TURLOCK MOSQUITO ABATEMENT DISTRICT

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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TURLOCK MOSQUITO ABATEMENT DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2025

Name	Office	Term Expires November
Ryan Taylor	President	2025
Kern Hunewill	Vice-President	2027
L. Kevin Showen	Secretary	2026
Lynn Apland	Director	2027
Donald Peters	Director	2026
Aaron Hackler	Director	2025
Michael Ann Mitchell	Director	2025

ADMINISTRATION

David Heft
General Manager

TURLOCK MOSQUITO ABATEMENT DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Turlock Mosquito Abatement District
Turlock, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Turlock Mosquito Abatement District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Turlock Mosquito Abatement District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Emphasis of Matter

As described in Note 1U to the financial statements, the District adopted GASB Statement No. 101, Compensated Absences which required a restatement of net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, and Schedule of Changes in the District's Net OPEB Liability and Related Ratios, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 January 15, 2026 on our consideration of Turlock Mosquito Abatement 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 Turlock Mosquito Abatement District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Turlock Mosquito Abatement District's internal control over financial reporting and compliance.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
January 15, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

As Management of the Turlock Mosquito Abatement District (The District), this narrative overview and analysis reflects the District's financial activities for the fiscal year ending June 30, 2025. We recommend that the readers consider this information in conjunction with the financial statements as a whole.

FINANCIAL POSITION SUMMARY

Fund and government-wide financial statements are presented on pages 11-16.

The government-wide financial statements, the Statement of Net Position, and the Statement of Activities, are prepared using the full accrual basis of accounting, much like a for-profit organization. These statements reflect inventory and capital investments of the District, as well as presentation of the finances of the District as a whole (rather than by fund).

Fund financial statements tell how these services were paid for as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements providing information about the District's general fund.

Notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the basic financial statements. Required supplementary information consists of more detailed data on budget to actual revenues and expenditures and retirement schedule of funding progress.

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $4,262,954 at the close of the fiscal year. The District's liabilities accounted for $2,495,498 with the largest liability as the Pension Obligation Bond liability of $1,137,375.

The change in the District's assets over liabilities from last year's audit compared to this year's audit decreased $891,011. This reflects the change in revenues, expenditures, changes in fixed asset values and long term liabilities.

The District's member contingency account in the Vector Control Joint Powers Agency (VCJPA) is designed to pay for unexpected self-insured losses and losses not covered under the VCJPA, such as cost associated with pollution remediation and lawsuits exceeding coverage limits for violations of the clean water act. This account has an ending account balance of $19,253.

The District's ending fund balance increased $891,011 from the previous fiscal year. The District's unrestricted fund balance increased from $3,260,158 from the previous fiscal year to $4,147,965 for fiscal year 2024/2025.

The District fully prefunded the District's OPEB liability in the California Employee Retiree Benefit Trust (CERBT). As part of the valuation process, the Board selected an amortization period of 20-years and to prefund the District's OPEB liability by contributing at least 100% of the Annual Required Contribution each year. The District continues to invest in CERBT asset allocation Strategy 3 with an annual return rate estimated at 5.5%.

Condensed Statement of Net Position

	2025	2024	Increase (Decrease)	Percentage Change
Current Assets	$ 6,373,413	$ 5,417,866	$ 955,547	17.64%
Long-term assets	19,253	22,074	(2,821)	-12.78%
Right-to-use assets, net	28,644	84,978	(56,334)	-66.29%
Capital assets, net	228,363	213,361	15,002	7.03%
OPEB asset	147,697	134,683	13,014	9.66%
Total Assets	6,797,370	5,872,962	924,408	15.74%
Deferred outflows of resources	751,583	1,217,896	(466,313)	-38.29%
Current Liabilities	38,918	30,173	8,745	28.98%
Long-term liabilities	2,495,498	2,475,363	20,135	0.81%
Total Liabilities	2,534,416	2,505,536	28,880	1.15%
Deferred inflows of resources	636,503	1,098,299	(461,796)	-42.05%
Net position:				
Net investment in capital assets	230,069	226,865	3,204	1.41%
Unrestricted	4,147,965	3,260,158	887,807	27.23%
Total Net Position	$ 4,378,034	$ 3,487,023	$ 891,011	25.55%

As the District completed the year, its governmental funds (as presented on the reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds on page 15) reported a fund balance showing a net increase of $891,011.

Condensed Statement of Activities

	2025	2024	Increase (Decrease)	Percentage Change
General Revenues	$ 3,979,587	$ 3,605,139	$ 374,448	10.39%
Operating Expenses	2,922,353	2,455,700	466,653	19.00%
Change in net position	1,057,234	1,149,439	(92,205)	-8.02%
Net position, July 1	3,487,023	2,337,584	1,149,439	49.17%
Restatement of Prior Periods	(166,223)	-	(166,223)	-100.00%
Net Position, July 1, restated	3,320,800	2,337,584	983,216	42.06%
Net position, June 30	$ 4,378,034	$ 3,487,023	$ 891,011	25.55%

Significant Events

Fiscal year 2024-2025: Overall, weather conditions for FY 2024-2025 were fairly mild resulting in a similar trend of minimal virus activity and native mosquito production that was observed the previous year. One notable exception was the high service request volume and activity of the invasive *Aedes aegypti* mosquito within the District. The prevalence and aggressive nature of this mosquito towards humans led to a significant increase in service requests resulting in higher chemical and equipment costs. In years past, the "mosquito season" would typically end by the middle of October, however we're now experiencing activity well into November. Localized transmission of Dengue fever continues to occur in California, although no local transmission has occurred as of yet in Stanislaus County. The county does experience travel cases of Dengue fever each year and with the presence of *Aedes aegypti* mosquitoes, the possibility of local transmission becomes more-and-more significant.

