

SAN JOAQUIN COUNTY MOSQUITO & VECTOR CONTROL DISTRICT

7759 SOUTH AIRPORT WAY, STOCKTON, CA 95206

Telephone: (209) 982-4675 Fax: (209) 982-0120

Website: www.sjmosquito.org Email: district@sjmosquito.org

BOARD OF TRUSTEES MEETING

AGENDA

Tuesday, January 20, 2015

1:00 P.M.

All proceedings before the Board of Trustees are conducted in English. The District does not furnish interpreters and, if one is needed, it shall be the responsibility of the person needing one. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meetings of the District, please contact the Manager at (209) 982-4675 at least 48 hours prior to the meeting to enable the District to make reasonable arrangements to ensure accessibility.

1. CALL TO ORDER; ROLL CALL

- a. Introduction of New Trustee – Glenn Page, City of Manteca
- b. Seating of Officers for the 2015 Board of Trustees
President – Gary Lambdin
Vice President – Jay Colombini
Secretary – Joy Meeker

- 2. PUBLIC COMMENT PERIOD** – This time is reserved for members of the public to address the Board of Trustees relative to matters within the jurisdiction of the San Joaquin County Mosquito & Vector Control District. No action may be taken on non-agenda items unless authorized by law. Speakers should hold comments on items listed as a Public Hearing until the Hearing is opened. Comments will be limited to five minutes per person.

3. CONSENT CALENDER

- a. Draft Minutes of the December 16, 2014 regular meeting of the Board of Trustees
- b. Expenditure and financial reports for December 2014
- c. District activities report for December 2014
- d. Public Information & Outreach report for December 2014 – No Report
- e. Manager's report
- f. Correspondence

4. FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDING JUNE 30, 2014

Board to receive Croce & Company's financial review of District for consideration and action.

5. SALE OF SURPLUS DISTRICT PROPERTY LOCATED AT 200 N. BECKMAN RD. (APN 049-050-31)

Broker / staff to present bids to Board for consideration and action.

6. COMMENTS FROM TRUSTEES AND STAFF ON NON-AGENDA ITEMS

7. OTHER BUSINESS; ANNOUNCEMENT OF FUTURE BOARD AND COMMITTEE MEETINGS

- The next regular meeting of the Board of Trustees will be 1:00 p.m. Tuesday, February 17th, 2015

8. ADJOURN

TRUSTEE TOUR – There will be a short tour of the District's Lab facility immediately following the Board meeting. District entomologist Shaoming Huang will guide the District's Board through the Lab and provide a procedural brief of the testing process for West Nile virus detection in collected mosquitoes.

Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/12/2015
Re: January 2015 BOT Meeting, Agenda Item 1

1. **CALL TO ORDER; ROLL CALL**

- a. Introduction of New Trustee – Glenn Page, City of Manteca
- b. **SEATING OF OFFICERS FOR THE 2015 BOARD OF TRUSTEES**

President – Gary Lambdin, City of Stockton

Vice President – Jay Colombini, San Joaquin County

Secretary – Joy Meeker, City of Escalon

Re: Agenda Item 1a. The City of Manteca took action at their 12/16/2014 meeting to appoint Manteca resident Glenn Page to replace Jack Snyder on the District's Board of Trustees. In addition, the City of Ripon took action at their 12/16/2014 meeting to re-appoint Francis Groen to the District's Board of Trustees.

Re: Agenda Item 1b., the Board took action at their December 16, 2014 regular meeting to elect Trustee Lambdin to the position of President, Trustee Colombini to the position of Vice President, and Trustee Meeker to the position of Secretary for 2015.

2014 President Warmerdam will open the meeting and officially pass the gavel to 2015 President Lambdin. A short acknowledgement for service as President will be presented to Trustee Warmerdam following the passing of the gavel.

This item is for information only.

Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/12/2015
Re: January 2015 BOT Meeting, Agenda Item 3

3. CONSENT CALENDER

- a. **Draft minutes of the December, 2014 regular meeting of the Board of Trustees**
- b. **Expenditure and Financial reports for December, 2014**
- c. **District activities report for December 2014**
- d. **Public Information and Outreach report for December 2014**
- e. **Manager's report**
- f. **Correspondence**

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and generally require no discussion. If the Board would like to discuss any item listed, it may be pulled from the Consent Calendar and discussed separately.

If there are no items that the Board would like to discuss separately, it is recommended that the Board of Trustees approve the Consent Calendar as presented.

Attachments

**SAN JOAQUIN COUNTY MOSQUITO & VECTOR CONTROL DISTRICT
7759 SOUTH AIRPORT WAY, STOCKTON, CALIFORNIA 95206**

MINUTES OF THE BOARD OF TRUSTEES MEETING

December 16, 2014

1. Call to Order

The regular meeting of the Board of Trustees of the San Joaquin County Mosquito and Vector Control District was held Tuesday, December 16, 2014, at the District's Stockton office. President Marc Warmerdam called the meeting to order at 1:01 p.m.

Trustees Present:

Francis Groen
Chet Miller
Jay Colombini
Jack Fiori
Marc Warmerdam
Omar Khweiss
Greg O'Leary
Mike Manna
Joy Meeker
Gary Lambdin

Staff Members Present:

Eddie Lucchesi, Manager
Jamie Newcomb, Secretary
Emily Nicholas, Administrative Assistant

Legal Advisor: Chris Eley, Attorney at Law

Other: Jim Martin, Lee & Associates

Trustees Absent:

2. Public Comment Period

- No comments

3. Consent Calendar

- a. **Minutes of the November 18, 2014 regular meeting of the Board of Trustees**
- b. **Expenditure and Financial Reports for November 2014.**
- c. **District activities report for November 2014.**
- d. **Public Information & Outreach report for November 2014.**
- e. **Manager's report**
- f. **Correspondence**

Following review and discussion of the Consent Calendar, it was moved by Trustee Fiori, seconded by Trustee Groen, to approve the Consent Calendar as presented; the motion was unanimously approved.

4. Report / Discussion on status of 200 N. Beckman Rd. Lodi CA (APN 049-050-31)
Report on progress as it pertains to sale of property.

