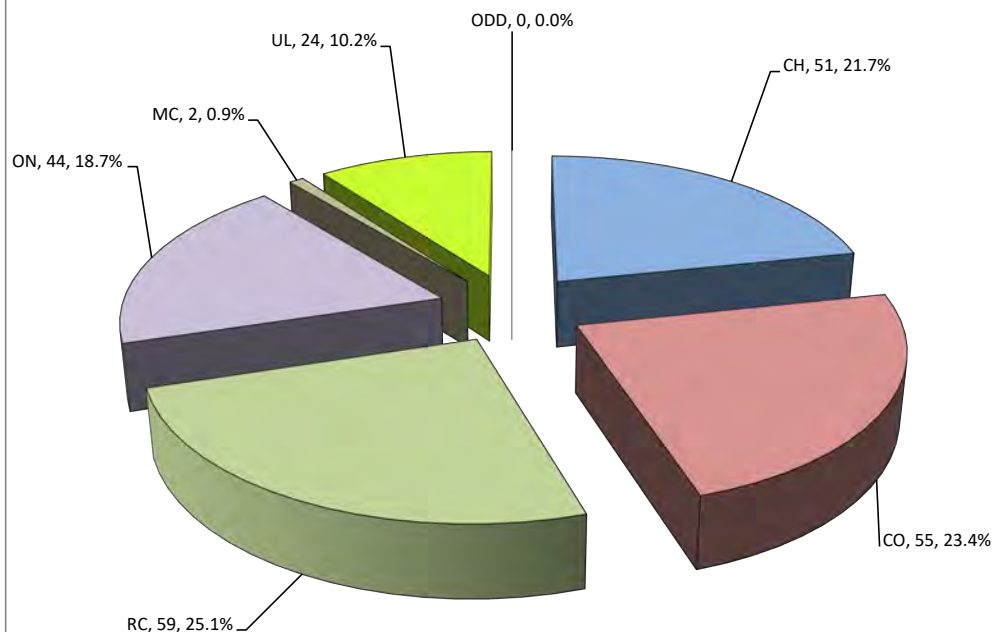
Oct-19

	MOSQ	FLIES	RODENTS	BEEES	DEAD BIRD	MIDGE	OTHERS	TOTAL
CH	19	0	2	0	1	0	2	24
CO	18	1	0	0	1	0	2	22
RC	30	0	4	0	2	0	0	36
ON	40	0	1	0	0	1	4	46
MC	8	0	0	0	0	0	0	8
UL	19	0	1	0	0	0	0	20
OOD	0	0	0	0	0	0	0	0
Total	134	1	8	0	4	1	8	156

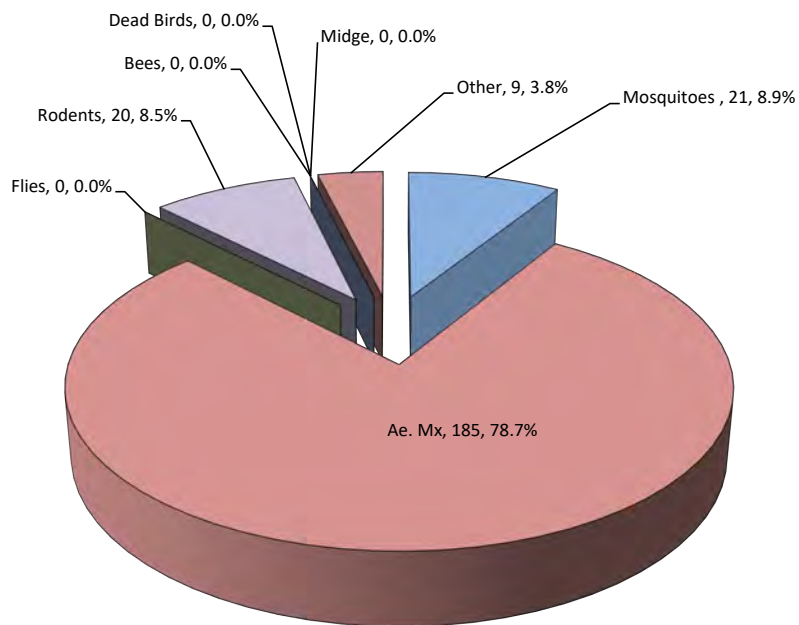
Sources Inspected Breeding Breeding%	CURRENT MONTH					
	M	F	R	B	MI	O
	1702	0	20	0	0	0
	1312	0	2	0	0	0
	77.1%	0.0%	10.0%	0.0%	0.0%	0.0%

Sources Inspected Breeding Breeding%	YEAR AGO					
	M	F	R	B	MI	O
	1569	1	8	0	7	8
	1053	0	4	0	3	0
	67.1%	0.0%	50.0%	0.0%	0.0%	0.0%

Service Requests by Cities (10-2020)



Service Requests by Vectors (10-2020)



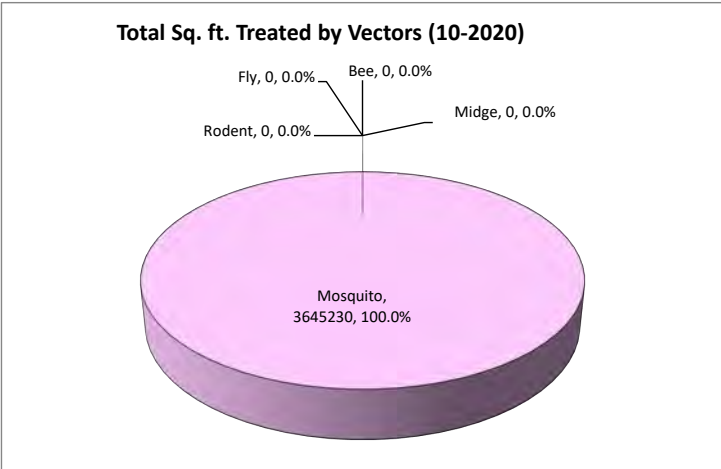
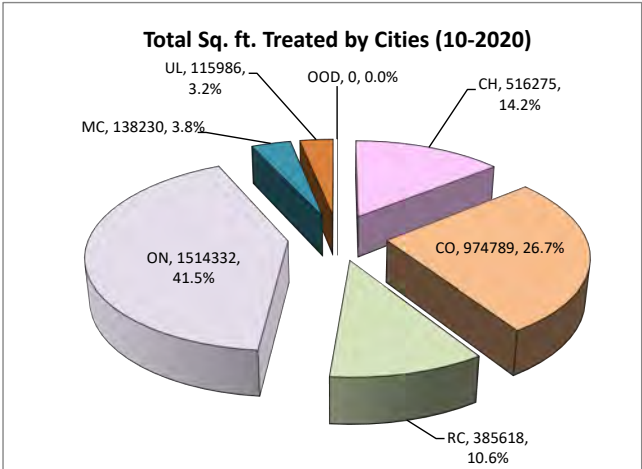
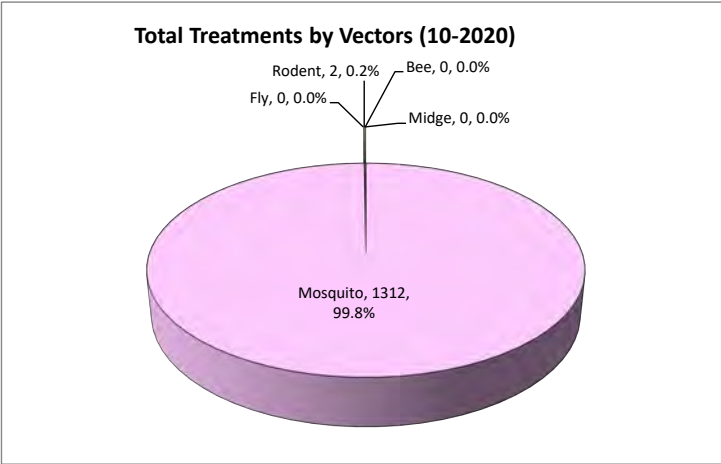
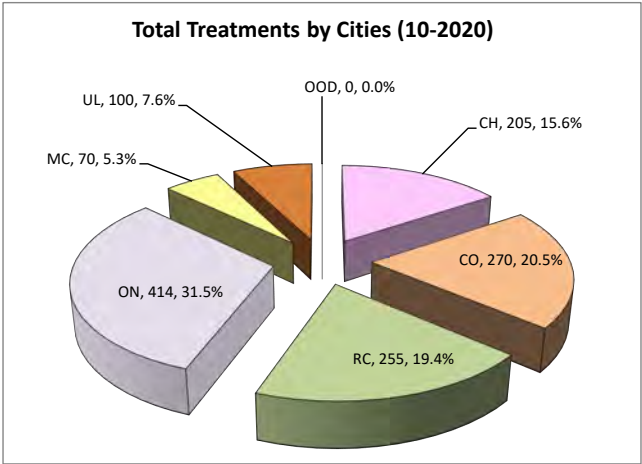
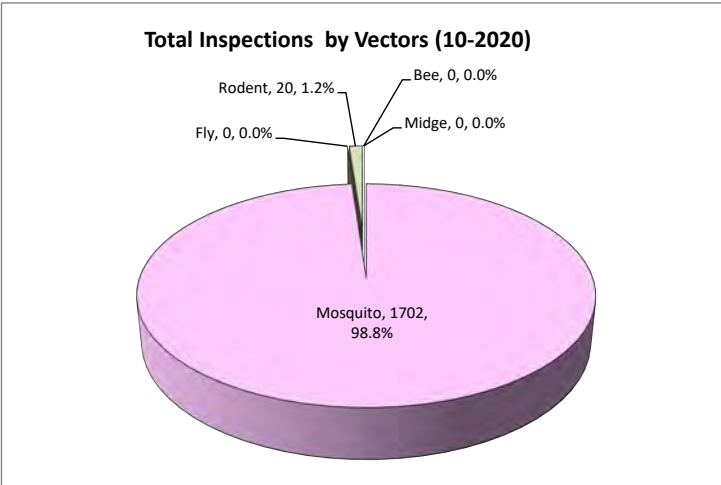
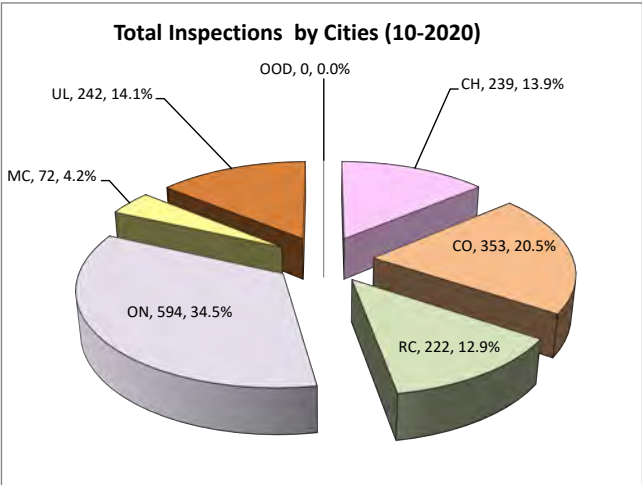


EXHIBIT F

Vector and Disease Surveillance Reports October 2020 (Item 9.1)

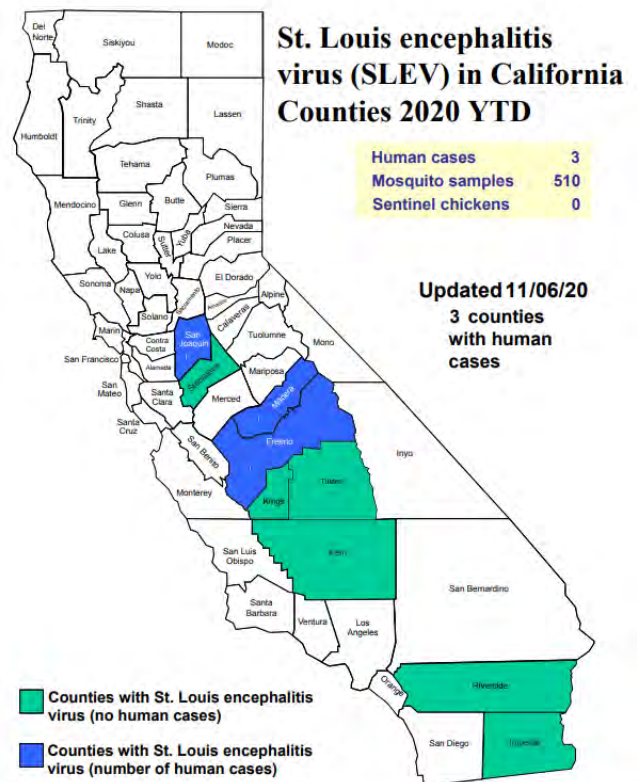
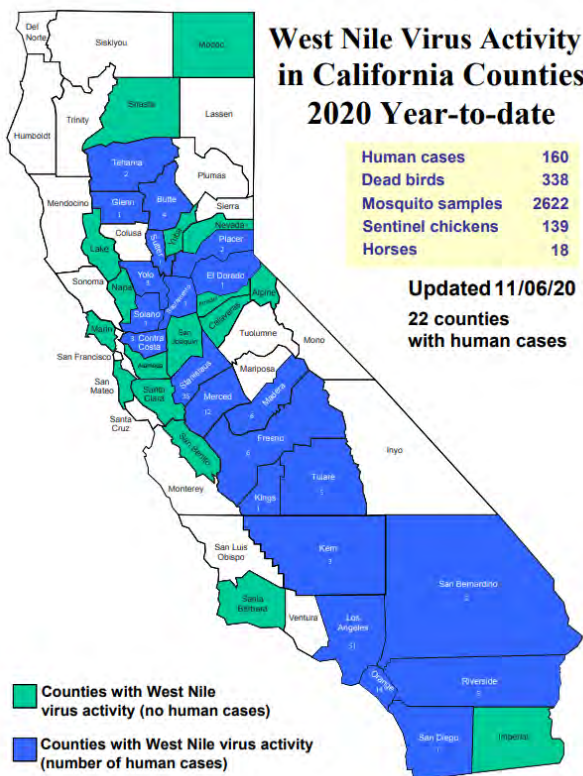
HIGHLIGHTS

1. 2020 West Nile virus (WNV) infestation:

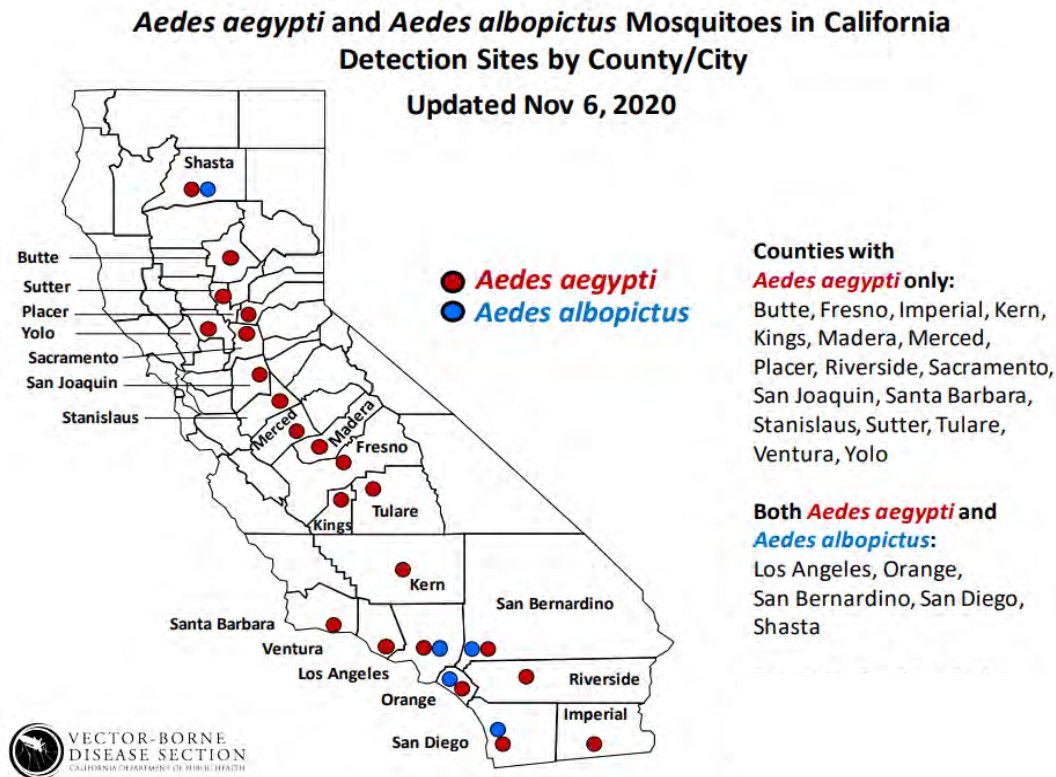
- Nationwide: 451 human cases with 27 fatalities as of 11/03/2020.
- State: 160 human cases, 2622 positive mosquito samples, 338 positive dead birds, 139 positive sentinel chickens, 18 equine cases as of 11/06/2020.
- San Bernardino County: Two (2) human cases, 13 positive mosquito samples and one (1) equine case as of 11/06/2020.
- West Valley MVCD: 13 positive mosquito samples as of 11/06/2020.

2. 2020 Saint Louis encephalitis virus (SLEV) infestation:

- State: Three (3) human cases and 510 positive mosquito samples as of 11/06/2020.
- San Bernardino County: No activity as of 11/06/2020.
- West Valley MVCD: No activity as of 11/06/2020.



3. *Aedes* species in California (As of 11/06/2020):



Cities* with invasive *Aedes* infestation in San Bernardino County
 (As of 11/06/2020)

City	<i>Aedes aegypti</i>	<i>Aedes albopictus</i>
Bloomington*	✓	
Chino	✓	
Chino Hills	✓	
Colton	✓	
Fontana	✓	
Grand Terrace	✓	
Highland	✓	
Loma Linda	✓	
Mentone*	✓	
Montclair	✓	✓
Ontario	✓	
Rancho Cucamonga	✓	
Redlands	✓	
Rialto	✓	
San Bernardino	✓	
Upland	✓	✓
Yucaipa	✓	

* Including unincorporated Census-Designated Places.

4. Vector populations and pathogen detections:

- Trapping was conducted weekly in October 2020 by setting 23 EVS traps and 27 Gravid traps. Average counts in both EVS and Gravid traps decreased noticeably as compared with prior month.
- One (1) out of 292 mosquito samples (*Culex* spp.) tested positive for WNV in October 2020. Total positives for the year were 13 WNV out of 2228 samples tested as of 10/31/2020.
- Trapping was also done for invasive *Aedes* by setting seven (7) BG-2 traps at previously identified epicenters weekly, plus 13-27 BG-2 traps at other locations on a weekly basis. Counts in October slightly decreased to 6.1/TN from 8.2/TN in prior month. Among 117 trap nights, 1,473 *Aedes aegypti* and 18 *Ae. albopictus* were collected. The counts for local *Culex* in BG-2 traps went down significantly to 10.8/TN from 59.0/TN in prior month.
- 140 *Ae. aegypti* samples tested negative for CHIKV/DENV/ZIKV in October 2020. No samples of *Ae. albopictus* were tested in this month. In total, 523 samples tested negative as of 10/31/2020.
- Adult midge populations in the vicinities of urban retention basins were monitored by nine (9) New Jersey Light Traps (NJLTs) to direct and evaluate control operations, also to address the complaints from the public. Counts have stayed mostly low in response to larviciding treatments and season change in October 2020.

5. Mosquitofish:

- One Holding Tank (485 Gal.) plus a Quarantine Tank (200 Gal.) were in operation in October 2020. The Holding Tank was in operation all the time, while the Quarantine Tank however was only in use for quarantine purpose or holding overage when the Holding Tank was overpopulated. The conductivity was reduced by partial replenishment of tank water, and dissolved oxygen levels was enhanced in relation to lowering water temperature. Suggestion was made to purchase two water heaters to maintain the water temperature in the Holding Tank and Quarantine Tank during wintertime.

6. Publications and presentations:

Publications:

- Lura, T., T. Su, J. Thieme, and M.Q. Brown. 2020.** Simultaneous detection of chikungunya, dengue and Zika viruses in mosquitoes using RT-qPCR. Proceedings and Papers of 87th Annual Conference of Mosquito and Vector Control Association of California 86th (Extended Abstract. In press).
- Lura, T., T. Su, J. Thieme and M.Q. Brown. 2020.** A validated protocol to simultaneously detect Chikungunya, Dengue and Zika Viruses in Mosquitoes. Journal of Vector Borne Diseases (In press).
- Sharabyani, A., T. Su and M.Q. Brown. 2020.** Pyrethroid resistance in *Culex quinquefasciatus* (Diptera: Culicidae) from different ecological niches in West Valley Mosquito and Vector Control District. Proceedings and Papers of 87th Annual Conference of Mosquito and Vector Control Association of California (Extended Abstract. In press).
- Su, T. 2020.** Resistance risk assessment in mosquitoes to biorational larvicides. Proceedings and Papers of 87th Annual Conference of Mosquito and Vector Control Association of California (Extended Abstract. In press).

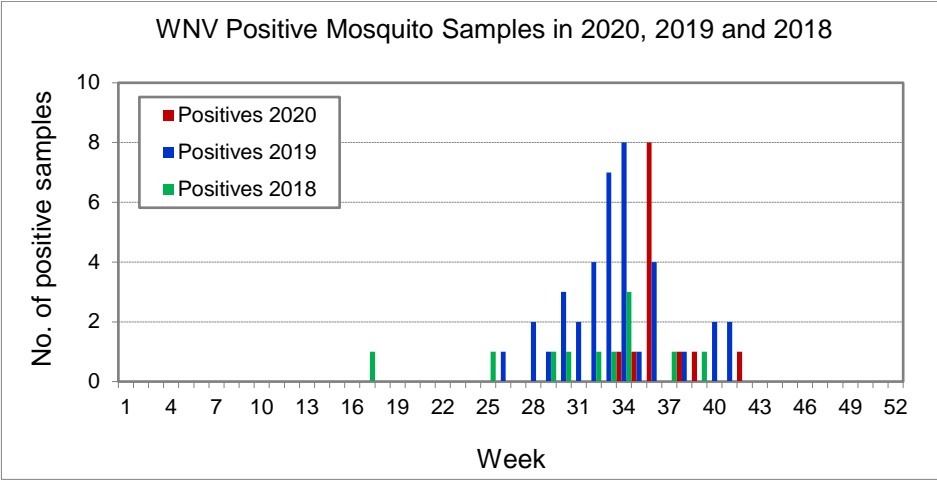
Su, T., P. Mullens, J. Thieme, A. Melgoza, R. Real, and M.Q. Brown. 2020. Deployment and fact analysis on In2Care trap, a novel tool to control invasive *Aedes* mosquitoes. Journal of American Mosquito Control Association (In press).

Presentations: None.

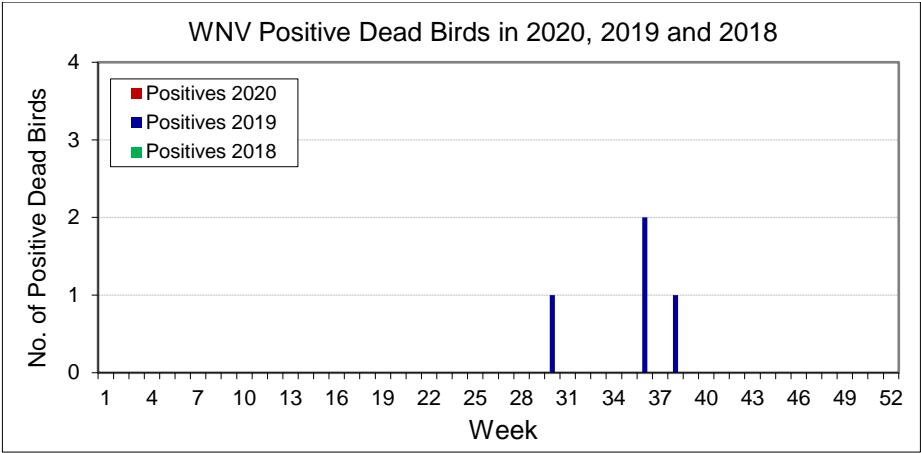
SURVEILLANCE

1. West Nile virus:

A. Test results of mosquito samples for 2020, 2019 and 2018:



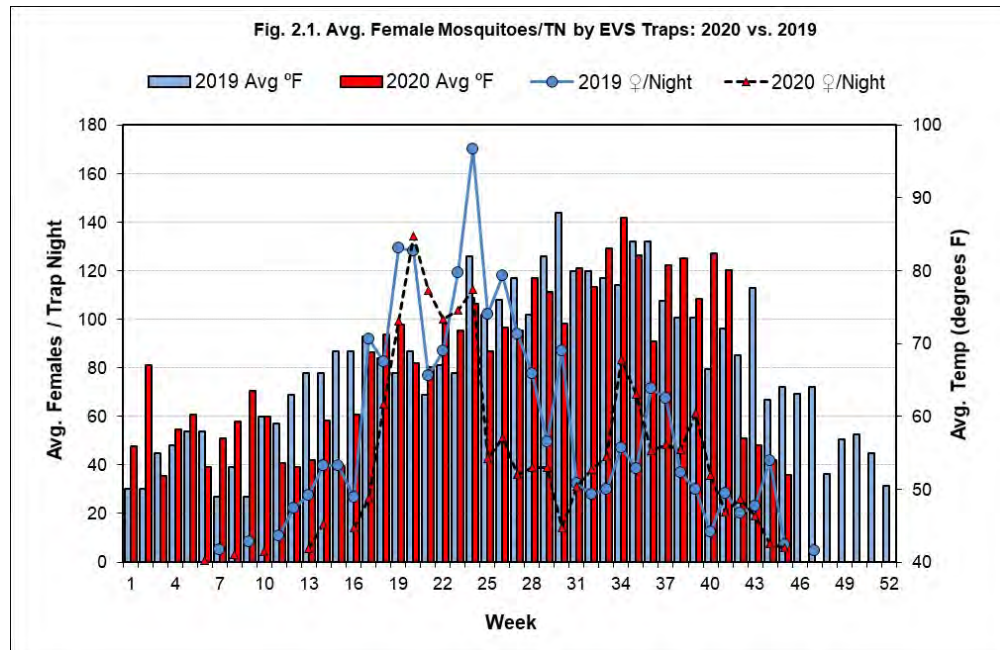
B. Test results of dead birds for 2020, 2019 and 2018:



2. Adult mosquito surveillance by EVS and Gravid traps:

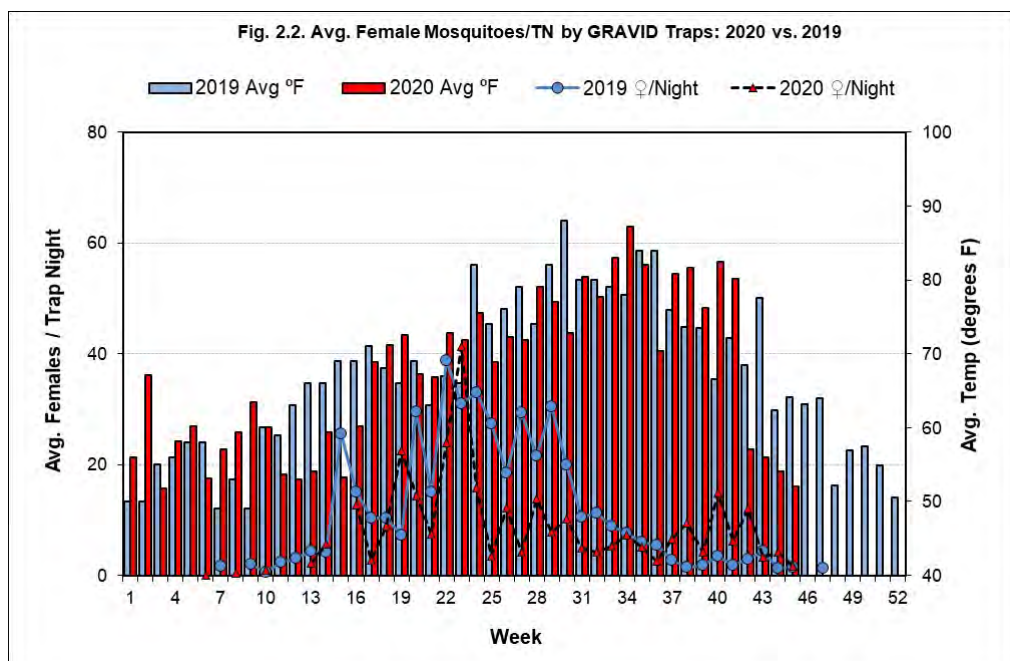
A. EVS Trap:

Trapping was conducted weekly in October 2020 by setting 23 EVS traps. Average counts out of 92 TN further decreased considerably to 15.7/TN to 47.9/TN in prior month (Fig. 2.1).