For the first time in 2025, the District recorded no human cases resulting in severe complications from West Nile virus since its arrival in the region. The District's Aggressive Source Reduction Program has proven to be very effective in reducing, or eliminating, the most severe mosquito producers.

Aedes aegypti, first detected in Newman in 2019, can now be found throughout the District. Requests for service from residents regarding these mosquitoes continue to increase and are expected to continue to rise. This mosquito is less affected by drought/flood conditions and is more closely associated with suburban water use. Control of this mosquito continues to have a significant impact on control costs.

To date in 2025, there have been (6) locally acquired cases of Dengue fever in Southern California; this is down from (15) cases reported in 2024. It does indicate, however, that local transmission of Dengue fever within California continues to occur and may become prevalent in other areas that have experienced these mosquitoes for a shorter period of time.

The District's Aggressive Source Reduction program continues to be successful in managing the District's costliest properties which also tend to be the properties breeding the most mosquitoes. Utilizing a Memorandum of Understanding (MOU) in which property owners assume the cost of mosquito control has seen District expenses and time spent servicing these properties go down. This program was developed knowing that invasive mosquitoes would eventually spread to Stanislaus County, so we needed to be prepared to spend more-and-more time including these mosquitoes as part of our control program. Typically, when a property owner signs an MOU as part of our Aggressive Source Reduction Program, the amount of work required goes down dramatically or disappears completely.

In FY 2024-2025, the District recouped the following in costs:

Weed Control Program	$85,721
Abatement/MOU Program	$57,839
TOTAL	$143,560

The following are policy issues that continue to have a significant impact on District programs:

Clean Water Act & NPDES Permit: In recent years, there have been a few lawsuits involved with the release of pesticides or their residues (termed "pollutants") into waters of the United States (WOTUS). On November 27, 2006, the EPA issued a final rule clarifying two specific circumstances in which a Clean Water Act (CWA) permit is not required to apply pesticides to or around WOTUS. They are: 1) the application of pesticides directly to water to control pests; and 2) the application of pesticides to control pests that are present over or near water, where a portion of the pesticides will unavoidably be deposited to the water to target the pests. The action put into effect a rule that confirms EPA's past operating approach that pesticides legally registered under FIFRA for application to or near aquatic environments, and legally applied to control pests at those sites, are not subject to NPDES permit requirements.

In 2008, this rule was challenged by several environmental groups and the U.S. Sixth Circuit court of Appeals held that this rule was not a proper interpretation of the Clean Water Act. The Sixth Circuit ruled that a CWA permit would be required for all biological and chemical pesticide applications that leave a residue in water. After a couple lengthy stays granted by the court, this mandate went into effect October 31, 2011. No further legal appeals are expected, so any further help regarding this matter would be legislative in nature. Currently, a legislative fix for this issue is contained in both versions of the Farm Bill in the House and Senate. It is hoped that the final Farm Bill is passed containing language removing this duplicative regulation.

The District's Water Quality Order 2016-0039-DWQ (General Permit No. CAG990004) was renewed and amended to add pyriproxyfen as a registered active ingredient. We used pyriproxyfen for the first time in our Catch Basin Program in 2023-2024 and it was a success. Currently, the State Water Resources Control Board (SWRCB) is updating Water permits in California and in many cases are trying to consolidate many permit holders under one general permit. The Mosquito & Vector Control Association of California is currently working with the SWRCB to navigate this process as there are issues and overlapping regulatory oversight with mosquito and vector control districts operating under Water Quality permits in the first place. Our current permit expired several years ago, which the SWRCB is aware of, so we continue to operate under this expired permit until a new permit is approved and issued.

Invasive Species: California currently has (2) new invasive species within its borders, the Yellow Fever mosquito (*Aedes aegypti*) and the Asian Tiger mosquito (*Aedes albopictus*). Both of these mosquitoes are known to transmit diseases such as: Zika, Yellow Fever, Dengue Fever, and Chikungunya virus. At one time, these mosquitoes and the viruses they transmit were limited to more tropical environments but increasing temperatures have been a catalyst for dispersal worldwide. West Nile virus was once a stable disease in Northern Africa; however, in only 10-15 years it is now found globally. Diseases such as Dengue and Chikungunya are on the move and may follow the path of West Nile virus across the United States. Local transmission of Dengue virus has now occurred in Southern California, where *Aedes aegypti* has been present for much longer, for the past several years.

In 2014, the District began surveillance activities for *Aedes* (*Ae*.) *aegypti*. In 2017, the District was notified that a large population of *Aedes aegypti* were found in the neighboring county of Merced (city of Merced). The District was approved for a grant in 2017 from the California Department of Public Health to help fund the surveillance and detection of *Ae. aegypti* within the District ($26,000).

In 2018, *Ae. aegypti* were found in Los Banos within Merced County. The District received $41,000 in 2018, as part of the CDC/California Department of Health Invasive Species grant to help with additional monitoring and surveillance. In 2019, the Yellow Fever mosquito was found in Newman and in 2020, Turlock and Ceres. Currently, *Ae. aegypti* has been collected throughout the District and the requests for service from District residents continues to increase. This mosquito isn't as impacted by drought conditions since it has evolved to live close to humans in suburban/urban environments. Control of this mosquito will have a significant impact on future costs.

In 2025, the District updated its Mosquito Management Guidelines to include *Ae. aegypti* control. This includes guidelines for surveillance and responding to service requests. District management continue to balance the needs for service for *Ae. aegypti* with District personnel and resources while continuing to maintain our native and West Nile virus control goals.