Manager Lucchesi introduced Jim Martin, of Lee & Associates (assigned broker for the Beckman Rd property), to provide an update on the progress in selling the property. Mr. Martin informed the Board that he initiated the marketing of the property on December

1st, placed signage on the property, and mailed brochures to potential buyers. He stated there has been three showings of the property to potential buyers since that time. The interested parties included two construction companies and one trucking company. Mr. Martin informed the Board that buyers are not typically accustomed to a minimum bid real estate offering; therefore, interested parties must realize how the sales process will work regarding this property. Trustee Colombini asked if the bid deadline was too short, due to the holiday season. Mr. Martin felt there was enough interest that suggested it was not. Mr. Lucchesi added that the Board has the latitude to extend the timeline to a later date as they feel necessary. The Board decided to stay the course at this point, and will re-evaluate based on buyer interest reported at the January 2015 Board meeting.

5. Award of Bid to Purchase Three (3) ½ Ton 4X4 Pick-up Trucks and One (1) ½ Ton Two Wheel Drive Pick-up Truck

Manager Lucchesi reported on staff's actions to solicit bids from local dealers for four vehicles. Proposals were received from the following dealers:

Hiller Ford, Escalon, CA	\$88,697.60
Big Valley Ford, Stockton, CA	\$89,739.80
Tracy Ford, Tracy, CA	\$90,546.57

It was recommended by staff to purchase the vehicles from the lowest responsible bidder. Following review and discussion of the bids, it was moved by Trustee Colombini, seconded by Trustee O'Leary, to approve the purchase of 4 (four) trucks in the amount of \$88,697.60 from Hiller Ford, Escalon, CA; the motion was unanimously approved.

6. Election of officers for the board of Trustees for 2015.

Following review and discussion, it was moved by Trustee Fiori, seconded by Trustee Meeker, to nominate and elect Vice President Lambdin to the position of President for 2015; the motion was unanimously approved.

Following review and discussion, it was moved by Trustee Khweiss, seconded by Trustee O'Leary, to nominate and elect Trustee Colombini to the position of Vice President for 2015; the motion was unanimously approved.

Following review and discussion, it was moved by Trustee Miller, seconded by Trustee Lambdin to maintain Trustee Meeker as Secretary for 2015, the motion was unanimously approved.

President Warmerdam thanked the Board for all their cooperation during his time as President over the past two years.

7. Comments from Trustees and staff on non-agenda items.

Trustee Khweiss informed the Board that he had participated in a tour with District Regional Supervisor Brian Heine. He was very impressed by the knowledge that the technicians have out in the field. He found the trip to be informative and suggested the other Board members participate in a tour. Trustee O'Leary added that he had an opportunity to tour the District's lab facility with District entomologist Shaoming Huang, prior to the Board meeting and found it very interesting. Manager Lucchesi stated the full Board may have an opportunity to tour the lab during next month's Board meeting if interested. Trustee O'Leary inquired on the District's approach to informing the public of the mosquito problems and prevention methods. Manager Lucchesi informed the Board that every spring the Stockton Record does an article to inform the public of this information. Trustee Groen wanted to know the procedures used by the District to control mosquitoes on organic farms. Manager Lucchesi went over all the precautions the District uses before any work is done. Manager Lucchesi also stated that the District does utilize mosquito control products that are certified for use on organic crops.

8. Other Business; Announcement of future Board and Committee meetings.

- Manager Lucchesi announced the next regular meeting of the Board of Trustees will be 1:00 p.m. Tuesday, January 20, 2015

9. Adjournment

There being no further business, it was moved by Trustee Khweiss, seconded by Trustee Groen, to adjourn the meeting at 1:50 p.m.; the motion passed unanimously.

MS. JOY MEEKER, SECRETARY

MR. EDDIE LUCCHESI, MANAGER

San Joaquin County Mosquito & Vector Control District
FUND BALANCE REPORT
December 2014

	S.J.C-55401 GEN FUND	S.J.C-55402 BEN ASSESSMENTS	S.J.C-55411 CONTINGENT	S.J.C-55412 GEN RESERVE	ALL FUNDS TOTAL
DISTRICT OPERATIONS					
REVENUES					
TRANSFER IN	2,884,013.51	1,003,026.33	-	-	
NET REVENUES	\$ 2,884,013.51	\$ 1,003,026.33	\$ -	\$ -	
EXPENSES					
TRANSFER OUT	456,794.15	18,846.09	-	-	
	397,000.00	-	-	-	
NET EXPENSES	\$ 853,794.15	\$ 18,846.09	\$ -	\$ -	
NET CHANGE	\$ 2,030,219.36	\$ 984,180.24	\$ -	\$ -	3,014,399.60
REVENUES:					
PROPERTY TAX					
STATE AID HOME OWNER PROPERTY TAX	2,244,051.41	-	-	-	
INTEREST INCOME	14,751.76	-	-	-	
OTHER GOVT REDUPL P PASS THROUGH	-	-	-	-	
SPECIAL ASSESSMENTS CURR	19,250.55	1,003,026.33	-	-	
MISC. REVENUES	564,260.29	5,104.28	-	-	
**MEDICAL REIMBURSEMENT	36,595.22	-	-	-	
TOTAL REVENUES	\$ 2,884,013.51	\$ 1,003,026.33	\$ -	\$ -	3,887,039.84
<hr/>					
BEGINNING BALANCE, On deposit w Auditor's, 11/30/14	3,520,977.01	732.09	1,133,457.00	2,051,443.00	
ENDING BALANCE, On deposit w Auditor's, 12/31/14	5,684,979.38	984,912.33	1,133,457.00	2,051,443.00	
<hr/>					
REVOLVING FUND BALANCE, 12/31/14	585,788.74				
CALCRD PAYABLE	(7,261.65)				
ADJUSTED ENDING BALANCE, 12/31/14	\$ 6,263,506.47	\$ 984,912.33	\$ 1,133,457.00	\$ 2,051,443.00	\$ 10,433,318.80
ENDING FUND BALANCE, 12/31/13	\$ 5,954,398.09	\$ 921,309.86	\$ 1,075,901.00	\$ 2,112,854.00	\$ 10,064,462.95

San Joaquin County Mosquito & Vector Control District
Budget and Actual Comparison
Rev-Exp
July through December 2014