B. Gravid Trap:

Trapping was conducted weekly in October 2020 by setting 27 Gravid traps. Average counts out of 108 TN decreased noticeably to 5.4/TN from 8.7/TN in prior month (Fig. 2.2).



3. Adult mosquito surveillance by BG Sentinel traps

A. Invasive *Aedes* spp.

Trapping was conducted weekly in October 2020 by setting up seven (7) BG-2 traps at previously identified epicenters weekly, plus 13-27 BG-2 traps at other locations on a weekly basis. As in prior months, catches were predominated by *Ae. aegypti*. Average counts of host-seeking females out of 117 TN for invasive *Aedes* slightly decreased to 6.1/TN from 8.2/TN in prior month (Fig. 3.1).

The total counts for invasive *Aedes* in October 2020 increased 90.2% as compared with the same month in 2019. The total YTD catches as of October 2020 increased 112.4% as compared with 2019. However, these increases over 2020-2019 were much lower than those over 2019-2018 (Table 3.1).

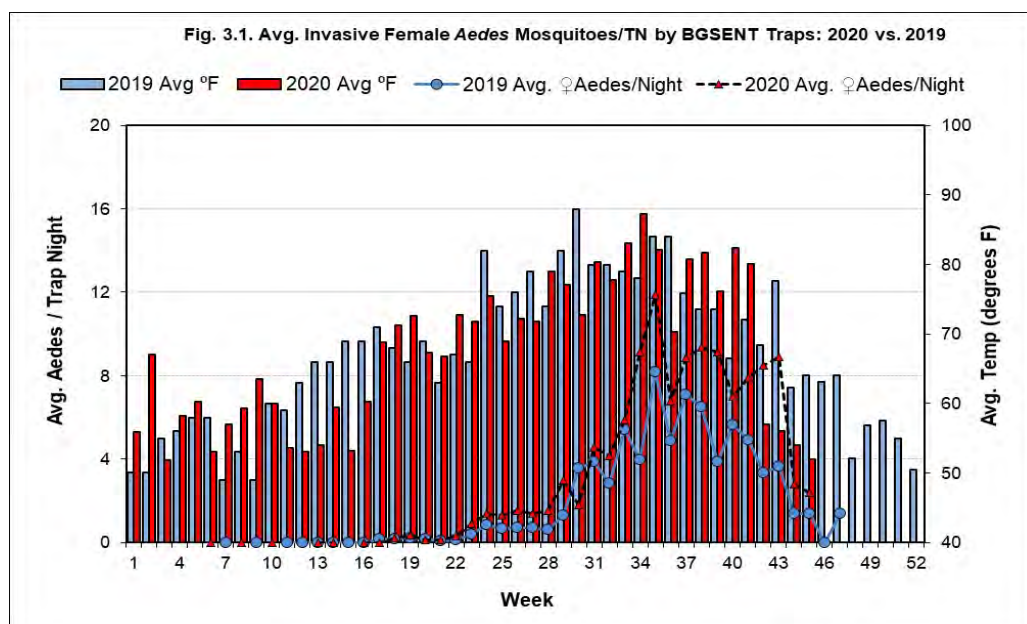


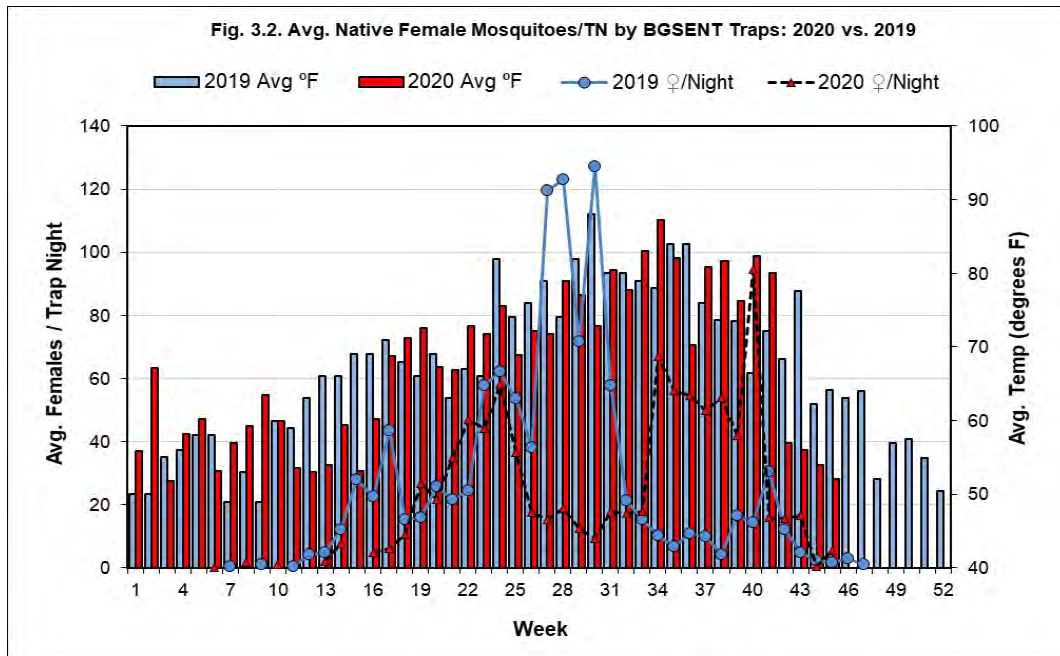
Table 3.1. Total catches of invasive *Aedes* in October 2020, 2019 and 2018 (predominantly BG-2 traps, occasionally EVS traps and rarely Gravid traps).

October	<i>Aedes aegypti</i>		<i>Aedes albopictus</i>		Total	
	Counts	% increase from prior year	Counts	% increase from prior year	Counts	% increase from prior year
2020	1473	92.1	18	157.1	1491	90.2
2019	777	308.9	7	75.0	784	304.1
2018	190	n/a	4	n/a	194	n/a

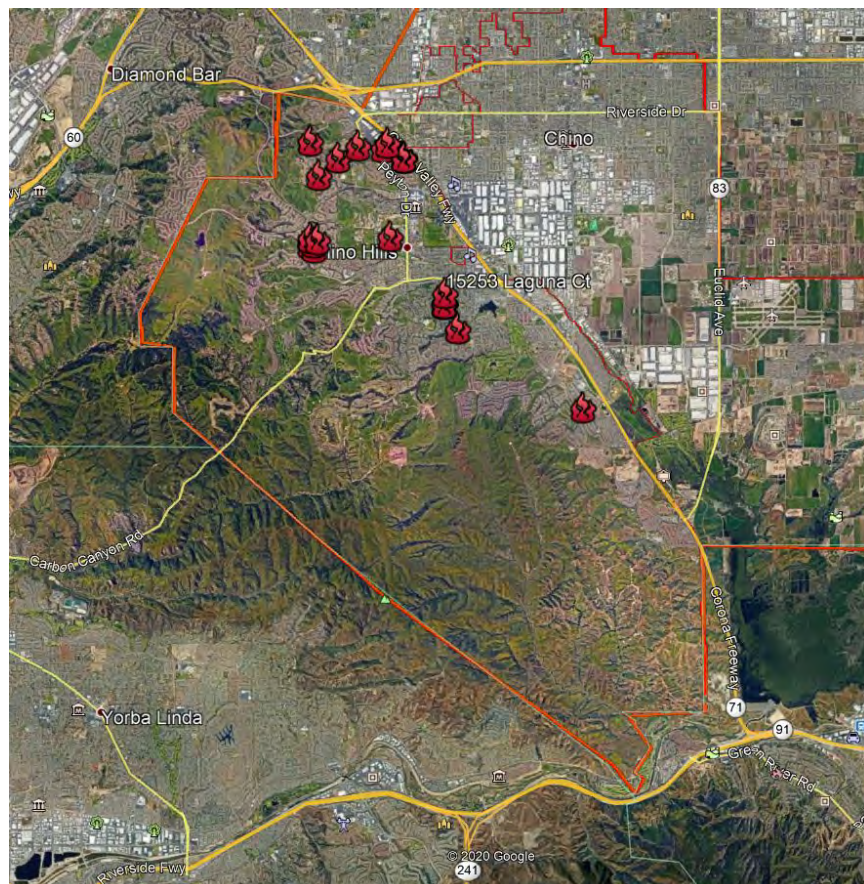
YTD	<i>Aedes aegypti</i>		<i>Aedes albopictus</i>		Total	
	Counts	% increase from prior year	Counts	% increase from prior year	Counts	% increase from prior year
2020	6421	110.7	82	485.7	6503	112.4
2019	3047	374.6	14	-77.0	3061	335.4
2018	642	n/a	61	n/a	703	n/a

B. Native *Culex* spp.

Trapping was conducted weekly in October 2020 by setting up seven (7) BG-2 traps at previously identified epicenters weekly, plus 13-27 BG-2 traps at other locations. Average counts out of 117 TN for *Culex* spp. went down significantly to 10.8/TN from 59.0/TN in prior month (Fig. 3.2).

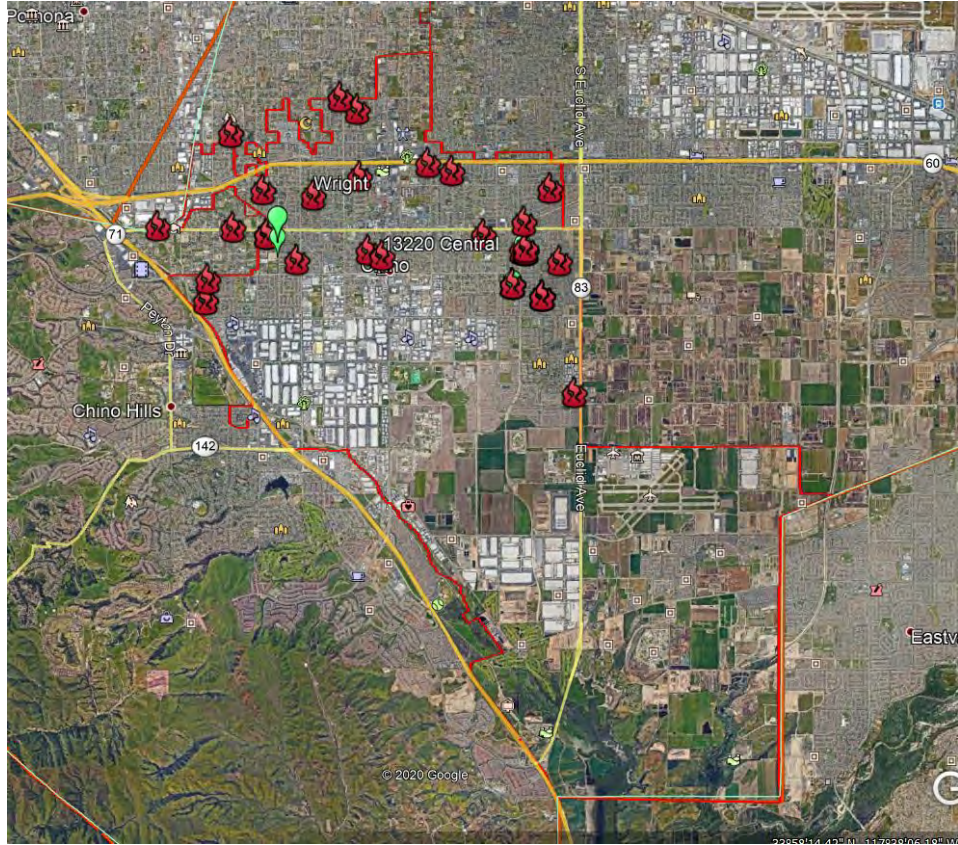


Chino Hills ("Fireballs" - Positive Trap Nights for *Aedes aegypti*)



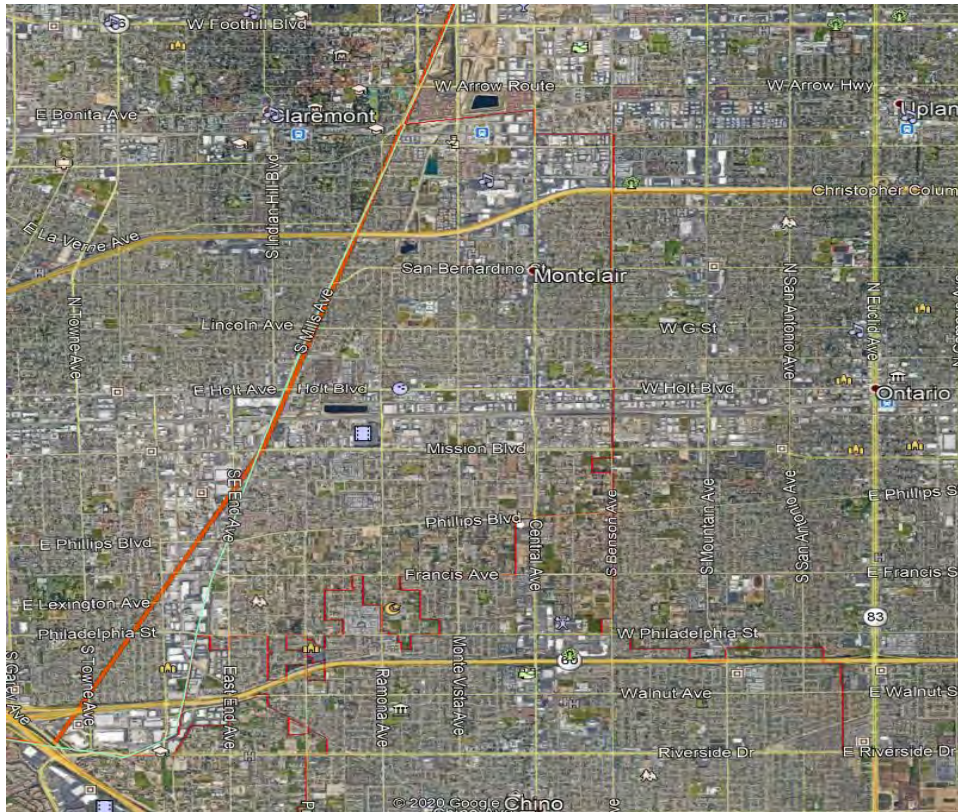
Chino

("Green Balloons" - Negative Trap Nights; "Fireballs" - Positive Trap Nights for *Aedes aegypti*)