Towards the end of 2024, the California State Legislature passed SB 1251 which would require an electrical utility to enter into a vector management agreement with a mosquito abatement district within 180 days of a request to do so. The bill requires the electrical utility to provide the location of its electrical vaults and a reasonable time to provide access to these vaults. District staff have been working with TID to come to a formal agreement for the location of and access to these vaults. TID has thousands of these vaults so inspection and treatment of these vaults will be a significant expense and undertaking.

Pesticide Resistance: The issue of chemical resistance has become a very hot topic in California, especially with regulatory and legislative concerns limiting the number of products available for use and where these products can be applied. In 2014, the California Department of Public Health adopted a new program to test for the presence of the kdr mutation gene in mosquitoes. Mosquitoes with this mutation are resistant to pyrethrins which is the chemical being used by the District to control adult mosquitoes. After sending in hundreds of mosquitoes for testing, the results indicated that the presence of this gene mutation was found in virtually 100% of the wild mosquito population. Additional related testing indicated that some mosquito populations are also exhibiting some resistance to larvicide products containing methoprene. Methoprene mimics a hormone found naturally in mosquitoes which prevent them from developing into adults and keeps them in the aquatic stage.

Review of the District's application records, it became apparent that the District had not been properly rotating chemicals and had a history of treating at the lowest label rates (or lower) thereby increasing the rate of resistance in wild mosquito populations. In 2014, the Insecticide Resistance Guidelines were implemented which provided staff information regarding resistance, how it develops, and how to combat it by rotating chemical use for larvicides and adulticides.

Starting in 2015, the District began using adulticide aerial applications using a different adulticide chemical with the active ingredient naled. Naled is in the organophosphate chemical family and has a different mode of action than pyrethrin based chemicals. By rotating this chemical in at various times of the year, we are hoping to target mosquitoes that may be more resistant to pyrethrin based chemicals and remove them from the population. In addition, staff has begun to rotate larvicides using chemicals with different modes of action at various times of the year to prevent mosquitoes from developing resistance to repeated use of one type of chemical.

Currently, the District is cooperating with Anton Cornel and the Centers of Excellence for Vector-Borne Disease to study resistance to other products the District commonly uses. This information will help the District make choices not only more effective for control but more efficient from a cost perspective.

Capital Assets

	Balance June 30, 2025	Balance June 30, 2024
Land	$ 7,937	$ 7,937
Site Improvements	37,639	37,639
Buildings	396,520	363,870
Equipment	514,320	504,687
Less accumulated depreciation:	(728,053)	(700,772)
Capital Assets, Net	228,363	213,361
Right-to-use assets	308,767	308,767
Less accumulated amortization	(280,123)	(223,789)
Right-to-use assets, net	28,644	84,978
Governmental activities capital assets, net	$ 257,007	$ 298,339

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to David Heft, Manager, Turlock Mosquito Abatement District, 4412 N. Washington Road, Turlock, CA 95380.

BASIC FINANCIAL STATEMENTS

TURLOCK MOSQUITO ABATEMENT DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents (Note 2)	$ 5,499,847
Accounts receivable	34,514
Inventory	839,052
Total Current Assets	6,373,413
Deposits - non-current	19,253
Right-to-use assets	28,644
Capital assets, net of accumulated depreciation (Note 3)	228,363
Net OPEB Asset	147,697
Total Assets	6,797,370
DEFERRED OUTFLOWS OF RESOURCES	
Pension related (Note 8)	685,362
OPEB related (Note 9)	66,221
Total Deferred Outflows	751,583
LIABILITIES	
Accounts payable and accrued expenses	38,918
Long-term liabilities (Note 7):	
Due within one year	431,936
Due in more than one year	2,063,562
Total Liabilities	2,534,416
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 8)	496,879
OPEB related (Note 9)	139,624
Total Deferred Inflows	636,503
NET POSITION	
Net investment in capital assets	230,069
Unrestricted	4,147,965
Total Net Position	$ 4,378,034

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

TURLOCK MOSQUITO ABATEMENT DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Public safety	$ 2,886,810	$ -	$ -	$ -	$ (2,886,810)
Interest	31,891	-	-	-	(31,891)
Total Governmental Activities	$ 2,922,353	$ -	$ -	$ -	(2,922,353)
General Revenues					
Property taxes and assessments					3,604,625
Other governmental revenues					1,878
Interest income					179,673
Miscellaneous					193,411
Total general revenues					3,979,587
Change in net position					1,057,234
Net Position, July 1, 2024, as originally reported					3,487,023
Restatement of Prior Periods (Note 1U, Accounting Change)					(166,223)
Net Position, July 1, 2024, restated					3,320,800
Net Position, June 30, 2025					$ 4,378,034

TURLOCK MOSQUITO ABATEMENT DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2025

		General Fund
ASSETS		
Cash and equivalents	$	5,499,847
Accounts receivable		34,514
Inventory		839,052
Total Current Assets		6,373,413
Deposits - non-current		19,253
Total Assets	$	6,392,666
LIABILITIES		
Liabilities		
Accounts payable and accrued expenses	$	38,918
Total Liabilities		38,918
FUND BALANCE		
Fund balance		
Nonspendable		858,305
Assigned		2,331,894
Unassigned		3,163,549
Total Fund Balance		6,353,748
Total liabilities and fund balance	$	6,392,666

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

TURLOCK MOSQUITO ABATEMENT DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2025