	Jul - Dec 14	Budget FY 2014-15	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
470000000-MISC. REVENUES	264,490.66	628,016.00	(363,525.34)	42.12%
41000000 · PROPERTY TAX	2,248,584.70	3,866,735.00	(1,618,150.30)	58.15%
44000000 · INTEREST INCOME	12,741.28	22,205.00	(9,463.72)	57.38%
45000000 · AID FRM OTHER GOVT AGENCIES	40,335.76	58,140.00	(17,804.24)	69.38%
46050000 · CHARGES FOR SERVICES	1,567,373.69	2,935,210.00	(1,367,836.31)	53.4%
Total Income	4,133,526.09	7,510,306.00	(3,376,779.91)	55.04%
Operating Expense				
60000000 · EE SALARIES & WAGES	1,166,804.91	2,417,054.00	(1,250,249.09)	48.27%
60100000 · EMPLOYEE BENEFITS	1,032,752.92	2,286,930.00	(1,254,177.08)	45.16%
62000000 · GEN SRVS&SUPPLIES	1,340,188.00	2,626,145.00	(1,285,957.00)	51.03%
Total operating expense	3,539,745.83	7,330,129.00	(3,790,383.17)	48.29%
Other Expense				
63000000 · OTHER CHARGES	37,772.84	41,600.00	(3,827.16)	90.8%
64000000 · CAPITAL EXPENSE	18,010.86	179,500.00	(161,489.14)	10.03%
Total Other expense	55,783.70	221,100.00	(165,316.30)	25.23%
Total expenses	3,595,529.53	7,551,229.00	(3,955,699.47)	47.62%
Net change	537,996.56	(40,923.00)	578,919.56	

San Joaquin County Mosquito & Vector Control District
Expenses by Vendor Summary
 December 2014

	<u>Dec 14</u>
A-1 Saw & Mower Inc.	58.51
ACE Hardware	57.15
ACME Saw N Industrial Supply	195.96
Amazon Marketplace	221.99
American Event Rentals-American Galaxy	248.39
AT&T	2,286.63
Bay Alarm	860.04
Big Valley Ford	10.19
CA Society of Muni Finance	110.00
Calchamberstore	65.30
CalPERS	46,648.18
Central Parking Systems	2.25
Central Valley Motor-Napa Auto Parts	17.92
Chase Chevrolet Co.	494.29
Chevron and Texaco Card Services	1,045.55
City of Lodi	355.71
City of Stockton	242.94
Complete Welders Supply	414.26
Creative Outdoor Environments, Inc.	600.00
CVS Pharmacy	14.60
Delta Dental	5,198.43
Eley, Christopher K	1,486.00
Ferguson Enterprises, Inc.	60.48
FP Mailing Solutions	817.50
French Camp McKinley Fire Protection Dist	74.00
G&K Services	3,205.75
Golden Bear Fire Extinguisher Co.	254.18
Hewlett-Packard Financial Services Co.	259.58
Imperial Building Maintenance	342.85
Integrated DNA Technologies, Inc.	399.49
J. Milano Co., Inc.	293.70
Lodi News Sentinel	64.80
Lucas Business Systems	274.72
Mayaco, Marketing&Internet	175.00
Meeker, Joy (conference)	461.62
Mosquito&Vector Control Association of Ca	2,900.00
Nestle Pure Life Direct, Nestle Water	121.08
Office Depot	354.18
Orchard Supplies Hardware	88.17
Pacific Gas&Electric Co.	1,829.41
PPG/Glidden Pro Arch. Coatings	56.75
Precissi Flying Service	8,714.00
Rexel Electrical DataCom Supplies	19.17
Sacramento-Yolo Mosquito&Vector Control	16,800.00
Safety-Kleen	408.75
San Joaquin County Dept. of Public Works	46.00
Sigma Aldrich Inc.	94.64
Smart&Final	72.89
Stericycle Inc.	193.89
Stockton Filter Supply Co., Inc.	64.70
Stockton Petroleum Co.	1,384.99
Stockton Scavengers Association, Inc	163.19
Target (Retail Outlet)	11.97
Technical Safety Services Inc	400.00
TelePacific (Arrival Communications)	352.03
Univar	4,237.92
Unum Life Insurance	2,491.06
USA Scientific	644.18
Verizon Wireless	888.48
Vision Service Plan CA	820.75
Yosemite Meat & Deli (Christmas luncheon)	768.00
TOTAL	<u>111,244.16</u>

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT
District Activities Report

DECEMBER 2014

Work Completed:

CONTINUATION OF SWIMMING POOL INSPECTIONS ON PROPERTIES IN FORECLOSURE

The District continues to work with the County Assessor's office and the County GIS Department to develop a list of properties with swimming pools that are either in default or full foreclosure. There were 9 pools on the December pools list, down from 12 in November.

FIELD ACTIVITIES

District Technicians continued source reduction work to provide inspection and treatment access to difficult to reach locations. In addition to the source reduction work, Technicians began treatments to tree hole sources to minimize spring time emergence of *Aedes sierrensis* (Western Tree Hole Mosquito). *Sierrensis* are common vectors of Dog Heart Worm and prevalent throughout the San Joaquin Valley. Modified painting pole extensions are used to deliver Methoprene briquets to water holding tree cavities. Approximately 2,500 tree holes are treated each year.

VEHICLE / EQUIPMENT MAINTENANCE

Shop personnel and Technicians utilized time during December to clean application equipment and vehicles in preparation for next year's spraying activities. In addition, shop personnel began getting vehicles designated for auction prepared for sale.

TOTAL TREATMENT WORK CONDUCTED DURING DECEMBER

GROUND WORK

7.4 Acs Larvicided
0.6 Acs Adulticided
0 Acs Herbicided

AERIAL WORK

0 Acs Larvicided
0 Acs Adulticided

SERVICE REQUESTS

26 Mosquitoes

5 Fish Requests

31 Neglected Pools

WORK SCHEDULED FOR JANUARY

- CONTINUE GENERAL MAINTENANCE ON VEHICLES, EQUIPMENT AND GROUNDS AS TIME PERMITS.
- BEGIN GARLON APPLICATIONS FOR SOURCE ACCESS.
- CONTINUE TREE HOLE TREATMENTS.
- CONTINUE CHECKING KNOWN SWIMMING POOLS AND FISH PONDS.