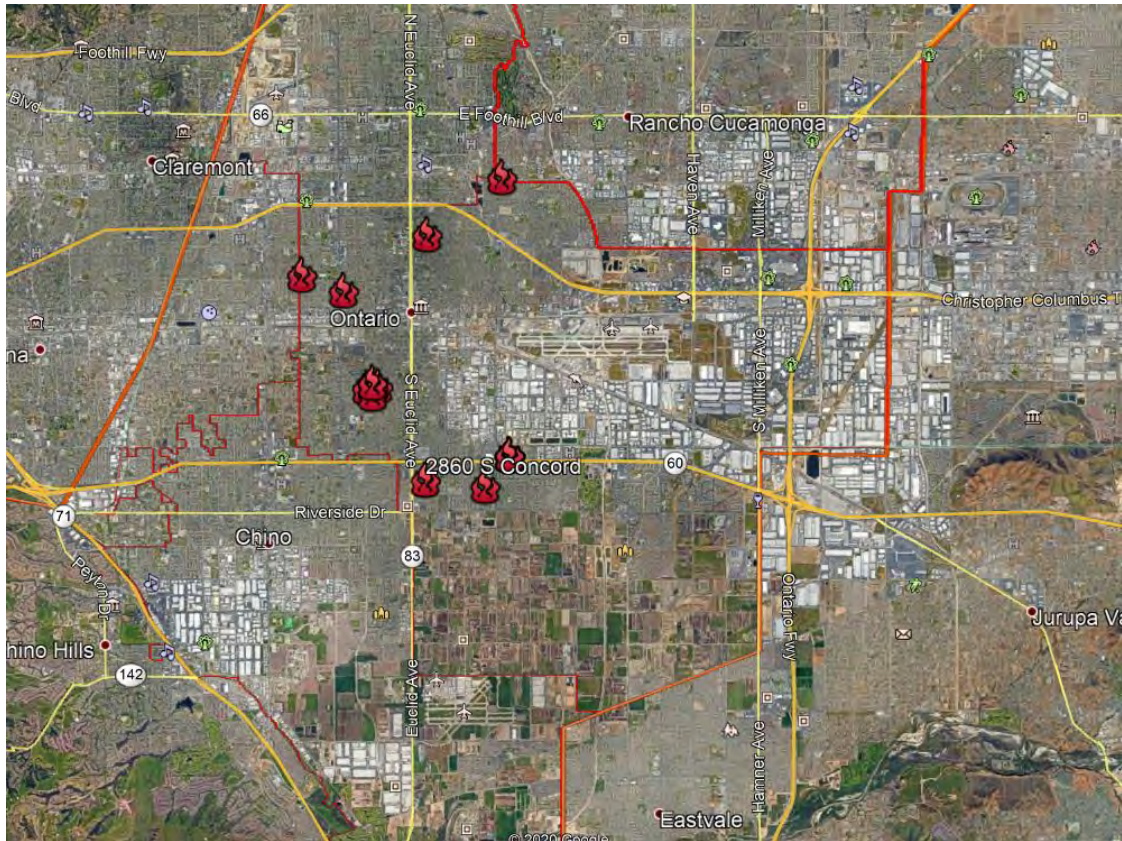


Montclair

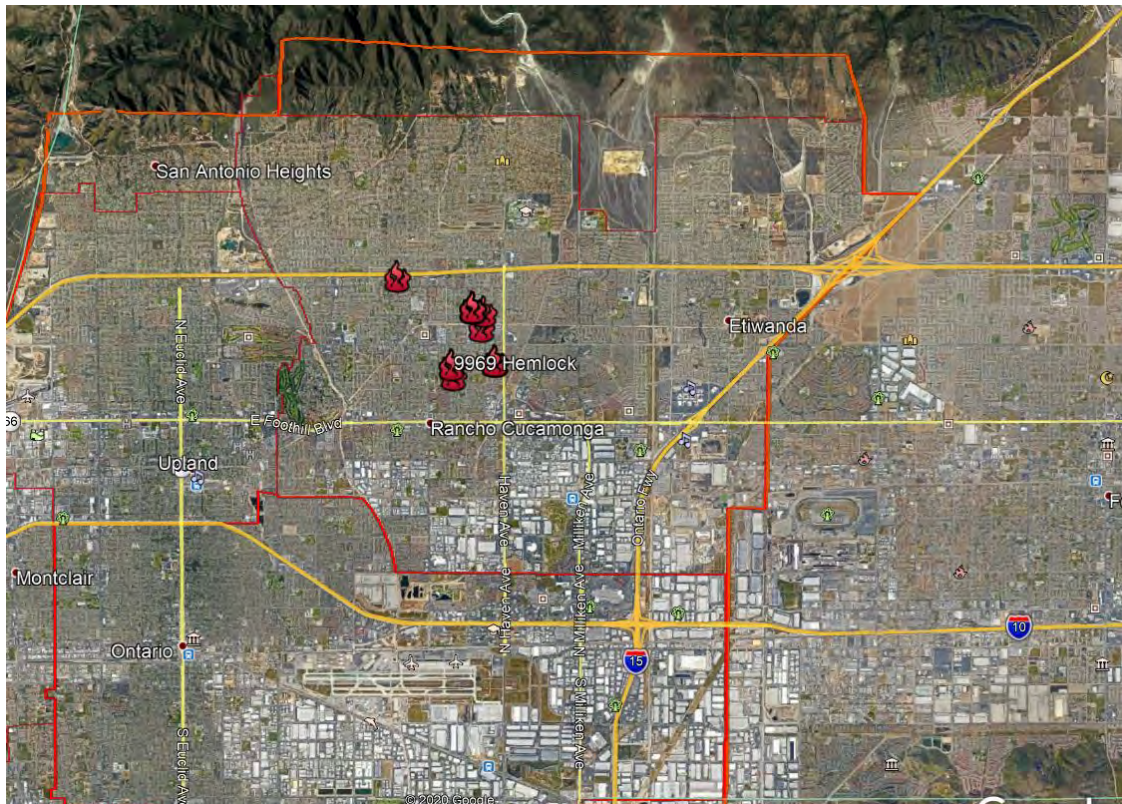
(No trapping in October 2020)



Ontario
("Fireballs" - Positive Trap Nights for *Aedes aegypti*)



Rancho Cucamonga
("Fireball" - Positive Trap Nights for *Aedes aegypti*)



Upland

(Positive Trap Nights for *Aedes aegypti*; "Volcanoes" * – Positive Trap Nights for *Ae. albopictus*)

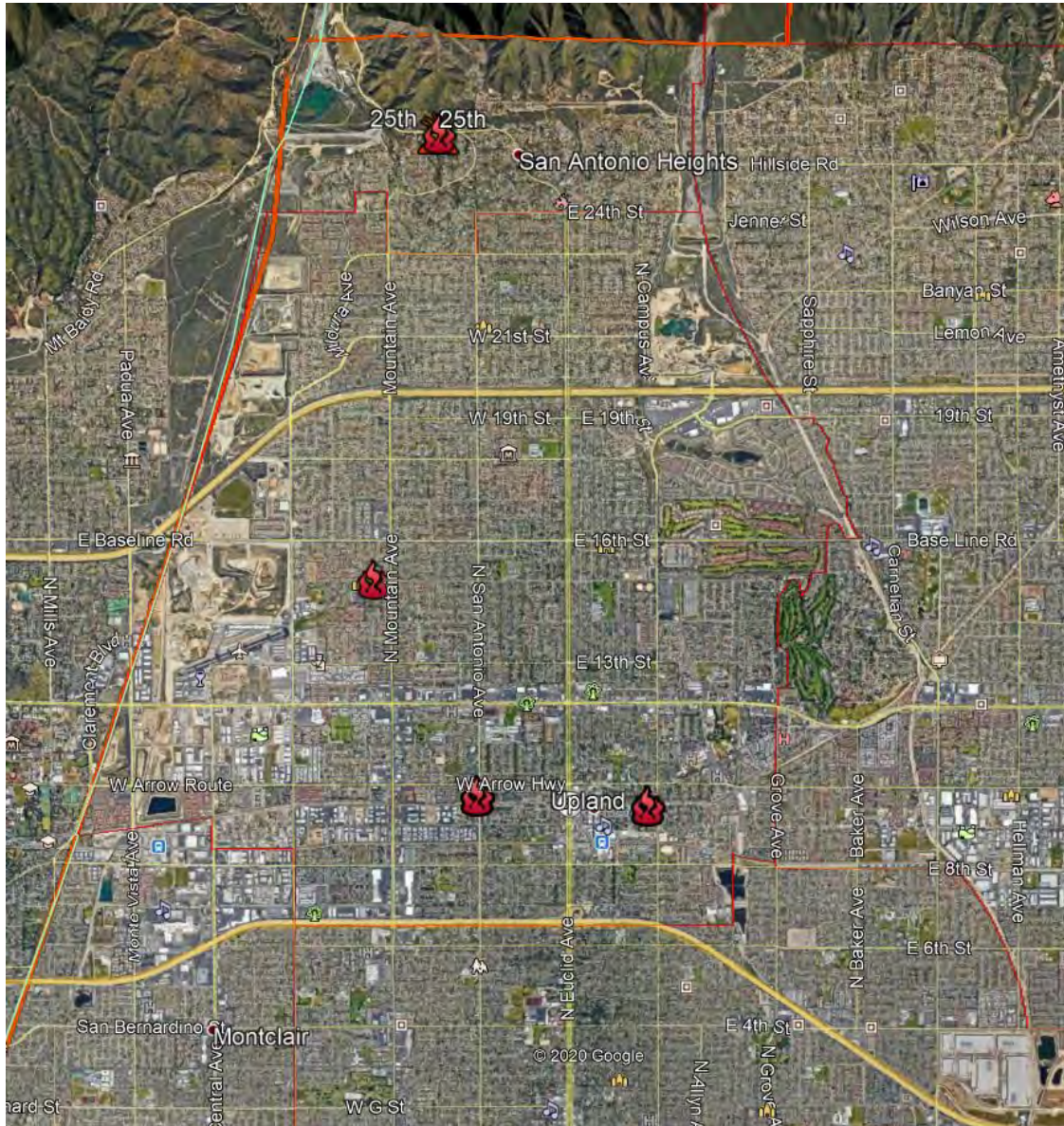


EXHIBIT G

IT and Community Outreach Activities Report October 2020 (Item 9.1)

October 2020

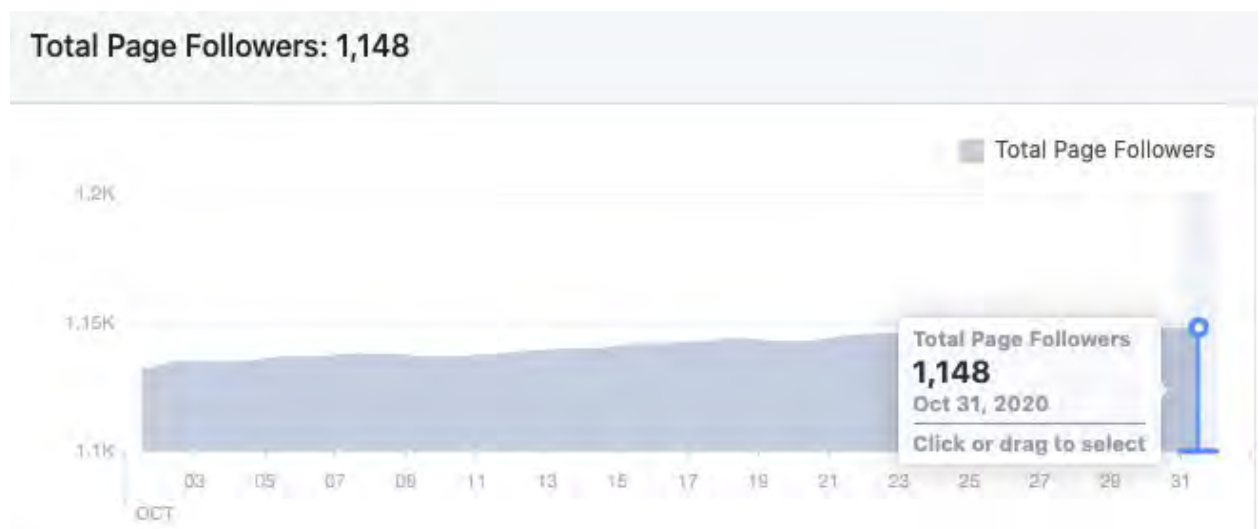
Website Activity for October

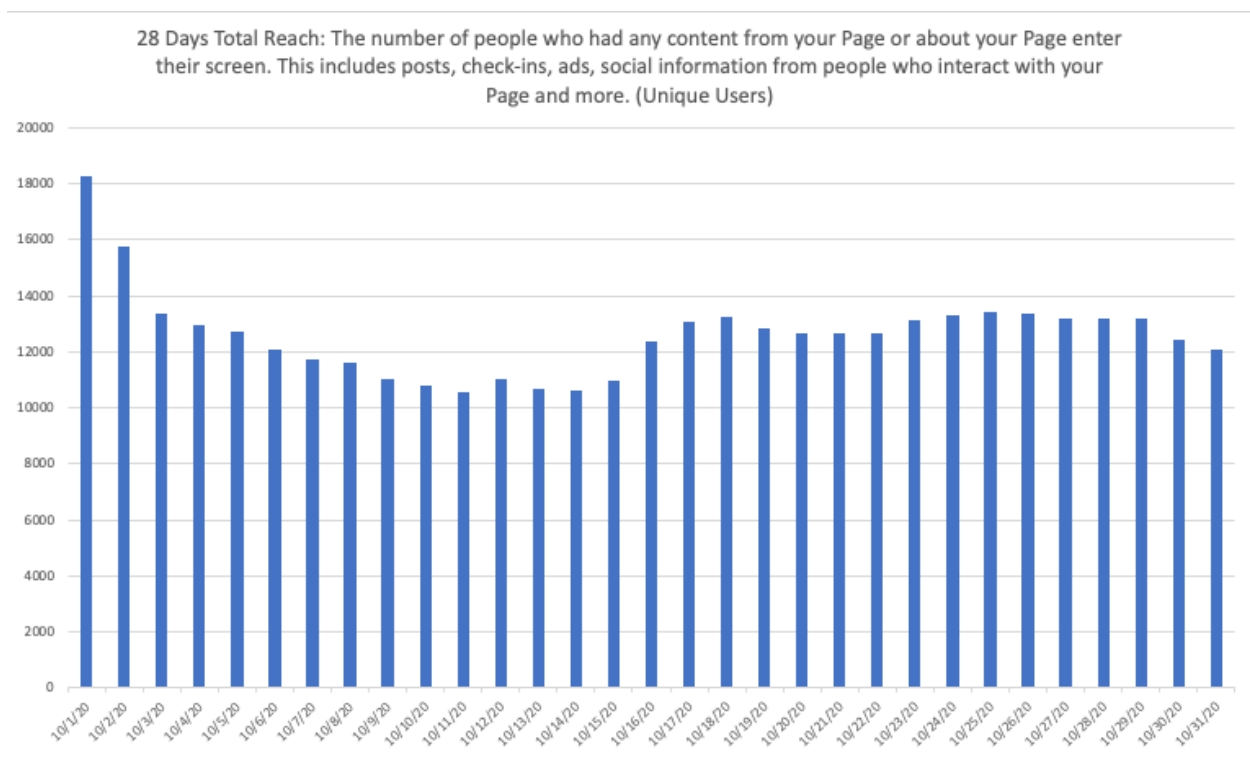


Social Media Activity for October

Facebook:

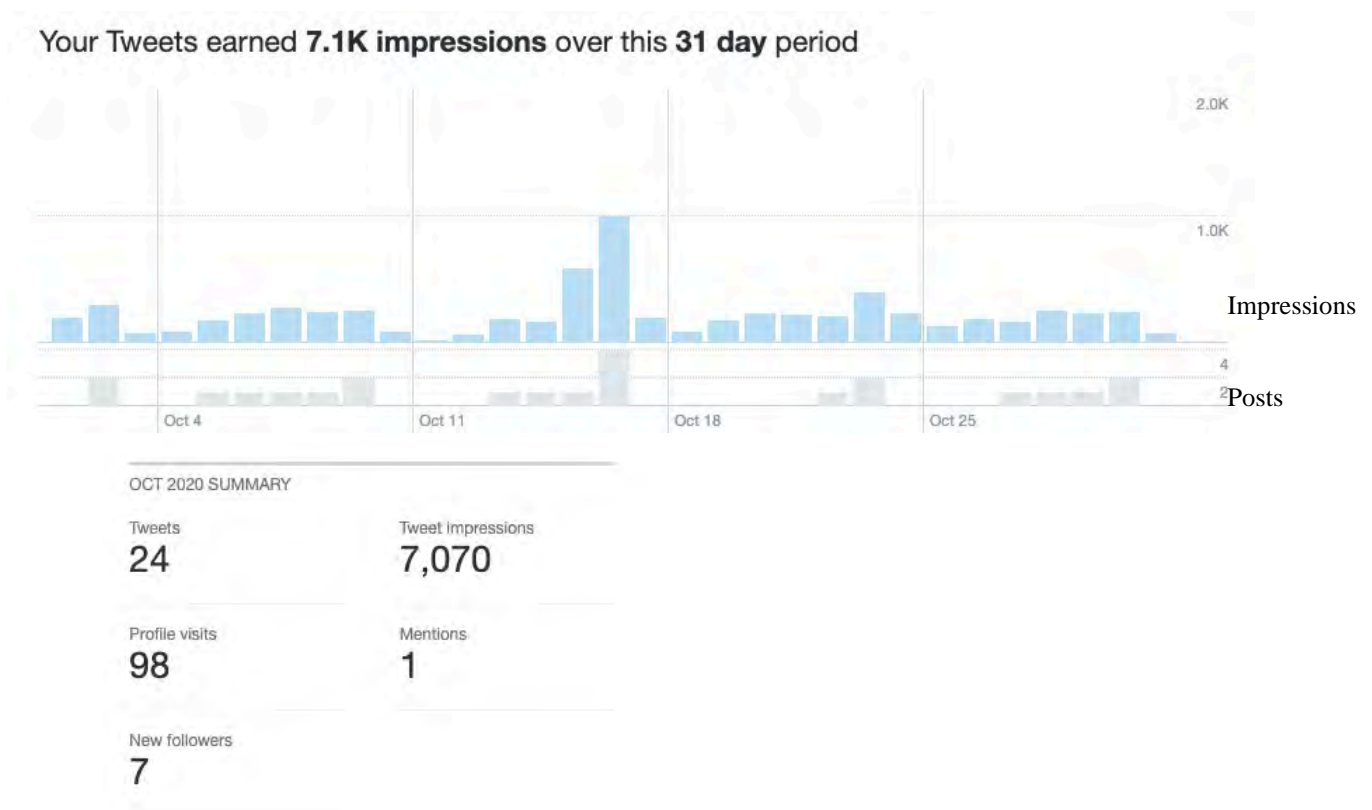
Our followers increased by 16 to 1,148.





Twitter:

Followers increased from 629 to 638.



Instagram:

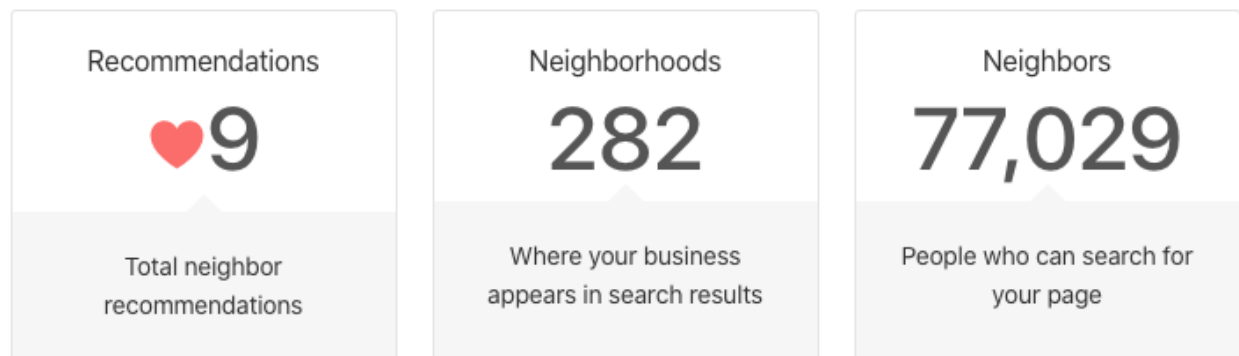
335 Posts, 325 Followers, Following 143
Followers have increased by 10 from last month

SnapChat:

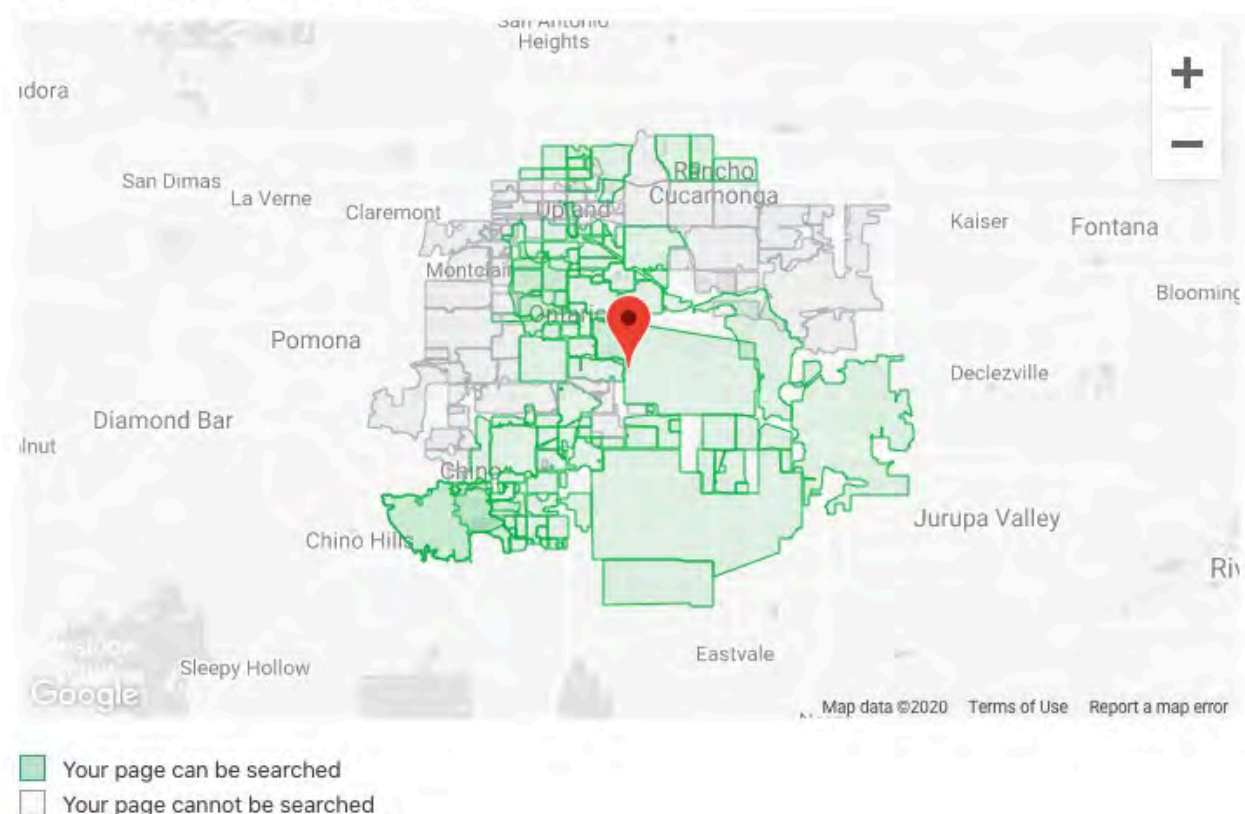
123 Snaps, 3 Friends

Nextdoor:

Our reach has increased slightly into Rancho and Upland



Organic Neighborhood Reach



October Events:

Due to novel coronavirus, all events are either cancelled or suspended until further notice.

October Newsletter:

We sent out 78 and had 18 opens (25%). Newsletters can also be found on the District website.

October, 2020

The Valley Buzz

MANAGER'S MESSAGE:



As of October 23, 2020, the District has had 13 positive West Nile virus mosquito samples this year.

California has had 2,534 positive West Nile virus mosquito samples so far this year, with 135 human cases of West Nile virus and 5 fatalities.

The end of the peak mosquito season is rapidly approaching. However global warming contributes to year-round mosquito production. It remains important to wear mosquito repellent when outdoors.

For more information on mosquitoes and other vectors, connect with us on Facebook or Twitter, or go to www.wvmvcd.org.

Dr. Michelle Brown

TECHNICIAN'S TIPS:

A Real scary Trick or Treat – Make your own mealworm chocolate candies!

Eating insects, known as entomophagy, is a growing area of cuisine. While this cuisine might initially make you queasy, there are some real advantages to eating bugs!

1. Farming insects requires a tiny fraction of the land it takes to farm beef, pork, and chicken.
2. Insects provide more protein and nutrition per pound than other livestock
3. Over 2 billion people already eat insects, but here in the States it is considered unappealing.

So, here's your chance to join a culinary revolution and enjoy your family's revulsion – follow the link for a mealworm candy treat!

<https://www.bugs4beginners.com/blog/mealworm-chocolate-crunch/>



IT/Data:

No issues with our internal system. .

FROM OUR LABORATORY:

Cannibal Mosquitoes!

If you're a mosquito, it sounds like a horror story...giant mosquito larvae that eat your progeny! Sometimes truth is stranger than fiction, and the *Toxorhynchites* (Toxo-rine-kite-eez) mosquito fits that bill.

These mosquitoes lay their eggs in the same places as many pest and vector species of mosquitoes, but when they hatch, they eat the other larvae!

Toxorhynchites mosquitoes do not blood feed as adults so they are not a pest to people, and their larvae are predatory in all stages. In fact, when they are about to pupate, they kill all other larvae in the water! Now that is the stuff of nightmares!



The elephant mosquito, *Toxorhynchites* on Dr. Cameron Webb's (@mozziebites) finger

OUTREACHING OUT TO YOU!

Happy and Safe Halloween!

We decided to include something different this time, we jumped on the "spooky train" and made a few horror movie posters featuring our favorite critters! We hope you enjoy them! We will be releasing a new poster each day the last week of October on social media.

Remember, we are still experiencing warm weather, so if you are trick or treating or spending time outdoors, be sure to add repellent to that list of things you need – tiny vampires are still afoot!

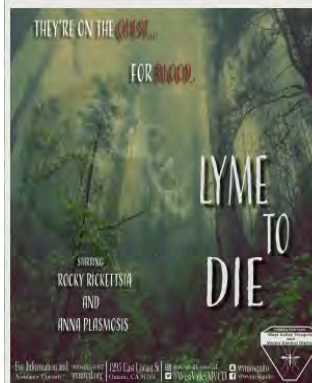
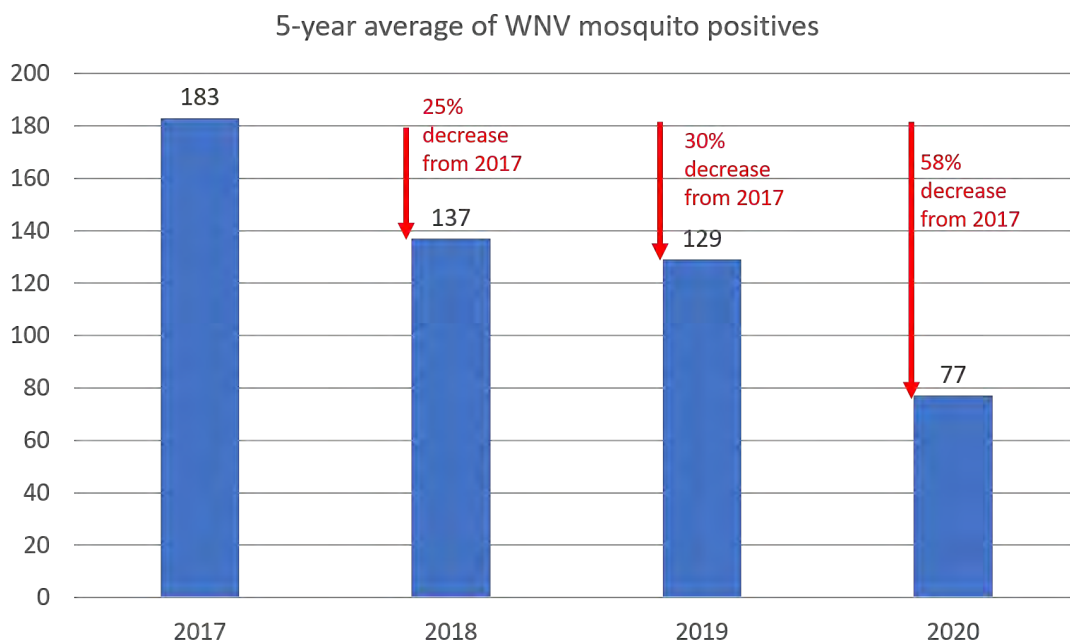


EXHIBIT H

Administrative Report (Item 9.1)

- A. District Manager Brown and Operations Director Robert Real participated in monthly meetings with Inland Empire Utilities Agency (IEUA), San Bernardino County Flood Control District, Chino Basin Water Master, and San Bernardino County Vector Control to discuss status of recharge basins and midge populations.
- B. The District is continuing to require face coverings at District headquarters, adhering to social distancing standards, encouraging staff to stay home if they or a family member is ill, and disinfects all common surfaces in the District daily.
- C. The District has secured enough N-95s and disease testing supplies to ensure that District will be able to provide regular services in 2021.
- D. District Manager Brown is currently working on the contract renewal with Director Brendon Biggs from the San Bernardino County Flood Control District. The contract expires at the end of this fiscal year.
- E. District has implemented a Process Improvement Team under the direction of Dr. Wayne McAfee, an industrial psychologist. This team of seven members selected by their peers will provide recommendations on ways the District can streamline/improve processes.
- F. District five-year average of WNV positive mosquitoes has decreased 58% from 2017.