Total fund balance - governmental funds		$ 6,353,748
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.		
Right-to-use assets	$ 308,767	
Accumulated amortization	(280,123)	
Capital assets at historical cost	956,416	
Accumulated depreciation	(728,053)	
Net		257,007
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Lease liabilities	$ (26,938)	
Long-term liabilities	(1,137,375)	
Net Other postemployment benefits (OPEB) asset	147,697	
Net pension liability	(1,056,462)	
Compensated absences payable	(274,723)	
		(2,347,801)
Deferred outflows and inflows of resources relating to pensions and OPEB: In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported becauses they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are		
Deferred outflows of resources related to pensions	$ 685,362	
Deferred inflows of resources related to pensions	(496,879)	
Deferred outflows of resources related to OPEB	66,221	
Deferred inflows of resources related to OPEB	(139,624)	
		115,080
Total net position, governmental activities:		$ 4,378,034

TURLOCK MOSQUITO ABATEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund
REVENUES	
Property taxes and assessments	$ 3,604,625
Other governmental revenues	1,878
Interest income	179,673
Miscellaneous income	193,411
Total revenues	3,979,587
EXPENDITURES	
Current	
Salaries and benefits	1,645,486
Services and supplies	1,134,334
Debt service:	
Principal	179,622
Interest	31,891
Capital outlay	44,273
Total expenditures	3,035,606
Excess of revenues over expenditures	943,981
Fund balance, July 1, 2024	5,409,767
Fund balance, June 30, 2025	$ 6,353,748

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

TURLOCK MOSQUITO ABATEMENT DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Total net change in fund balance - governmental funds		$ 943,981
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlay: In governmental funds, the costs of capital assets, lease assets and subscription assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets, lease assets and subscription assets are allocated over their estimated useful lives and their lease terms as depreciation expense and amortization expense respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:		
Expenditures for capital outlay:	$ 42,283	
Depreciation expense:	(27,281)	
Amortization expense:	(56,334)	
		(41,332)
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		175,970
In governmental funds, postemployment benefits other than pensions (OPEB) costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		15,220
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(32,477)
Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and the actual employer contribution was:		(4,128)
Total change in net position - governmental activities		$ 1,057,234

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Turlock Mosquito Abatement District (the "District") was formed in January 1946 to protect the public from mosquito borne diseases and the discomfort caused by mosquito bites. Originally, the District controlled mosquitoes within an area of 342 square miles; today, the District controls mosquitoes within an area of 966 square miles. The governing body is made up of appointed members, five from the cities and three from the county. The eight-person board represents the cities of Newman, Patterson, Turlock, Hughson, Ceres, and unincorporated areas within the County of Stanislaus. The District operates under the California Health and Safety Code, Department of Health Services Vector Control Program and Local Agencies Engaged in Mosquito and Vector Control. Stanislaus County is responsible for the District's cash. The County collects and apportions the taxes that are the main source of revenue for the district. All disbursements, other than petty cash, are made using checks issued by Stanislaus County.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations. This is required supplementary information.

- Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting for all of the District's activities.

These and other changes are reflected in the accompanying financial statements which includes these notes to financial statements.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The statement of net position and the statement of activities display financial information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position presents information on all of the District's assets and liabilities, with the difference between the two presented as net position. Net position is reported as three categories as applicable: net investment in capital assets, restricted and

B. BASIS OF PRESENTATION (CONTINUED)

unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted. The District has no restricted funds as of June 30, 2025.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is not allocated by function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e. balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

“Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District funds are as follows:

General Fund is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund.

E. BUDGETS AND BUDGETARY ACCOUNTING

By State law, the District's Governing Board must adopt a tentative budget no later than July 1 and adopt a final budget no later than October 1. A public hearing must be conducted to receive comments prior to adoptions. The District's Governing Board satisfied these requirements. These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. It is this final revised budget that is presented in the financial statements. Formal budgetary integration was employed as a management control devise during the year for all budgeted funds. The District employs budget control by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object accounts. Appropriations do not carry-over from year to year.

F. CASH AND CASH EQUIVALENTS

The District considers cash on hand and cash in the Stanislaus County Treasury to be cash and cash equivalents.

G. ACCOUNTS RECEIVABLE

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

H. INVENTORY

Inventory is valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventory are recorded as expenditures when consumed rather than when purchased. Substantially all inventory is purchased from one supplier.

I. COMPENSATED ABSENCES

The current accumulated unpaid employee vacation benefits are reported as a liability in the General Fund. The long-term unpaid employee vacation benefits are reported as a liability in the statement of net position. Vacation benefits are recorded as expenditures in the period that vacation leaves are taken. All vacation pay is accrued when incurred in the government-wide financial statements. Accumulated sick leave benefits are also recognized as liabilities of the district.

J. CAPITAL ASSETS

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over a period of 5-45 years.

K. LEASE LIABILITY

A lease is defined as a contract that coveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Amortization of related assets using the straight-line method over the life of the contract. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold is met, $227,126. As of June 30, 2025, the District did not have any new financing leases that met the threshold.

L. REVENUES

The District receives revenues for performing emergency medical and ambulatory services to District residents. The District's policy for recognizing these revenues is billing and recording revenues as services are performed. Patient service revenues (ambulance revenues) are reported net of provisions for contractual allowances in the government-wide and fund financial statements.

M. PROPERTY TAXES

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The Counties of Nevada and Placer bill and collect the taxes for the District. Tax revenues are recognized by the District when received.

N. INCOME TAXES

The District is a governmental entity and as such its income is exempt from taxation under Section 115(1) of the Internal Revenue Code and Section 23701d of the California and Taxation Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

O. FUND BALANCE

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions"*, the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

Nonspendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (prepaid expense) or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

O. FUND BALANCE (CONTINUED)

Committed Fund Balance reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Directors. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned Fund Balance reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Directors is authorized to assign amounts for specific purposes.