MANAGER'S REPORT

For the period December 11, 2014 through January 13, 2015

- Following last month's Board meeting, I continued work with Jim Martin, assigned Broker of Lee & Associates, to sell the 200 N. Beckman Road property. Jim kept me apprised of interested parties, and any offers / bids received were forwarded to the District's legal counsel, Chris Eley. Chris will present the bids before the Board at the January 2015 BOT meeting. Jim will be at the meeting during the presentation of bids, and can address any questions from the Board. More detailed information will be discussed during the Board meeting. Agenda item # 5.

- As stated last month, the District continues collaboration with the USDA-ARS Area Wide invasive weed project study of water hyacinth in the Sacramento / San Joaquin Delta. I arranged a planning meeting at the County Ag Commissioner's office on December 17, 2014. In addition to myself, District staff members in attendance included entomologist, Shaoming Huang, who is working with the USDA Research Entomologist by providing assistance in the rearing or colony development (colony), of insects known as "plant-hoppers" which feed on water hyacinth. Assistant entomologist David Smith, who represents the District on the project's Aquatic Weed focus group, and Joe Sarale, District technician assigned to the south Delta area where much of the project is focused. The "Planning Meeting" was very well attended and in addition to the District, included the following project partners:
 - *USDA-Ag Research Service – Exotic and Invasive Weeds Research Unit*
 - *NASA-Ames Research Center*
 - *Division of Boating and Waterways- California Department of Parks and Recreation*
 - *Contra Costa Mosquito and Vector Control District*
 - *University of California-Davis (Entomology and Plant Sciences Department)*
 - *Board of Supervisors representatives from Contra Costa County and San Joaquin County - (Larry Ruhstaller)*

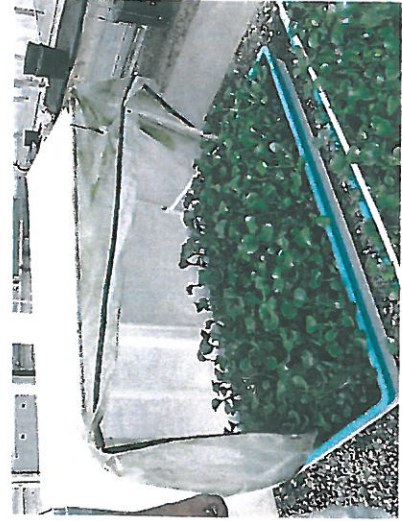
Also in attendance were potential new collaborating agencies that included Sacramento-San Joaquin Conservancy, California Department of Water Resources, California Department of Food and Ag, California Department of Fish and Wildlife, U.S. Bureau of Reclamation, and the State Water Boards – responsible for NPDES Permitting.

The District is an original partner of the eighteen month pilot project. It appears the growing interest from other agencies stems from the potential for this project to expand into a multi-year (3-5 years) project; therefore, additional funding may become available depending on the success of this pilot project.

The District's responsibility is to assist USDA personnel in sampling and recording (via GIS longitude / latitude) sites of mosquito populations in the water hyacinth project area, and the rearing of the "Plant-Hoppers" at the District's Stockton yard. Attached are photos of the water hyacinth "Plant-Hopper".

- Administrative Assistant Emily Nicholas and I worked with Croce and Company in finalizing the financial information and management analysis in order to complete the District's 2013-14 Annual Audit Report. A full presentation will be provided during the Board meeting. Agenda Item # 4.

The water hyacinth planthopper *Megamelus scutellaris*



Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/13/2015
Re: January 2014 BOT Meeting, Agenda Item 3f

3f. Correspondence Information

1. Letter from City of Manteca notifying District of the appointment of Trustee Glenn Page.
2. Letter from USDA regarding appreciation for use of San Joaquin Ag Commissioner's Office to facilitate the USDA-ARS Area-Wide Management of Aquatic Weeds in the Sacramento / San Joaquin Delta River System.

Attachments



CITY OF MANTECA

STEPHEN "STEVE" DEBRUM, MAYOR

December 18, 2014

Glen Page
306 Garden Circle Drive #E
Manteca, CA 95336

SUBJECT: APPOINTMENT TO BOARD OF TRUSTEES OF THE SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Dear Mr. Page:

The City Council, at its December 16, 2014 meeting, considered your appointment to the Board of Trustees of the San Joaquin County Mosquito and Vector Control District for a four-year term.

With the affirmation of the City Council, it was my decision to appoint you, Glen Page as Trustee representing the City of Manteca.

Thank you for volunteering your time for the betterment of our community.

Sincerely,

**STEPHEN F. DEBRUM
MAYOR**

sfd:smo

cc: Eddie Lucchesi, San Joaquin County Mosquito & Vector Control District



United States Department of Agriculture

Research, Education and Economics
Agricultural Research Service

Thursday, 18 December 2014

Tim Pelican
San Joaquin County Agricultural Commissioner
Robert J. Cabral Agricultural Center
2101 Earhart Ave, Suite 100
Stockton, CA 95206

Dear Commissioner Pelican:

I am writing to thank you and your staff for accommodating the Third Planning Meeting of the USDA-ARS Area-Wide Project, "Area-Wide Management of Aquatic Weeds in the Sacramento/San Joaquin Delta for Sustainable Control in Farming Areas, Critical Wildlife Habitats, Recreational Zones and Water Conveyance Systems Important for California Agriculture and Human Health", in Assembly Room #1 on December 17th from 9 AM to 1 PM. Over 50 people attended this meeting, representing a wide range of agencies and programs. The following agencies/programs that are receiving funding under the current 18-month Area-Wide Project attended: San Joaquin County Mosquito Vector Control District (MVCD); Contra Costa MVCD; Division of Boating and Waterways-California Department of Parks and Recreation; University of California-Davis (Entomology and Nematology Department); NASA-Ames Research Center; and the USDA-Agricultural Research Service, Exotic and Invasive Weeds Research Unit (Albany and Davis, CA).