California Department of Pesticide Regulation

Progress Report

2019-2020



August 2020

Progress Report 2019-2020

Department of Pesticide Regulation (DPR)

2019-2020 Progress Report

The Department of Pesticide Regulation (DPR) regulates pesticide sales and use, and fosters reduced-risk pest management. DPR's work includes product evaluation and registration, environmental monitoring, residue testing of fresh produce, and statewide licensing of commercial applicators, dealers and advisers. DPR provides oversight of the local pesticide enforcement programs of all 55 county agricultural commissioners, who serve 58 counties, and their combined staffs of approximately 400 biologists.

Mission Statement

DPR's mission is to protect human health and the environment by regulating pesticide sales and use, and by fostering reduced-risk pest management.

Executive Staff

Val Dolcini – Director

Jesse Cuevas – Chief Deputy Director

Abbott Dutton – Assistant Director, Communications

Ken Everett – Assistant Director, Pesticide Programs Division

Julissa de Gonzalez – Director of Legislation and Policy

Joe Marade – Agricultural Commissioner Liaison

Karen Morrison – Assistant Director, Pesticide Programs Division

Daniel Rubin – Chief Counsel

Martha Sanchez – Environmental Justice Liaison

Anise Severns – Assistant Director, Administrative Services Division

Nan Singhasemanon – Assistant Director, Pesticide Programs Division

Paul Verke – Assistant Director, Outreach and Public Engagement

Mike Wanser – Assistant Director, Office of Technology Services

Note: **This report contains highlights from 2019 and 2020.** For all publications, reports and program activities, please visit our website at: www.cdpr.ca.gov. For more information or questions, please contact cdprweb@cdpr.ca.gov. Photographs by DPR staff, unless otherwise noted.

August 2020

Contents

LETTER FROM THE DIRECTOR	1
REDUCING RISK	3
PROTECTING PEOPLE	9
CONTINUOUSLY EVALUATE AND RESPOND TO RISKS IN THE ENVIRONMENT	11
ADVANCING ENFORCEMENT AND PRODUCT COMPLIANCE	13
INFORMATION SYSTEMS AND SERVICES	17
ENSURING ENVIRONMENTAL JUSTICE	18
COMMUNICATIONS AND COMMUNITY OUTREACH	21
SIGNIFICANT STATE LEGISLATION	22
CONTINUOUSLY IMPROVE PERFORMANCE, ACCOUNTABILITY AND ORGANIZATIONAL EFFECTIVENESS	22
PESTICIDE REGULATORY PROGRAM FUNDING HIGHLIGHTS	23
THE AGRICULTURAL COMMISSIONERS	29



LETTER FROM THE DIRECTOR

A year of challenges and change at DPR



Friends, 2019 was an exciting and challenging year at the Department of Pesticide Regulation and 2020, for obvious reasons, has topped it in almost every respect. We've made great strides to fulfill our mission of protecting public health and the environment, we've strengthened our team by adding new faces at every level of our organization, and we've made important organizational changes to improve customer service and administrative efficiency. Our talented and dedicated staff continues to enforce regulations, find solutions to complex regulatory issues, and fulfill DPR's core mission to protect people and the environment. As you'll see in the pages of this report, we have accomplished a lot, even in the midst of a global pandemic!

I was appointed by Governor Gavin Newsom in June 2019 as acting director and was sworn in formally in October. Jesse Cuevas was appointed chief deputy director at that time and, since then, we have added three new assistant directors to the Pesticide Programs Division. In May 2020, the governor appointed Julissa de Gonzalez as director of legislation and policy.

In the past year, DPR has tackled some difficult regulatory issues, including cannabis, neonics, carbaryl, fumigants, chlorpyrifos, and many others. COVID-19 has created significant challenges for our department, and all other governmental agencies, like none we have seen in our lifetimes. We began teleworking immediately and developed new ways to address long-standing issues. We've continued to reach out to our stakeholders and have worked with California's agricultural commissioners, growers, and other state agencies to tackle personal protective equipment shortages and federal regulations governing their use. There's no question that these have been challenging times, but we've "met the moment" and we'll continue to thoughtfully plan for DPR's future, with the goal of continuing to substantively engage both the employees of DPR and the Californians who rely on their work.

I think we're at a pivotal point in the evolution of pest management in California. Changing pest pressures that come with urbanization, increased consumer demand for sustainably produced food, and the need to seek and implement safer alternatives to pesticides all drive the need to reexamine our views on pest management.

To accomplish these goals, we'll work to continue to strengthen DPR's national reputation as a leader in safe and sustainable pest management. We'll rely on the best science, organizational excellence, a well-trained and highly engaged workforce, and a culture that's open, transparent, and focused on collaborative engagement with all Californians.

And, to help us get there, we want to hear from you! It's as easy as sending us an email, phoning your local DPR office, or engaging with us on social media. I invite you to join in our "virtual" meetings, events and workshops as time allows, and I look forward to your continued support as we move forward together.

A handwritten signature in black ink that reads "Val Dolcini". The signature is fluid and cursive, with a long horizontal stroke at the end.

Val Dolcini, Director



REDUCING RISK



Grant projects

Research Grants: DPR awarded four Research Grants in 2019 and 2020 totaling \$502,094. Research Grants are awarded to fund projects that develop methods or practices to reduce risks associated with pesticides of high regulatory concern, and/or are considered high-risk, and which can be incorporated into an IPM system.

Chlorpyrifos-Alternatives Research Grants: DPR awarded six Chlorpyrifos-Alternatives Research Grants totaling about \$2.34 million. The grants are part of DPR's process for stopping virtually all use of the pesticide by the end of 2020. In the 2019-2020 state budget, \$5 million in funding was set aside for research projects that identify, develop, and implement safer, practical, and sustainable alternatives to chlorpyrifos.

Alliance Grants: DPR awarded four Alliance Grants totaling \$757,400. Alliance Grants are awarded to fund projects that foster collaboration between commodity groups, growers, pest control professionals, pesticide industry representatives, university researchers, and other groups with the aim of promoting adoption of IPM practices.

For more information on DPR grants: <https://www.cdpr.ca.gov/dprgrants.htm>



IPM Achievement Awards

DPR honored two organizations in 2019 for their achievements in reducing risk from pesticide use: Midpeninsula Regional Open Space District and the Soil Fumigant Alternatives / BioSolarization Team. In 2020, three organizations were honored for their achievements: The City of Irvine, UC IPM Almond Pest Management Alliance, and the West Valley Mosquito and Vector Control District. To find out more about the awards, or to nominate an organization for an award, please visit our website: <https://www.cdpr.ca.gov/docs/pestmgt/ipminov/ipmmenu.htm>

Training and licensing

Healthy Schools Act training: Over the past year, DPR has provided online integrated pest management (IPM) training to 50,000 school and child-care center staff, in compliance with the California Healthy Schools Act. DPR staff also conducted hands-on School IPM trainings for 120 professionals statewide.

Worker safety: Industrial hygiene and exposure monitoring staff gave 54 presentations and demonstrations.

Unmanned Aerial Systems: In 2019, DPR amended regulations to conform with amendments to the Food and Agricultural Code resulting from Assembly Bill 527. DPR created certification requirements for the use of Unmanned Aerial Systems (otherwise known as drones) in the application of pesticides.

C.E. course availability: In 2020, Licensing Branch staff worked to increase availability of certified online Continuing Education courses, which are needed for license holders who are unable to make the in-person courses in time for renewal. The list of courses is updated each month on the DPR website: <https://bit.ly/2UWhAJ0>



Outreach to employers

Spray Safe: DPR continued to participate in the Spray Safe program, which emphasizes effective communication among growers, farmworkers, and the public to improve safety. DPR participated in several Spray Safe events, from Tulare to Sutter-Yuba counties. The program originated in Kern County in 2006 in an effort to reduce pesticide spray drift, increase worker safety, and protect the public from inadvertent pesticide exposure.

Almond Conference: DPR hosted a booth at the 2019 Almond Conference in Sacramento to hand out information and answer questions for attendees. The conference draws thousands of people involved in the production of almonds.

World Ag Expo: DPR employees joined the Tulare County Agricultural Commissioner's Office in staffing a booth at the February 2020 World Ag Expo in Tulare. The event draws more than 100,000 agricultural professionals from around the world.

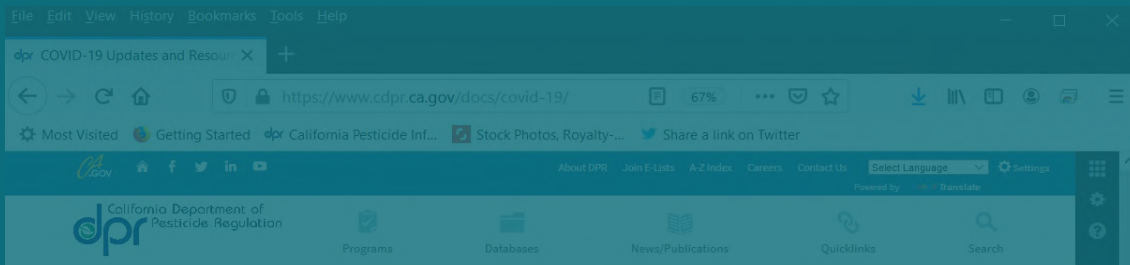
AgSafe: DPR handed out bilingual outreach safety documents at AgSafe ACTIVATE Statewide Conferences in 2019 and 2020. The conferences draw farm labor contractors and employers from around the state.



Farmworker outreach

DPR's Worker Health and Safety Branch attended 61 outreach events, including community events, fieldworker appreciation events, county agricultural commissioner training, conferences, and roundtable meetings with other agencies (Labor Rights Week, Agricultural Networking Group Oxnard/Ventura). Staff also provided outreach and education at 11 pesticide industry events.





COVID-19 Updates and Resources

COVID-19 Emergency Outreach

When the coronavirus (SARS-CoV-2) spread to California and stay-at-home mandates were issued, dozens of outreach events, trainings and in-person workshops were canceled or postponed. As a part of the overall State of California response to the COVID-19 emergency, DPR staff immediately mobilized to provide remote-access to worker safety information, coordinated with county agricultural commissioners, and communicated regularly with stakeholders and advocacy groups. Emergency resources designed to help employers cope with PPE shortages were developed and released statewide. DPR's website and social media were used to provide ongoing support to urban and agricultural pesticide applicators and employees. Throughout the emergency, we worked to maintain the pesticide enforcement framework in California, to ensure consumers' and farm workers' safety.

When the coronavirus (SARS-CoV-2) spread to California and stay-at-home mandates were issued, dozens of outreach events, trainings and in-person workshops were canceled or postponed. As a part of the overall State of California response to the COVID-19 emergency, DPR staff immediately mobilized to provide remote-access to worker safety information, coordinated with county agricultural commissioners, and communicated regularly with stakeholders and advocacy groups. Emergency resources designed to help employers cope with PPE shortages were developed and released statewide. DPR's website and social media were used to provide ongoing support to urban and agricultural pesticide applicators and employees. Throughout the emergency, we worked to maintain the pesticide enforcement framework in California, to ensure consumers' and farm workers' safety.

COVID-19 Public Health Exemption

On March 17, 2020, DPR requested an expedited review and immediate effective date from the Office of Administrative Law (OAL) for a rulemaking file pertaining to a public health exemption. When a health emergency is declared by the Department of Public Health, or a local health officer, the proposed regulation exempts a public agency or its contractor from the requirements of getting consent from, and providing notice to a property owner before discharging a pesticide on the owner's property. When proposed, DPR anticipated that this rule would apply to situations where immediate disinfection is necessary to prevent a disease outbreak. DPR asked OAL to accelerate the approval of this rule so that public health officials can avail themselves of this regulatory provision in their efforts to address the COVID-19 public health emergency. The OAL approved the expedited request for the public health emergency exemption. The new rule was filed with the Secretary of State on April 6 and took effect upon filing.

COVID-19 and Review of Disinfectants

In response to the increased demand for disinfectants, and to provide accurate information on what disinfectants are appropriate to use against COVID-19, U.S. EPA published List N: Disinfectants for Use Against SARS-CoV-2. Beginning in March, DPR began prioritizing its label review for disinfectants to ensure that products were available for use.



Cannabis worker safety

The department's Cannabis Program completed a cannabis worker-safety assessment and safety posters for growers and their employees. Staff also created pesticide safety guidebooks for first-responders to help them identify pesticides they may encounter at illegal cannabis grow sites.



What is a Pesticide?

A pesticide is any substance intended to control, destroy, repel, or attract a pest, and includes insecticides, fungicides, herbicides, rodenticides and sanitizers.



Resources for growers: www.cdpr.ca.gov/cannabis



Resources for employees: www.cdpr.ca.gov/docs/what/worker_protection.htm

A Safe Workplace

California employers are required to provide a safe workplace and training to workers in a language they can understand.

To file a pesticide-related workplace complaint, contact your local county agricultural commissioner office at:



www.cdpr.ca.gov/sectors/county/countymap/ or call 1-877-PESTLINE (1-877-378-5463)



For injury or illness, call the California Poison Control System at: 1 (800) 222-1222



¿Qué es un pesticida?
Extra idiomas:
para ejemplos de equipo de protección
personal (PPE), léase en inglés

California Department of Pesticide Regulation
dpr

PROTECTING PEOPLE



Chlorpyrifos

DPR in 2019 reached an agreement with manufacturers that will end virtually all uses of chlorpyrifos as of Dec. 31, 2020. In addition, DPR created a work group to study alternatives to chlorpyrifos and held public workshops in Sacramento, Fresno and Oxnard to gather input. The work group's report, issued in July 2020, identifies alternatives for California growers to the pesticide chlorpyrifos and calls for continued work towards safer, more sustainable pest management practices. (<https://www.cdpr.ca.gov/docs/pressrls/2020/071620.htm>)

California also set aside \$5 million for DPR and the California Department of Food and Agriculture to provide grants to research projects on chlorpyrifos alternatives.