Unassigned Fund Balance represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

P. PENSIONS

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

Q. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the District's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan and additions to/deductions from the District Plan's fiduciary net position have been determined on the same basis as they are reported by the District's OPEB plan. For this purpose, the District's plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

R. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

S. USE OF ESTIMATES

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

T. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)

A SBITA is defined as a contract that coveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for SBITAs are recorded in the financial statements to the extent that the District's capitalization threshold is met, $20,000. Amortization of related assets using the straight-line method over the life of the contract. As of June 30, 2025, the District did not have any subscription based information technology agreements that met the threshold.

U. CHANGE IN ACCOUNTING PRINCIPLE – GASB 101, COMPENSATED ABSENCES

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

U. ACCOUNTING CHANGE (CONTINUED)

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. As a result, the sick leave will be reported as a governmental activity within the compensated absences in the basic financial statements causing the June 30, 2024 balance to be restated as follows:

Beginning of year net position has been restated as follows:

Net position, July 1, 2024, as originally reported	$ 3,487,023
Change in accounting principle	(166,223)
Net Position, July 1, 2024, restated	$ 3,320,800

2. CASH AND CASH EQUIVALENT

The District maintains substantially all of its cash in the Stanislaus County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost. The fair market value of the pool as of the above date is shown by the pools sponsor, the County of Stanislaus, which produces a comprehensive annual financial report. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. Government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

The fair value of the District's investment in the pool is reported in the financial statements at amounts that are based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). This fund currently yields approximately 3.523% interest annually. The weighted average maturity of the pool is 242 days. The pool is rated AAA by Standard and Poor's.

<u>Credit Risk</u>

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The monies held in the LAIF investment pool are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

<u>Custodial Credit Risk</u>

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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

	Adjusted Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Non-depreciable assets:				
Land	$ 7,937	$ -	$ -	$ 7,937
Subtotal	7,937	-	-	7,937
Depreciable assets:				
Site Improvements	37,639	-	-	37,639
Buildings	363,870	32,650	-	396,520
Equipment	504,687	9,633	-	514,320
Subtotal	906,196	42,283	-	948,479
Totals, at cost	914,133	42,283	-	956,416
Less accumulated depreciation:	(700,772)	(27,281)	-	(728,053)
Total accumulated depreciation	(700,772)	(27,281)	-	(728,053)
Depreciable assets, net	205,424	15,002	-	220,426
Capital assets, net	213,361	15,002	-	228,363
Right-to-use assets	308,767	-	-	308,767
Less accumulated amortization	(223,789)	(56,334)	-	(280,123)
Right-to-use assets, net	84,978	(56,334)	-	28,644
Governmental activities capital assets, net	$ 298,339	$ (41,332)	$ -	$ 257,007

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation expense was $27,281 for the year ended June 30, 2025. Amortization expense was $56,334 for the year ended June 30, 2025.

4. VECTOR CONTROL JOINT POWERS AGREEMENT

The District is a signatory of a Vector Control Joint Powers Agency Agreement (VCJPA). This agreement is a joint power agreement as authorized by Section 6500 and following of the California Government Code. The VCJPA arranges for and provides insurance for its member districts; it is not a component unit of the District. This VCJPA is accountable for its own fiscal matters. The District had $19,253 held in trust by the agency at June 30, 2025.

5. WORKERS' COMPENSATION

The VCJPA provides workers' compensation coverage for the District in excess of the District's retained limit of $25,000 up to $500,000 per occurrence. The VCJPA is also a member of an excess risk-sharing pool (LAWCX) that provides coverage for losses that exceed the $500,000 per occurrence limit up to the statutory limit.

6. RISK MANAGEMENT

Employment Practices Liability – The VCJPA provides employment practices liability coverage to the District up to $2,000,000 in coverage for employment practices liability type claims. The first $25,000 is provided by the VCJPA with the District retaining its own self-insured retention of $10,000. Coverage between $25,000 and $2,000,000 is provided by an excess risk-sharing pool (ERMP).

Commercial General Liability, Auto Liability, Errors, and Omissions – The VCJPA provides coverage to the District for bodily injury, property damage, personal injury, and public officials' liability through pooled sharing of losses. The VCJPA provides the District with $1,000,000 per occurrence with the District retaining a portion of each loss at $10,000. The VCJPA is also a member of an excess risk-sharing pool (CARMA) that provides coverage for losses that exceed the $1,000,000 per occurrence limit up to $14,000,000.

Property – The VCJPA provides coverage for real and personal property from the District's deductible of $500, up to $10,000 per loss. The excess provider (PEPIP) provides coverage in excess of $10,000 up to $1,000,000,000. This coverage provides replacement cost for the District's scheduled property.

Boiler & Machinery – The PEPIP portion of the program also provides coverage up to $100,000,000 of repair or replacement cost with a deductible of $2,500 and up for the sudden and accidental breakdown of boiler and machinery equipment.

Auto Physical Damage – The VCJPA also provides coverage for the District's vehicles up to a maximum of $35,000 per vehicle, unless otherwise declared. The District's deductible is $500 per accident, per vehicle.

Group Fidelity – The District, along with other VCJPA members, has purchased coverage up to $1,000,000 with a $15,000 deductible per loss.

Business Travel Accident – The District has purchased coverage up to $150,000 per accident with no deductible.

7. LONG-TERM LIABILITIES

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Compensated absences	$ 242,246 *	$ 32,477	$ -	$ 274,723	$ 274,723
Lease liabilities	71,474	-	44,536	26,938	22,060
Bonds	1,268,809	-	131,434	1,137,375	135,153
Net pension liability (asset)	1,059,057	-	2,595	1,056,462	-
Totals	$ 2,641,586	$ 32,477	$ 178,565	$ 2,495,498	$ 431,936

* includes prior period adjustment for GASB 101 implementation.