In addition to those agencies that have received funding under the Delta Area-Wide Project, we were delighted to welcome at your facilities the new interest/participation of many other agencies/programs, including: Delta Stewardship Council; Sacramento-San Joaquin Delta Conservancy; California Department of Food and Agriculture; California Department of Fish and Wildlife; California Department of Water Resources; State Water Resources Control Board; Contra Costa County Agricultural Commissioner, and of course your own office. I would like to especially thank you for attending this meeting personally.

Also present were several NGO/private interests, including the San Joaquin County and Delta Water Coalition; Village West Marina (owner); River Point Landing; and Delta boaters.

Finally, we were pleased to welcome the interest of several county, state, and Federal legislators, including two who have been involved since the project was first proposed: San Joaquin County Supervisor Larry Ruhstaller (District 2), and Contra Costa County Supervisor Mary Piepho (District 3). At the meeting on December 17th, we also welcomed the Office of State Assemblyman Jim Frazier (CA Assembly 11th District); Office of State Senator Cathleen Galgiani

Exotic and Invasive Weeds Research Unit (EIWRU), Western Regional Research Center (WRRRC)
800 Buchanan St, Albany, CA 94710
Voice: (510) 559-6393 FAX: (510) 559-5737 Email: Patrick.Moran@ars.usda.gov



(CA Senate 5th District); Office of U.S. Congressman John Garamendi (CA-03); and Office of U.S. Congressman Jerry McNerney (CA-09).

We appreciate the efforts of Barbara Huecksteadt and others on your staff to provide the Polycom teleconference device and wireless microphones, and in general to make us feel welcome. The current Delta Area-Wide 18-month pilot project has the potential to deliver significant benefits for control of invasive, damaging water hyacinth, *Egeria densa* (Brazilian waterweed), and arundo aquatic weeds as well as disease-vectoring mosquitos in the southern Delta. We look forward to your continued participation in the project planning and implementation.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick J. Moran".

Patrick J. Moran
Research Entomologist
Project Director

cc: Larry Ruhstaller, San Joaquin County BOS
Mary Piepho, Contra Costa County BOS
Erica Rodriguez-Langley (Office of CA State Assemblyman Jim Frazier)
Drue Brown (Office of CA State Senator Cathleen Galgiani)
Gary Prost (Office of U.S. Congressman Jerry McNerney)
Brandon Minto (Office of U. S. Congressman John Garamendi)
Eddie Lucchesi, Manager, San Joaquin County MVCD
Dr. John D. Madsen, Acting Research Leader, USDA-ARS Exotic and Invasive Weeds Research Unit

Board Meeting Information

To: Board of Trustees
From: Eddie Lucchesi, Manager
CC: Chris Eley, Legal Counsel
Date: 1/12/2015
Re: January 2015 BOT Meeting, Agenda Item 4

4. FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDING JUNE 30, 2014

Croce & Company Accountancy Corporation recently finished the financial review for FY2013-14. A representative from Croce will present the financial review to the Board for consideration and action. The review will include the Management, Discussion and Analysis. Per Health and Safety Code Section 2079, the Board of Trustees is required to provide for regular audits pursuant to Government Code Sections 26909 and 53890.

Enclosed is a draft copy of the audit report for review before the Board meeting. The Board will receive a final bound copy of the report at the meeting for review and discussion.

This item requires Board action.

Attachment

**SAN JOAQUIN COUNTY MOSQUITO
AND VECTOR CONTROL DISTRICT**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2014

CROCE & COMPANY

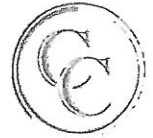
Accountancy Corporation

501 West Weber Avenue, Suite 500, Stockton, CA 95203 ☎ Post Office Box 1607, Stockton, CA 95201-1607
Telephone (209) 943-2222 ☎ www.CroceCo.com ☎ Facsimile (209) 943-2220



CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities	16
Notes to Basic Financial Statements	17
Required Supplemental Information	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	34
Notes to Required Supplemental Information	35



Independent Auditors' Report

To the Board of Trustees
San Joaquin County Mosquito and Vector Control District

We have audited the accompanying financial statements of the governmental activities and the major fund of **San Joaquin County Mosquito and Vector Control District** (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

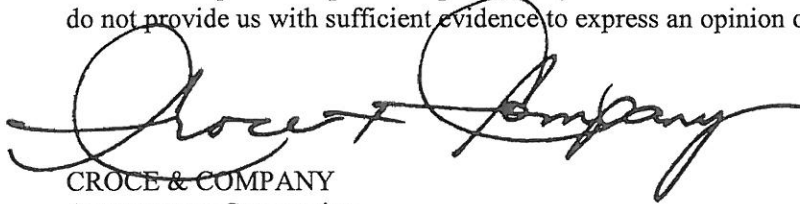
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of **San Joaquin County Mosquito and Vector Control District** as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 34 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



CROCE & COMPANY
Accountancy Corporation
Stockton, California
January 13, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis

June 30, 2014

The following is a narrative overview and analysis by the management of San Joaquin County Mosquito and Vector Control District (the District) of the financial activities of the District for the fiscal year ended June 30, 2014. Readers should consider the information presented here in conjunction with the basic financial statements.

Financial Highlights

- Total assets of the District were \$13,631,712 with cash and cash equivalents at \$10,820,455 and capital assets at \$2,363,090, net of accumulated depreciation.
- Total liabilities were \$1,150,569, including compensated absences of \$568,844 and accounts payable of \$215,958.
- Assets of the District exceeded liabilities at the close of the most recent fiscal year by \$12,481,143 (net position). Of this amount, \$10,118,053 (unrestricted) may be used to meet the District's ongoing obligations and \$2,363,090 represents the District's net investment in capital assets.
- The District's net position increased by \$279,439 from \$12,201,704 in FY 2013 to \$12,481,143 in FY 2014.
- Total general revenues for the fiscal year 2013-2014 were \$6,777,240. This figure is \$63,595 greater than the prior year, due primarily to an increase in property taxes of \$157,079.
- Total operating expenses for the fiscal year 2013-2014 were \$6,497,801. This figure is 2.6% greater than the prior year, due primarily to approved annual increases in salaries and benefits.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report includes both required supplemental information and other supplemental information.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2014

The first of these government-wide statements is the *Statement of Net Position*. This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported.

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin immediately following the basic financial statements.