Groundwater protection areas

The department designated 122 new groundwater protection areas around the state – restricting some types of pesticide use to protect water resources from potential contamination. For more on the groundwater protection areas: <https://bit.ly/30OXwev>

Propanil risk characterization

DPR toxicologists in 2019 completed a human health risk assessment of the herbicide propanil, looking at potential effects of long-term exposure for residential bystanders and agricultural workers.

Expanding carbaryl designation as a restricted material

Pesticide products containing the active ingredient carbaryl are designated as California restricted materials, with some exemptions. DPR expanded this designation making all carbaryl products California restricted materials, with the exception of baits labeled only for agricultural use. Eliminating most current exemptions to the restricted materials designation for carbaryl ensures that only trained applicators are utilizing these products, reducing the likelihood of unintended exposures to homeowners and children, and residential handlers who currently use carbaryl. This regulation took effect Aug. 1, 2020.

CONTINUOUSLY EVALUATE AND RESPOND TO RISKS TO THE ENVIRONMENT



Proposed Decision to Begin Reevaluation of Second- Generation Anticoagulant Rodenticides (SGARs)

SGARs

In 2019, DPR began formal reevaluation of a group of pesticides called second-generation anticoagulant rodenticides (SGARs). DPR is reviewing these chemicals – brodifacoum, bromadiolone, difenacoum and difethialone – based on potential impacts to non-target wildlife.

Brenna McNabb, Environmental Scientist, Pesticide Registration Branch
January 18, 2019



Endangered Species Program videos

In 2019, DPR produced videos, in English and Spanish, explaining DPR's Endangered Species Program and the PRESCRIBE online database of endangered species. The Pesticide Regulation Endangered Species Custom Real-time Internet Bulletin Engine (PRESCRIBE) gives users access to information about endangered species, their locations and possible impacts to them by the use of various pesticide products. Watch videos here: <https://bit.ly/3e4vn7Q>



Cannabis surface-water contamination assessment

DPR's Surface Water Protection Program has developed a wastewater-monitoring program that will include the assessment of potential impacts to surface water from cannabis growing operations. As part of the program, DPR aims to identify the types of pesticides used at indoor growing operations and investigate how pesticides could pass through sewage treatment systems into rivers from indoor grows.

ADVANCING ENFORCEMENT AND PRODUCT COMPLIANCE

CASPIR

In 2019, DPR launched a new mobile app for reporting pesticide incidents. Called California's System for Pesticide Incident Reporting (CASPIR), the app is free, available in Spanish as well as English, and allows people to make reports anonymously. For more on CASPIR, see: <https://www.cdpr.ca.gov/caspir>



Licensing penalty actions

In 2019, DPR stepped up its enforcement efforts for licensing violations. DPR took civil penalty actions against licensees and businesses found to be cheating on exams or falsifying records related to Continuing Education courses.



Produce Monitoring Report

The department updated and enhanced its annual Produce Monitoring Report. The report, released in 2019, summarizes results from DPR fresh-produce sampling done in 2018. DPR tests fruits and vegetables at stores and markets for the presence of illegal pesticide residues. In 2018, DPR scientists collected 3,666 samples and analysis by California Department of Food and Agriculture labs showed 95 percent of all samples had no detectable pesticide residues, or had levels below those allowed by the U.S. Environmental Protection Agency (U.S. EPA). DPR tests the produce samples for more than 400 types of pesticides.



Produce monitoring actions

In March 2020, DPR fined a Santa Barbara County strawberry grower \$15,000 after an illegal pesticide was detected on his crop. The grower, based in Santa Maria, was also prevented from further harvesting his strawberry crop for three months while an investigation occurred. The strawberries were found during routine marketplace inspections by DPR staff in Fresno. Analysis found the pesticide methomyl on the berries. State and federal law prohibit its use on strawberries. A second grower, whose berries didn't make it to market, was also fined \$5,000.



A Pocket Guide to Pesticides Found in Illegal Cannabis Grow Operations



Cannabis

The department's Cannabis Program conducted 113 marketplace surveillance inspections and referred 32 cases to DPR legal staff for potential action.

In addition, the department dispersed \$800,000 to county agricultural commissioners for compliance assistance activities to help cannabis growers with pesticide laws; launched a pilot cannabis-consumption study with Sacramento State University; and, refined health screening levels for 14 pesticides detected in cannabis products.

In 2020, DPR distributed a pocket guide for law enforcement and first responders, "A Pocket Guide to Pesticides Found in Illegal Cannabis Grow Operations": <https://bit.ly/3kDaHXH>

Cannabis-consumption study

DPR has partnered with Sacramento State University to conduct a statewide study to determine consumer cannabis consumption rates. This first of its kind study will provide DPR with critical information on consumption and use data, which are critical for deriving accurate estimates of exposure to pesticides from adult-use and medicinal cannabis and manufactured cannabis products. This data will be used to refine pesticide action levels that DPR recommends to the Bureau of Cannabis Control for testing purposes.



Pesticide use reporting

PUR data: DPR in 2019 completed its annual Pesticide Use Report for agricultural and non-agricultural applications occurring in 2017. Broadly, it showed increased use of biopesticides and decreased use of pesticides considered to be reproductive toxins, carcinogens, cholinesterase inhibitors, ground water contaminants, or toxic air contaminants. The report is online here: <https://bit.ly/3aUDbXT>



School pesticide-use data

The department in 2019 also released its School and Child Care Pesticide Use Report. The school summary – which contains 2017 data from 7,172 schools and 1,802 child-care centers across California – can be found here: <https://bit.ly/3a0mJ7i>

INFORMATION SYSTEMS AND SERVICES



DPR in 2019 undertook an extensive update of its information technology systems. Among other things, the department improved information security and also updated thousands of documents to improve accessibility for all Californians.

Information Security Audit and Assessment

DPR underwent the biennial Information Security Audit in late 2019. Overall, DPR did very well, with zero high-risk findings, and most of the findings being related to currently in-progress policies. DPR is now preparing for the Information Security Assessment, which focuses on technical security controls, currently scheduled for October 2020.

Upgrades to DPR website

DPR upgraded its external website to the latest California State template in spring 2020. This template is fully responsive and adjusts to tablets, laptops, phones, and large monitors while still remaining accessible for people with disabilities.

ADA compliance (AB 434)

DPR's web team successfully developed and implemented new web standards, trainings, and posting processes to meet the latest State Web Accessibility Standards. This included remediating

thousands of documents to the latest accessibility standards. DPR's application development team also updated many applications to meet accessibility requirements.

MillPay Audits enhancements

DPR's Application Development team enhanced the MillPay Audits module to improve system workflow and add reports, notifications, and content management features. The final release was deployed to production in November 2019.

Southern and Northern Regional Office moves

DPR successfully moved its Southern Regional Office from Anaheim to Santa Ana. This involved a completely new construction and IT infrastructure for the workspace. DPR also consolidated two regional offices into one central location in Rancho Cordova. This new space can accommodate up to 20 percent of departmental staff and was occupied in July 2020.

ENSURING ENVIRONMENTAL JUSTICE



EJ workshop

DPR teamed up with the Monterey County Agricultural Commissioner's Office in May 2019 to conduct a two-day Environmental Justice workshop in Salinas. The workshop covered a range of subjects, including DPR's various regulatory functions and how county agricultural commissioners work with the state to enforce pesticide regulations. Information: <https://www.cdpr.ca.gov/docs/envjust/workshops.htm>

Community events

DPR's Environmental Justice Liaison, Martha Sánchez, and DPR staff, in 2019-2020 participated in 38 community events and health fairs around the state, sharing information and DPR publications related to public and worker safety, laws and regulations. DPR also assisted in providing trainings to promotores (community health educators), day care providers, farm labor contractors, and fieldworkers and handlers. DPR also attended (in-person and via teleconference) approximately 50 IVAN / CCEJN regional monthly meetings with advocates.

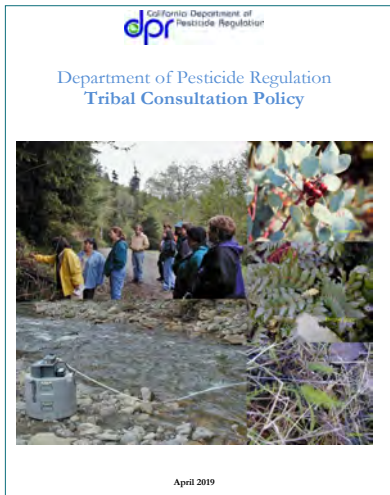




Spanish media outreach

In 2020, DPR's Worker Health and Safety program received a grant to produce Spanish language public service announcements (PSAs). The first phase of the PSA project aired from April through June on more than 11 radio stations and one TV station, covering more than 19 counties. More than 1,420 Spanish PSAs were broadcast. DPR plans to continue this PSA project to reach other counties.





Tribal Consultation Policy

Recognizing that regulating pesticides in California may involve California Native American Tribes through consultation, enforcement, and outreach, and working with CalEPA, DPR in 2018 sought public comments on its Draft Tribal Policy. In 2019, the policy was approved and shared with CACs. Through this review process and input, we hope to improve communication and coordination with DPR, CACs and California Native American Tribes. https://www.cdpr.ca.gov/docs/envjust/tribal_affairs.htm

Community Air Protection Program (CAPP) AB 617

DPR's Air Program has collaborated with California Air Resources Board (CARB) and various air districts on CAPP's initiative, under AB 617, to reduce emissions in targeted communities. Currently, Air Program staff has assisted with the CAPP communities of Oakland, Imperial, Shafter, and Eastern Coachella Valley. As the regulating government entity over pesticides, DPR provides each community with background on pesticide use in the area and presents technical expertise on current air monitoring technologies. At the request of CARB and the air districts, Air Program staff have attended CAPP community steering committee meetings to serve in an advisory role as each community determines their respective emissions reduction plan.



COMMUNICATIONS AND MEDIA OUTREACH

Pesticide training for Hmong farmers

In 2019, DPR released a new Hmong-language video series covering California pesticide rules and safety. The nine-part video series – Complying with Pesticide Laws and Regulations in CA – is part of DPR's continuing mission to reach California's farming communities. The video productions were the result of a collaboration between the University of California Cooperative Extension and CSU Fresno, with support from DPR. Watch videos: <https://bit.ly/3ify2wR>



Publications

DPR created and updated brochures, fact sheets and other publications for both professionals and the general public. They cover topics as varied as controlling mosquitoes around your home, to employer requirements for having employees' blood tested if they work with certain potentially hazardous pesticides. You can find DPR's fact sheet directory here: <https://www.cdpr.ca.gov/docs/dept/factshts/directory.htm>

Social media

Over the past year, DPR used social media to promote events, hearings and meetings, and to amplify the department's messages about pesticide safety and regulations. In all, this included more than 2,000 social media posts, the creation of more than 30 social media graphics, and the production of over 40 videos.

Media outreach

In addition to social media, the communication team worked with conventional media on TV, radio and print reports. This included interviews and outreach to Spanish radio and TV. Staff also issued more than a dozen press releases to explain DPR programs, actions and accomplishments.

SIGNIFICANT STATE LEGISLATION



AB 2816 (Muratsuchi, Chapter 720, Statutes of 2018): This bill requires DPR to submit a report to the Legislature on or before Jan. 1, 2021, that evaluates the implementation, and effect of implementation, of the Healthy Schools Act of 2000 and provides recommendations on improving the implementation and efficacy of the act.

AB 450 (Arambula, Chapter 300, Statutes of 2019): This bill imposes a 72-hour deadline for providing notice of relocation of apiaries within a county, or subsequent movement within the destination county, and exempts information provided pursuant to that notification requirement from disclosure pursuant to the California Public Records Act.

CONTINUOUSLY IMPROVE PERFORMANCE, ACCOUNTABILITY AND ORGANIZATIONAL EFFECTIVENESS

Regional Offices: DPR staff facilitated a move of the Southern Regional Office from Anaheim to Santa Ana. The department also moved Northern Regional Office staff and some headquarters staff from West Sacramento and Sacramento to Rancho Cordova in July 2020.

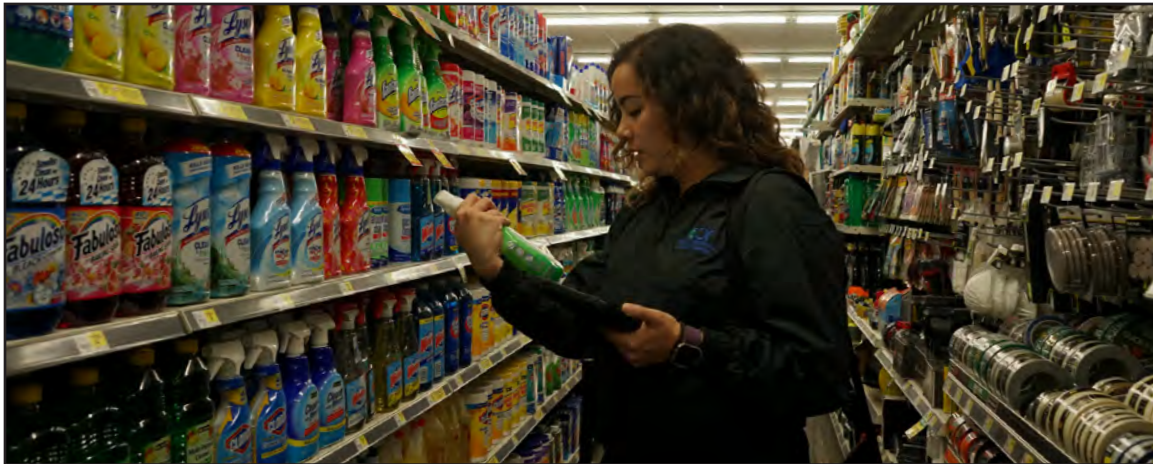
Field Safety Manual: Staff created a field safety manual, and held heat-illness prevention trainings, for DPR field staff.

Our Promise: DPR received the Golden Standard Award for its participation in the state's Our Promise Campaign, through which state employees donate part of their paychecks to charities.

Recruitment: DPR hosted on-site recruitment events for graduates at the University of California, Davis, UC Berkeley, and the University of Pacific. DPR staff also attended 12 recruitment fairs.

Bilingual staff: The department certified 13 bilingual Spanish DPR employees to assist with language access and translation.

PESTICIDE REGULATORY PROGRAM FUNDING HIGHLIGHTS



In 2018-19, DPR employed about 389 employees. With a budget of \$103 million, DPR is funded by regulatory fees, with a small amount of federal/special funds, reimbursements from other departments, and a one-time legislative augmentation to the General Fund for a special project.