Leases

The District has twenty vehicles they lease under 60-month operating leases. The leases call for fixed monthly payments and contain imputed interest rates that vary from 1.91% to 2.90%. The following is the District’s recorded right-to-use leased asset balances for these leases:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
Right-to-use assets	$ 308,767	$ -	$ -	$ 308,767
Less accumulated amortization	(223,789)	(56,334)	-	(280,123)
Right-to-use assets, net	$ 84,978	$ (56,334)	$ -	$ 28,644

Amortization expense was $56,334 for the year ended June 30, 2025. The following future minimum lease payments for these leases are as follows:

Year Ending June 30	Principal	Interest	Total
2026	$ 22,060	$ 269	$ 22,329
2027	4,878	25	4,903
Total	$ 26,938	$ 294	$ 27,232

7. LONG-TERM LIABILITIES (CONTINUED)

Bonds

In January 2022, the District issued bonds for $1,576,731. The bonds contain an interest rate of 2.79% and have a mature date of August 1, 2032. The bond calls for mandatory redemption semi-annual payments beginning on February 1, 2022. The following future mandatory redemption payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 135,153	$ 29,847	$ 165,000
2027	138,977	26,023	165,000
2028	142,909	22,091	165,000
2029	146,953	18,048	165,001
2030	151,111	13,890	165,001
2031-2033	422,272	16,325	438,597
	$ 1,137,375	$ 126,224	$ 1,263,599

8. EMPLOYEE RETIREMENT PLAN

A. Plan Description

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

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

8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

A. Plan Description (Continued)

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Employee contribution rates	7.000%	7.250%
Employer contribution rates	11.84% Tier 1 10.10% Tier 2	7.680%

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

For the year ended June 30, 2025, the contributions recognized as part of pension expense for the Plan were $178,556.

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

As of June 30, 2025, the Turlock Mosquito Abatement District reported net pension liabilities for its proportionate share of the net pension liability of $1,059,057.

Turlock Mosquito Abatement District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. Turlock Mosquito Abatement 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.

8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

The District's proportionate share of the net pension liability for the Plan as of June 30, 2025 was as follows:

	Miscellaneous
Proportion - June 30, 2024	0.02118%
Proportion - June 30, 2025	0.02184%
Change - Increase (Decrease)	0.00066%

For the year ended June 30, 2025, the District recognized pension expense of ($4,128). The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 178,556	$ -
Difference between projected and actual experience	91,341	3,564
Differences between employer contributions and proportionate share of contributions	239,402	180,401
Change in employer's proportion	88,091	312,914
Changes in assumptions	27,153	-
Net differences between projected and actual earnings on plan investments	60,819	-
Total	$ 685,362	$ 496,879

$178,556 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Total Deferred Inflows/Outflows of Resources
2026	$ (61,316)
2027	94,113
2028	(2,027)
2029	(20,843)
2030	-
Total	$ 9,927

8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return (1)	6.90%
Mortality	
	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) Net of pension plan investment expenses

All other actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 6.90 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The stress test results are presented in a detailed report called "GASBp Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.80% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed 10 basis points. An investment return excluding administrative expenses would have been 6.90%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

In determining the long-term expected rate of return, CalPERS took into account both short- term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long- term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	Current Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	1.0%	0.00%	-0.92%

(a) An expected inflation of 2% used for this period
(b) An expected inflation of 3% used for this period

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

8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

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

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Plan's Net Pension Liability - Miscellaneous	$ 2,319,379	$ 1,056,462	$ 16,896
Plan's Net Pension Liability - Total	$ 2,319,379	$ 1,056,462	$ 16,896

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. The Plan is an agent multiple-employer defined benefit plan.

C. Payable to the Pension Plan

The District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides post-employment health care benefits to certain employees who are eligible to retire with CalPERS and have completed a minimum of 10 years of employment with the District. For the year ended June 30, 2025, 6 retirees received health benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2025, expenditures of $15,220 were recognized for post-employment health care benefits.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2023, the District contributed the annual required contribution in the amount of $10,774. For reporting purposes, this amount is capitalized as a deferred outflow of resource as the measurement period for the liability at June 30, 2023.

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employees covered by benefit terms

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payment	6
Inactive employees entitles to but not yet receiving benefit payments	11
Active employees	13
	30

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal Level % of Pay
Amortization method	Level Dollar Open 15 yrs
Amortization period	15 yrs remain
Asset valuation method	Market Value
Inflation	2.50%
Healthcare cost trend rates	4.8% in 2024, fluctuating downwards to 3.9% in 2076
Salary increases	3.00%
Investment rate of return	5.50%
Mortality	CalPERS 2021 Experience
Mortality Improvement	MW Scale 2022

All the actuarial assumptions, including updates to salary increases, mortality, and retirement rates, used in the June 30, 2023 valuation were based on the results of an actuarial experience study issued by the CalPERS Actuarial Office on 2021 covering the 14-year period from 1991 to 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the OPEB plan's target asset allocation as of June 30, 2021 are summarized in the following table:

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Asset Class	Target Allocation	1-5 Year Expected Real Rate of Return	6-20 Year Expected Real Rate of Return
Global Equity	23%	3.90%	4.70%
Fixed Income	51%	2.70%	2.60%
Global Real Estate (REITs)	14%	3.70%	4.00%
Treasury Inflation-Protected Securities	9%	1.70%	1.40%
Commodities	3%	2.90%	2.00%
Total	100%		