Financial Analysis

Net Position

As year to year financial information is accumulated in a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2014

The following table provides a summary of the District's net position:

Net Position				
	June 30, <u>2014</u>	June 30, <u>2013</u>	Amount <u>change</u>	Percent <u>change</u>
Cash and cash equivalents	\$ 10,820,455	\$ 10,626,141	\$ 194,314	1.8
Other assets	448,167	333,347	114,820	34.4
Capital assets	<u>2,363,090</u>	<u>2,415,141</u>	<u>(52,051)</u>	(2.2)
Total assets	<u>13,631,712</u>	<u>13,374,629</u>	<u>257,083</u>	1.9
Other liabilities	373,829	380,750	(6,921)	(1.8)
Long-term liabilities	<u>776,740</u>	<u>792,175</u>	<u>(15,435)</u>	(1.9)
Total liabilities	<u>1,150,569</u>	<u>1,172,925</u>	<u>(22,356)</u>	(1.9)
Invested in capital assets, net of related debt	2,363,090	2,415,141	(52,051)	(2.2)
Unrestricted – accrued employee leave	150,000	-	150,000	-
Unrestricted – capital assets preservation	460,000	710,000	(250,000)	(35.2)
Unrestricted – contingencies	1,074,607	1,074,607	-	-
Unrestricted – public health emergencies	1,500,000	1,913,885	(413,885)	(21.6)
Unrestricted – undesignated	<u>6,933,446</u>	<u>6,088,071</u>	<u>845,375</u>	(13.9)
Total net position, end of year	<u>\$ 12,481,143</u>	<u>\$ 12,201,704</u>	<u>\$ 279,439</u>	2.3

The District's net position increased by \$279,439 as compared to the \$383,321 increase in net position in the prior year.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2014

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the District's changes in net position.

Changes in Net Position

	June 30, <u>2014</u>	June 30, <u>2013</u>	Amount <u>change</u>	Percent <u>change</u>
Revenues				
Property taxes	\$ 3,855,084	\$ 3,698,005	\$ 157,079	4.2
Property assessments	2,841,876	2,827,244	14,632	.5
Reimbursements and rebates	43,257	157,072	(113,815)	(72.5)
Investment income	34,933	16,395	18,538	113.1
Other revenues	<u>2,090</u>	<u>14,929</u>	<u>(12,839)</u>	<u>(86.0)</u>
Total revenues	<u>6,777,240</u>	<u>6,713,645</u>	<u>63,595</u>	<u>.9</u>
Expenditures				
Salaries and benefits	3,906,020	3,644,856	261,164	7.2
Services and supplies	2,429,714	2,512,432	(82,718)	(3.3)
Depreciation	<u>162,067</u>	<u>173,036</u>	<u>(10,969)</u>	<u>(6.3)</u>
Total expenditures	<u>6,497,801</u>	<u>6,330,324</u>	<u>167,477</u>	<u>2.6</u>
Change in net position	279,439	383,321	(103,882)	(27.1)
Net position, beginning of year	<u>12,201,704</u>	<u>11,818,383</u>	<u>383,321</u>	<u>3.2</u>
Net position, end of year	<u>\$ 12,481,143</u>	<u>\$ 12,201,704</u>	<u>\$ 279,439</u>	<u>2.3</u>

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

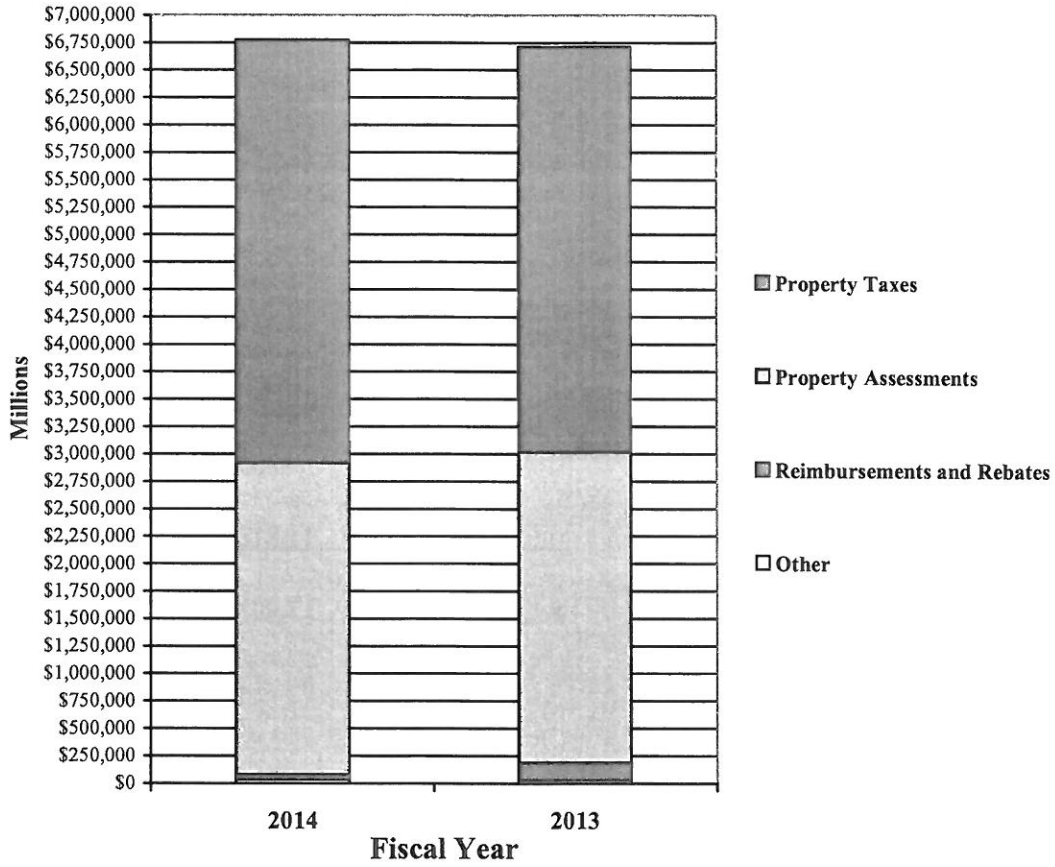
Management's Discussion and Analysis (Continued)

June 30, 2014

Analysis of the more significant variances in revenues follows:

- Property taxes have increased \$157,079, which is attributable to an increase in the number of parcels subject to property tax and improvements in property values from the prior year.