The DPR Fund collects three main sources of revenue:

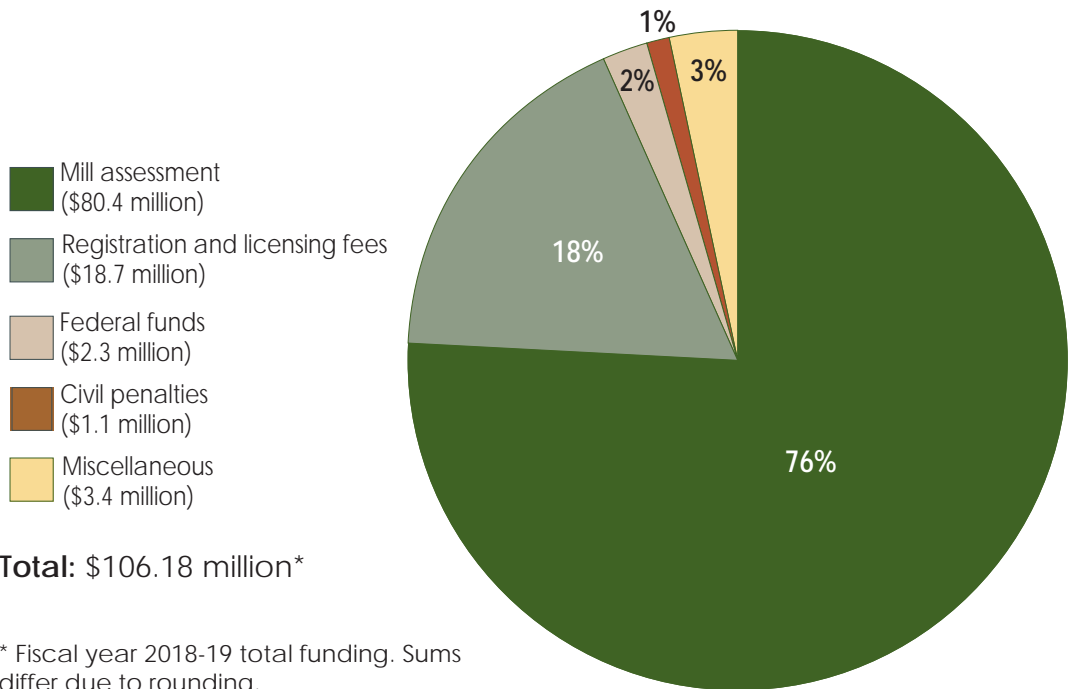
- Registration fees from over 16,000 companies that register new pesticide products, renew pesticide products, or amend pesticide product labels in California.
- Licensing and Certification fees on individuals who handle or use pesticide products in a commercial setting.
- A quarterly Mill Assessment fee. DPR's largest revenue source is the Mill Assessment, a fee levied on pesticide sales at the point of first sale into the state. The assessment is currently at the

statutory maximum of 21 mills, or 2.1 cents for each dollar of sales (a mill is equal to one-tenth of a cent). An additional three-fourths mill is assessed on agricultural and dual-use products (pesticides labeled for use in both agriculture and nonagricultural settings) to support pesticide consultation activities of the California Department of Food and Agriculture.

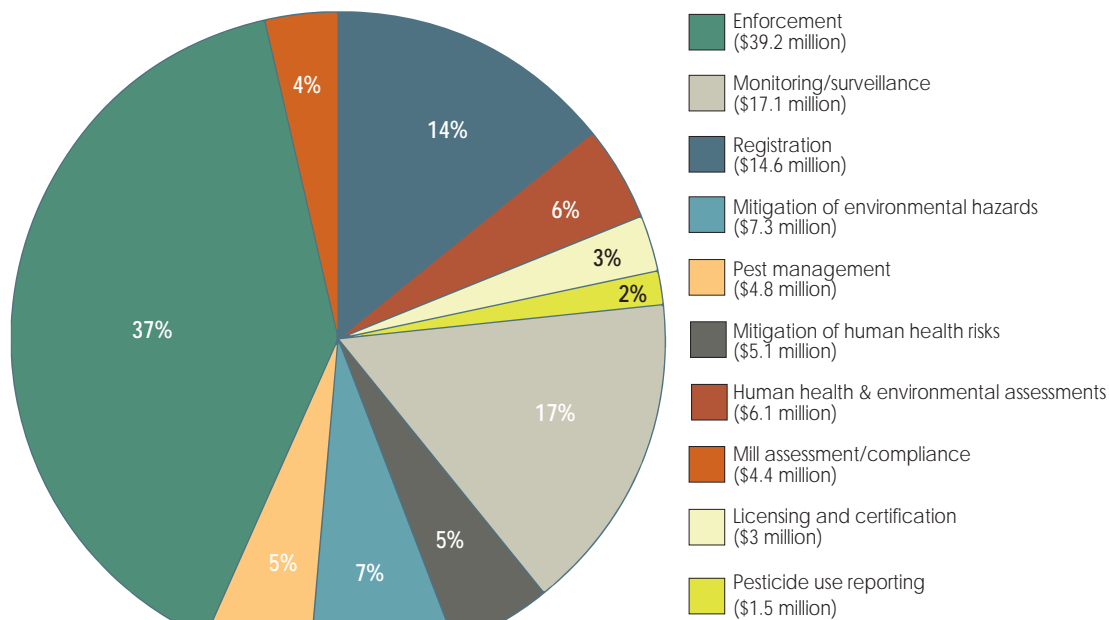
Other sources of revenue/funding are:

- Civil penalties (for example, the selling of unregistered or misbranded pesticide products).
- Miscellaneous fees, reimbursements from other departments, and a small amount from the Environmental License Plate Fund and General Fund.
- Funds from the U.S. Environmental Protection Agency or the U.S. Department of Agriculture for activities DPR performs with, or on behalf of, these agencies.

Revenue



Expenditures



Total expenditures: \$103.1 million

* Fiscal year 2018-19 total funding. Sums differ due to rounding.

MAJOR BUSINESS FUNCTIONS AND KEY ACTIVITIES

14% Product Registration. A pesticide must be registered (licensed) with the state before it can be sold or used in California. Pesticide registration includes the scientific, legal, and administrative evaluation process of a pesticide product before its registration. This process includes tracking submissions, certain technical and scientific evaluation, processing labels, preparing public notices, corresponding with registrants, overseeing data call-ins, maintaining label files and the pesticide data library, and providing information on registered pesticides and label instructions to pesticide enforcement agencies and the public.

6% Human Health & Environmental Assessments. Risk assessment includes hazard identification, dose-response assessment, exposure assessment, and preparation of a risk characterization document that assesses potential dietary, workplace, residential, and ambient air exposures. Also included are: activities regarding toxic air contaminants (TACs), coordinating with other agencies and scientific reviewers on risk assessment documents, preparing the environmental-fate element of risk assessments, and prioritization of pesticides for risk assessment.

3% Licensing and Certification. Through licensing and certification, DPR ensures that people selling, possessing, storing, handling, applying, or recommending the use of pesticides are competent and knowledgeable in their safe use. DPR conducts exams; issues and renews licenses for commercial pest control applicators, aerial applicators, pesticide dealers' designated agents, and pest control advisers; and certifies pesticide applicators that use or supervise the use of restricted pesticides. This function also includes reviewing and accrediting continuing education (CE) courses. DPR also licenses pest control businesses, maintenance gardeners, pesticide brokers, and pest control dealers.

Functional accounting

Budgets of government agencies traditionally divide funds by organizational units. However, like other integrated regulatory programs, most of DPR's functions cut across organizational units. Unit-based budgeting makes it difficult to know the costs associated with each function. In 2004, DPR adopted activity-based accounting that focuses on the costs and performance of specific program functions rather than those of each organizational unit. Each program function represents a group of underlying activities, which may be performed by units in one or more branches. The information provided by functional accounting allows DPR to refine its budget and fees to accurately recover costs associated with specific activities. Functional accounting is linked to DPR's operational plan. The plan describes activities DPR plans to complete during the fiscal year, with performance measures for each function. DPR's operational plans and performance measures are posted on the department's website, as are the functional accounting year-end reports. This allows stakeholders to review specific goals, costs associated with them, and whether goals are being met.

2% Pesticide Use Reporting. In California, all agricultural pesticide use must be reported. This is also true for commercial applications to structures, landscapes, and turf. The main exceptions to full use reporting are home-and-garden applications, and most industrial and institutional uses. Pesticide users submit reports to their local county agricultural commissioner (CAC) who, in turn, submits the data to DPR, which compiles and analyzes the data, and makes it available online.

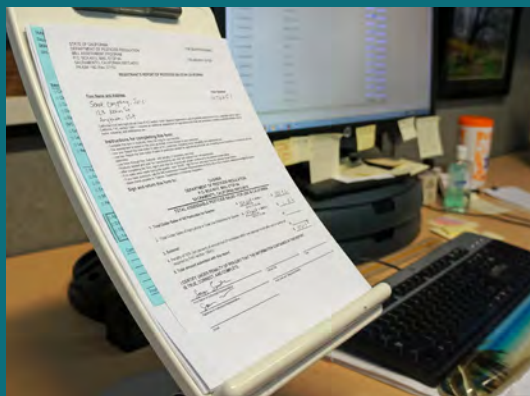
17% Monitoring/Surveillance. State law requires DPR to continuously evaluate pesticides after they are in use to protect the public and the environment. Through monitoring and surveillance, DPR analyzes hazards and develops pollution prevention strategies. Activities include air, ground water, and surface water monitoring; investigation and evaluation of pesticide illnesses; and testing of fresh produce. Other activities include special monitoring projects and developing pesticide analytical methods. Exposure monitoring includes conducting studies to collect data on potential exposure patterns and to assess regulatory requirements. When products are proposed for formal reevaluation, activities include reviewing evidence that supports initiation of reevaluation.

5% Mitigation of Human Health Risks. DPR uses scientific data to develop measures to reduce human exposure to pesticides that have unacceptable risks. This may include exposures in air, the workplace, and in food and water. Activities include reviewing data to assess worker health impacts of pesticide use and developing mitigation strategies. Mitigation measures may include label changes, placing conditions on registration (for example, restricting use to situations with no exposure concerns), and preparing health and safety recommendations for incorporation into regulations and permit conditions. For products under formal reevaluation, activities include determining health risks and identifying methods to reduce or eliminate these risks.

7% Mitigation of Environmental Hazards. Mitigation of environmental hazards involves using scientific data to develop measures to protect the environment from the potentially adverse effects of pesticides. This includes developing mitigation strategies to protect air, ground water, surface water, endangered species, and

MillPay

Introduced in 2014-15, MillPay is an Internet-based system that allows companies to report sales and pay mill fees to DPR. For some, it's more convenient than filing through the department's paper-reporting system. Since its launch, the number of MillPay users has increased significantly – to about 1,200 businesses as of mid-2020.



desirable (non-target) plants. Mitigation measures may include proposed label changes, placing conditions on registration, regulations, and permit conditions. For products under formal reevaluation, activities include determining environmental risks and identifying methods to reduce or eliminate these risks.

5% Pest Management. These programs assess the impacts and potential problems resulting from pesticide use, focusing on preventive solutions that incorporate integrated pest management (IPM). Activities include facilitating adoption of IPM in schools, awarding grants to encourage development and use of IPM systems, and the IPM Innovator Awards program. Other activities include technical/scientific resource services, such as evaluating pest management practices that prevent environmental and human health problems and working with industry to implement these practices.

37% Enforcement. Local enforcement of pesticide use is largely carried out by CACs and their staffs. DPR headquarters personnel, with field staff in Anaheim, Fresno, and Rancho Cordova, provide the CACs with training, coordination, and technical and legal support. Oversight includes: developing statewide enforcement priorities and guidance, evaluating CAC performance under annual work plans, and researching and analyzing compliance trends. Activities also include pesticide misuse investigations and issuing enforcement actions.

4% Mill Assessment and Product Compliance. The mill assessment and product compliance program ensures products are registered before sale and use, that they are labeled correctly, and that required fees have been paid. Activities include: inspecting products offered for sale, reviewing labels to ensure they are registered, auditing pesticide sellers to ensure they are paying sufficient assessments on their sales, and initiating enforcement actions against sellers in violation of requirements. Also, overseeing disbursement of the required percentage of mill revenues to CACs, and evaluating trends in the value of the mill.



THE AGRICULTURAL COMMISSIONERS



California's 55 county agricultural commissioners (CACs) play a critical role in enforcing state and federal pesticide laws and regulations. A unique DPR/County partnership, established by the California Legislature, requires CACs to enforce laws and regulations at the county level. CAC staff inspect the work of growers, applicators, farm labor contractors and others who may handle pesticides. They also issue restricted-materials permits, investigate pesticide exposure incidents and complaints, and hold trainings and outreach for growers. More than 400 biologists work under the CACs to carry out their mission. CACs receive pesticide enforcement funding from DPR and their county governments. Other CAC funding comes from grants, fees, fines and the California Department of Food and Agriculture (CDFA). DPR and CDFA meet monthly with commissioners and their staffs.





STATE OF CALIFORNIA

Gavin Newsom

Governor

Jared Blumenfeld

Secretary

California Environmental Protection Agency

Val Dolcini

Director

Department of Pesticide Regulation

1001 I Street, P.O. Box 4015

Sacramento, CA 95812-4015

www.cdpr.ca.gov

Accounting Office: (916) 445-4595

Budget Office: (916) 445-4159

Business Services Office: (916) 445-4177

Enforcement Branch: (916) 324-4100

- Northern Regional Office: (916) 603-7700
- Central Regional Office: (559) 297-3511
- Southern Regional Office: (714) 279-7690

Environmental Monitoring Branch: (916) 445-9542

Executive Office: (916) 445-4000

Human Health Assessment Branch: (916) 445-4233

Human Resources Branch: (916) 322-4553

Information Technology Branch: (916) 445-2992

Legal Office: (916) 324-2666

Legislation & Policy Office: (916) 445-3976

Licensing and Certification Office: (916) 445-4038

Media and Communications: (916) 445-3974

Mill Office: (916) 445-4159

Pest Management and Licensing Branch: (916) 341-5910

Pesticide Registration Branch: (916) 445-4400

Regulations Office: (916) 445-3984

Worker Health and Safety Branch: (916) 445-4222





DPR Northern Regional Office



www.facebook.com/CaPesticideRegulation/



www.linkedin.com/company/california-department-of-pesticide-regulation



twitter.com/CA_Pesticides



www.youtube.com/user/CaliforniaPesticides