Discount rate

The discount rate used to measure the total OPEB liability was 5.05 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates through the CERBT under its investment allocation strategy 1. The historic 30 year real rates of return for each asset class were used along with the actuary's assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 25 basis points.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2024	$ 334,719	$ 469,402	$ (134,683)
Changes for the year:			
Service cost	12,406	-	12,406
Interest	17,280	-	17,280
Expected Investment Income	-	29,320	(29,320)
Employer Contributions as Benefit Payments	-	-	-
Actual Benefit Payments from Employer	(16,617)	(16,617)	-
Administrative expense	-	(150)	150
Differences between expected and actual Experience	-		-
Change in Assumptions	(13,530)	-	(13,530)
Net changes	(461)	12,553	(13,014)
Balances at June 30, 2025	$ 334,258	$ 481,955	$ (147,697)

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.10%) or 1-percentage-point higher (6.10%) than the current discount rate:

	1% Decrease (4.10%)	Discount Rate (5.10%)	1% Increase (6.10%)
Net OPEB liability (asset)	$ (111,876)	$ (147,697)	$ (177,435)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Valuation Trend	1% Increase
Net OPEB liability (asset)	$ (182,821)	$ (147,697)	$ (104,399)

OPEB plan fiduciary net position

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

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

For the year ended June 30, 2025, the District recognized OPEB expense of $15,220. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 9,450	$ -
Differences between expected and actual experience	21,343	91,972
Changes in assumptions	4,121	47,652
Differences between projected and actual earnings on investments	30,343	-
Deferred Contributions	964	-
Total	$ 66,221	$ 139,624

9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

$10,774 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2026	$ (12,749)
2027	8,939
2028	(19,570)
2029	(22,778)
2030	(21,618)
Thereafter	(16,041)
Total	$ (83,817)

Payable to the OPEB Plan

At June 30, 2025, the District did not have an outstanding amount of required contributions to the Plan.

10. FUND BALANCE

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified as follows:

	General Fund
Nonspendable:	
Inventory	$ 839,052
Deposits	19,253
Total Nonspendable	858,305
Assigned For:	
Contingencies/public health emergency	365,600
Compensated absences	77,254
Invasive species	120,070
Operations	1,246,000
Capital replacement	522,970
Total Assigned:	2,331,894
Unassigned:	
Unassigned	3,163,549
Total Unassigned	3,163,549
Total Fund Balances	$ 6,353,748

11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District incurred unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

Excess of expenditures over appropriations for the year ended June 30, 2025 were as follows:

General Fund	Excess Expenditures
Salaries and benefits	95,486
Principal	47,622

The excess expenditures for salaries and benefits were primarily due to the previous year's outstanding liabilities that were coded incorrectly and expense in the current year and accrued unfunded liability. The excess in principal resulted from the lease payment and the timing of the payment based on the payment schedule.

12. SUBSEQUENT EVENTS

District management has evaluated its June 30, 2025 financial statements for subsequent events through January 15, 2026, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TURLOCK MOSQUITO ABATEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2025

	Budget			Variance Favorable
	Original	**Final**	**Actual**	**(Unfavorable)**
REVENUES				
Property taxes and assessments	$ 3,000,000	$ 3,000,000	$ 3,604,625	$ 604,625
Other governmental revenues	200,000	200,000	1,878	(198,122)
Interest income	75,000	75,000	179,673	104,673
Miscellaneous income	85,000	85,000	193,411	108,411
Total revenues	3,360,000	3,360,000	3,979,587	619,587
EXPENDITURES				
Current				
Salaries and benefits	1,550,000	1,550,000	1,645,486	(95,486)
Services and supplies	1,385,500	1,385,500	1,134,334	251,166
Debt service:				
Principal	132,000	132,000	179,622	(47,622)
Interest	33,000	33,000	31,891	1,109
Capital outlay	50,000	50,000	44,273	5,727
Total expenditures	3,150,500	3,150,500	3,035,606	114,894
Excess(deficiency) of revenues over expenditures	209,500	209,500	943,981	734,481
Fund balances, June 30, 2024	5,409,767	5,409,767	5,409,767	-
Fund balances, June 30, 2025	$ 5,619,267	$ 5,619,267	$ 6,353,748	$ 734,481

TURLOCK MOSQUITO ABATEMENT DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

JUNE 30, 2025

	Fiscal Year [1]									
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Actuarially Determined Contribution (2)	*	$ 75,357	$ 108,772	$ 121,571	$ 142,931	$ 160,430	$ 183,552	$ 296,951	$ 154,962	$ 182,261
Contributions in relation to the actuarially determined contributions (2)	*	(75,357)	(108,772)	(121,571)	(142,931)	(160,430)	(183,552)	(296,951)	(154,962)	(182,261)
Contribution deficiencey (excess)	*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll (3,4)	*	$ 731,429	$ 804,699	$ 801,344	$ 837,591	$ 860,330	$ 887,008	$ 837,946	$ 991,575	$ 1,040,607
Contributions as a percentage of covered-employee payroll (3)	*	10.30%	13.52%	15.17%	17.06%	18.65%	20.69%	35.44%	15.63%	17.51%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

(3) Covered-employee payroll represented above is based on pensionable earnings provided by

(4) Payroll from prior year was assumed to increase by the 3.00 percent payroll growth

* Information unavailable

TURLOCK MOSQUITO ABATEMENT DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

JUNE 30, 2025

	Fiscal Year [1]									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Proportion of the net pension liability	*	0.04632%	0.04422%	0.04542%	0.04694%	0.04839%	0.04979%	0.05309%	0.02118%	0.02184%
Proportionate share of the net pension liability	*	$ 971,914	$ 1,536,174	$ 1,790,413	$ 1,769,180	$ 1,937,887	$ 2,100,140	$ 1,008,157	$ 1,059,057	$ 1,059,057
Covered-employee payroll (2)	*	$ 731,429	$ 804,699	$ 801,344	$ 837,591	$ 860,330	$ 887,008	$ 837,946	$ 991,575	$ 1,040,607
Proportionate share of the net pension liability as percentage of covered-employee payroll	*	132.88%	190.90%	223.43%	211.22%	225.25%	236.77%	120.31%	106.81%	101.77%
Plans fiduciary net position as a percentage of the total pension liability	*	84.64%	76.55%	74.62%	75.57%	74.15%	73.00%	87.45%	88.11%	88.11%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. This is the measurement date of the actuary report.