Revenues
FY 2014 & FY 2013



(Continued)

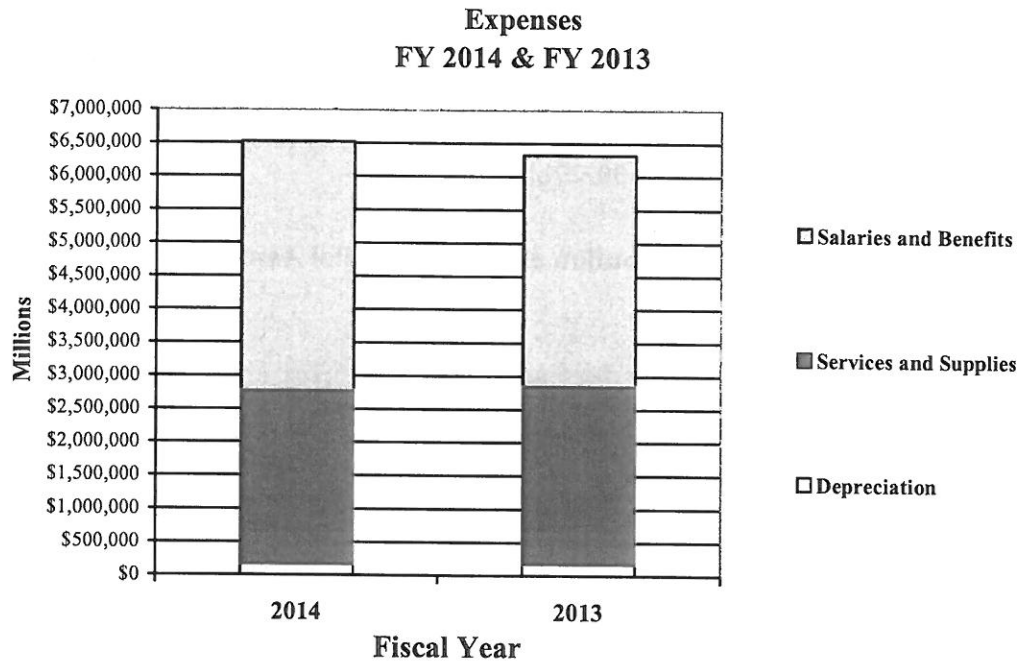
SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2014

Analysis of the more significant variances in expenses follows:

Salaries and benefits increased \$261,164 due to approved annual increases in salaries and benefits and an overlap in new employees hired to replace employees retiring during the year.



(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

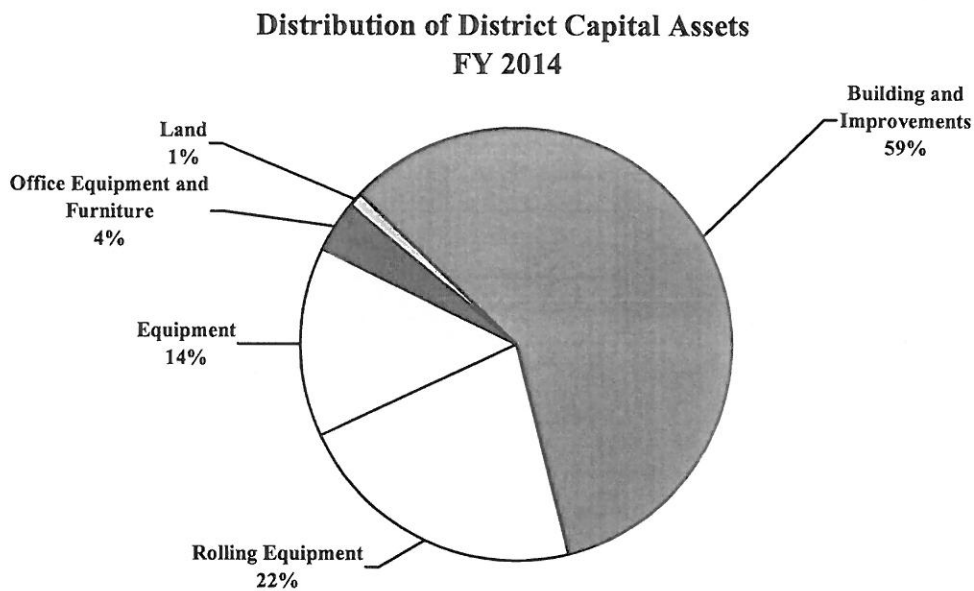
June 30, 2014

Capital Asset and Debt Administration

Capital Assets Activity

The District's net investment, after depreciation, in capital assets as of June 30, 2014 amounted to \$2,363,090. The District's capital assets include all land, buildings and improvements, rolling equipment, office furniture and equipment, and equipment owned by the District. The total decrease in the District's investment in capital assets for the current fiscal year was 2.2% or \$52,051. This represents \$162,066 of depreciation and \$98,881 of disposals offset by capital additions of \$208,896.

The following graph displays the District's largest capital asset categories and their portion (%) of the District's total asset value as of June 30, 2014.



Additional information on the District's capital assets can be found on page 23 herein.

Long Term Debt Activity

On June 30, 2014, the District had total long-term obligations outstanding of \$776,740. This is a \$15,435 decrease in long-term obligations from FY 2013.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Management's Discussion and Analysis (Continued)

June 30, 2014

Future obligations include compensated absences, retiree health insurance liabilities, and other post-employment benefits other than pensions.

Notes F and I to the financial statements contain further detail on the above-noted long-term obligations.

Future Financial Outlook

The District anticipates revenues to remain consistent the prior year with the exception of the proceeds from the sale of the Escalon property and a reduction in redevelopment related revenues. The District does not anticipate any unusual expenses for the coming year.