(2) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

(3) The plan's proportionate share of aggregate contributions may not match the actual contribtions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

* Information unavailable

TURLOCK MOSQUITO ABATEMENT DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2025

Fiscal Year Ending June 30	2025	2024	2023	2022	2021	2020	2019	2018
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Discount Rate on Measurement Date	5.50%	5.10%	5.05%	5.05%	5.45%	5.45%	6.12%	6.12%
Total OPEB liability								
Service cost	$ 12,406	$ 15,171	$ 14,729	$ 14,212	$ 13,798	$ 15,997	$ 15,493	$ 15,763
Interest	17,280	23,917	22,924	19,319	18,158	28,146	26,174	27,474
Changes of benefit terms	-		-	-	-	-	-	-
Differences between expected and actual experience	-	(111,196)	-	66,748	-	(100,366)	-	(40,562)
Changes of assumptions	(13,530)	(40,875)	-	12,757	-	(58,161)	-	(12,708)
Experience gains/losses		-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(16,617)	(21,457)	(15,404)	(12,764)	(9,389)	(10,898)	(9,000)	(12,875)
Net change in total OPEB liability	(461)	(134,440)	22,249	100,272	22,567	(125,282)	32,667	(22,908)
Total OPEB liability - beginning	334,719	469,159	446,910	346,638	324,071	449,353	416,686	439,594
Total OPEB liability - ending (a)	$ 334,258	$ 334,719	$ 469,159	$ 446,910	$ 346,638	$ 324,071	$ 449,353	$ 416,686
Plan fiduciary net position								
Contributions - employer	$ -	$ 21,457	$ 15,404	$ 12,069	$ 19,841	$ 10,898	$ 19,555	$ 12,875
Net investment income	29,320	7,282	(55,711)	62,539	27,159	28,115	17,144	14,433
Benefit payments, including refunds of member contributions	(16,617)	(21,457)	(15,404)	(12,764)	(9,389)	(10,898)	(9,000)	(12,875)
Administrative expense	(150)	(131)	(131)	(161)	(213)	(84)	(190)	(181)
Other**	-	-	-	-	-	-	(481)	-
Net change in plan fiduciary net position	12,553	7,151	(55,842)	61,683	37,398	28,031	27,028	14,252
Plan fiduciary net position - beginning	469,402	462,251	518,093	456,410	419,012	390,981	363,953	349,701
Plan fiduciary net position - ending (b)	$ 481,955	$ 469,402	$ 462,251	$ 518,093	$ 456,410	$ 419,012	$ 390,981	$ 363,953
District's net OPEB liability - ending (a) - (b)	$ (147,697)	$ (134,683)	$ 6,908	$ (71,183)	$ (109,772)	$ (94,941)	$ 58,372	$ 52,733
Plan fiduciary net position as a percentage of the total OPEB liability	144.2%	140.2%	98.5%	115.9%	131.7%	129.3%	87.0%	87.3%
Covered-employee payroll	$ 991,575	$ 934,076	$ 808,828	$ 981,199	$ 874,389	$ 836,554	$ 763,541	$ 801,777
District's net OPEB liability as a percentage of covered-employee payroll	-14.9%	-14.4%	0.9%	-7.3%	-12.6%	-11.3%	7.6%	6.6%

1. Budgetary Basis of Accounting

Budgets for the operating fund are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; expenditures are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis, with no material differences between them.

Annual budget requests are submitted by the District's staff to the District Board of Directors for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

The salaries and benefits expenditures exceed the budget due to a pension payment to fund unfunded liabilities which is offset by proceeds from the issuance of bonds.

2. Schedule of Proportionate Share of Net Pension Liability

There were no benefit changes or changes in assumptions.

3. Schedule of Pension Contributions

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

4. Schedule of Changes in the District's Net OPEB Liability and Related Ratios

There were no benefit changes and the discount rate increased from 5.10% to 5.50%.

OTHER INDEPENDENT AUDITOR'S REPORT

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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 Auditor's Report

Board of Directors
Turlock Mosquito Abatement District
Turlock, 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 Turlock Mosquito Abatement District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Turlock Mosquito Abatement District's basic financial statements, and have issued our report thereon dated January 15, 2026.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Turlock Mosquito Abatement District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Turlock Mosquito Abatement District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Turlock Mosquito Abatement District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
January 15, 2026

No findings noted.

TURLOCK MOSQUITO ABATEMENT DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

JUNE 30, 2025

2024-1 Preparation of Financial Statements – Significant Deficiency

Finding:
In the process of performing our audit, we noted that there was a lack of reconciliation and review in areas of the accounting function which required adjustments beginning net position after receiving the final trial balance. Accounting tasks such as monthly reconciliations, cross checks, and reviews play a key role in proving the accuracy of accounting data and financial information that comprise year-end financial statements.

Recommendation:
We recommend that Turlock Mosquito Abatement District establish effective review and reconciliation policies and procedures as a customary part of the accounting process.

Management Response:
The District contracted with an accountant on a monthly basis to reconcile the monthly closing.

Status:
Implemented