Requests for Information

The financial report is designed to provide the reader with a general overview of the District's finances. Questions concerning any of the information provided herein or requests for additional information should be addressed to the General Manager, San Joaquin County Mosquito and Vector Control District, 7759 South Airport Way, Stockton, California 95206.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Statement of Net Position

June 30, 2014

	<u>Governmental activities</u>
Assets	
Cash and cash equivalents	\$ 10,820,455
Accounts receivable	11,114
Interest receivable	3,764
Prefunded other post-employment benefits	46,374
Inventory	310,075
Prepaid expenses	76,840
Capital assets, net of accumulated depreciation of \$2,096,410	<u>2,363,090</u>
Total assets	<u>13,631,712</u>
Deferred outflows of resources	<u>-</u>
Liabilities	
Accounts payable	215,958
Accrued liabilities	157,871
Long-term liabilities due in one year	
State loan – Chapter 1168/85	67,380
Compensated absences	60,000
Retiree health insurance liabilities	55,869
Capital lease payable	<u>2,154</u>
Total long-term liabilities due in one year	<u>185,403</u>
Long-term liabilities due in more than one year	
Compensated absences	508,844
Retiree health insurance liabilities	76,306
Capital lease payable	<u>6,187</u>
Total long-term liabilities due in more than one year	<u>591,337</u>
Total liabilities	<u>1,150,569</u>
Deferred inflows of resources	<u>-</u>
Net position	
Net investment in capital assets	2,363,090
Unrestricted	<u>10,118,053</u>
Total net position	<u>\$ 12,481,143</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Statement of Activities

For the year ended June 30, 2014

	<u>Expenses</u>	<u>Program revenues</u> <u>Operating grants and contributions</u>	<u>Net (expenses) revenues and changes in net position</u>
Governmental activities			
Operations	\$ 6,497,801	\$ -	\$ (6,497,801)
Net program (expenses) revenues			<u>(6,497,801)</u>
General revenues			
Property taxes			3,783,265
Property assessments			2,841,876
Property tax relief			71,819
Reimbursements and rebates			43,257
Investment income			34,933
Other revenues			<u>2,090</u>
Total general revenues			<u>6,777,240</u>
Change in net position			279,439
Net position, beginning of year			<u>12,201,704</u>
Net position, end of year			<u>\$ 12,481,143</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2014

	<u>General fund</u>
Assets	
Assets	
Cash and cash equivalents	\$ 10,820,455
Accounts receivable	11,114
Interest receivable	3,764
Inventory	310,075
Prepaid expenses	<u>76,840</u>
Total assets	<u>\$ 11,222,248</u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 215,958
Accrued liabilities	157,871
State loan – Chapter 1168/85	67,380
Compensated absences	60,000
Retiree health insurance liabilities	55,869
Capital lease payable	<u>2,154</u>
Total liabilities	<u>559,232</u>
Fund balance	
Nonspendable:	
Prepaid expenses	76,840
Inventory	310,075
Committed to:	
Accrued employee leave	150,000
Capital asset preservation	460,000
Contingencies	1,074,607
Public health emergencies	1,500,000
Unassigned	<u>7,091,494</u>
Total fund balance	<u>10,663,016</u>
Total liabilities and fund balance	<u>\$ 11,222,248</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position

June 30, 2014

Total fund balance – governmental funds \$ 10,663,016

Amounts reported for governmental activities in the statement of net position are different from those reported in the governmental funds because of the following:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.

Capital assets	\$ 4,459,500	
Less accumulated depreciation	<u>(2,096,410)</u>	
	\$ <u>2,363,090</u>	2,363,090

Other post-employment benefits are prefunded in the current period and, therefore, are not reported in the funds. 46,374

A portion of compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. (508,844)

A portion of retiree health insurance liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (76,306)

A portion of capital lease payable is not due and payable in the current period and, therefore, is not reported in the funds. (6,187)

Net position of governmental activities \$ 12,481,143

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

**Statement of Revenues, Expenditures and Changes
in Fund Balance – Governmental Funds**

For the year ended June 30, 2014

	<u>General fund</u>
Revenues	
Property taxes	\$ 3,855,084
Property assessments	2,841,876
Other revenues	89,690
Reimbursements and rebates	43,257
Investment income	<u>34,933</u>
Total revenues	<u>6,864,840</u>
Expenditures	
Operating	
Salaries and benefits	3,989,525
Services and supplies	2,403,374
Capital outlay	<u>217,770</u>
Total expenditures	<u>6,610,669</u>
Excess (deficiency) of revenues over expenditures	254,171
Fund balance, beginning of year	<u>10,408,845</u>
Fund balance, end of year	<u>\$ 10,663,016</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance –
Governmental Funds to the Statement of Activities**

For the year ended June 30, 2014

Net change in fund balances – governmental funds	\$ 254,171
Amounts reported for governmental activities in the statement of activities are different because:	
Change in compensated absences is recorded as a reduction in expense in the statement of activities.	3,445
Change in retiree health insurance liabilities is recorded as a reduction in expense in the statement of activities.	3
Change in other post-employment benefit liabilities is recorded as a reduction in expense in the statement of activities.	80,058
Change in capital lease payable is recorded as an increase in expense in the statement of activities.	(6,187)
Governmental funds report activity related to sale of assets as income while governmental activities recognize gain or loss based on cost basis at time of sale.	(98,881)
Depreciation expense related to capital assets is recognized in the statement of activities, but is not reported in the funds.	(162,066)
Governmental funds report activity related to capital outlays as expenditures while governmental activities record depreciation expense to allocate those expenditures over the life of the assets.	<u>208,896</u>
Change in net position of governmental activities	<u>\$ 279,439</u>

The accompanying notes are an integral part of this financial statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note A – Summary of Significant Accounting Policies

This summary of significant accounting policies of San Joaquin County Mosquito and Vector Control District (the District) is presented to assist in understanding the District's financial statements.

Description of the reporting entity

The District was formed in 1945 and operates under the California Health and Safety Code for the purpose of mosquito and vector control in San Joaquin County.

District management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not classified as program revenues are presented as general revenues.

Fund financial statements

The fund financial statements provide information about the District's funds. The District has one type of fund (governmental), which is comprised of one major fund as follows.

General fund – This fund is established to account for resources devoted to financing the general services that the District performs. Property taxes, special taxes and other sources of revenue used to finance the fundamental operations of the District are included in this fund. This fund is charged with all costs of operating the District for which a separate fund has not been established.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note A – Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting, and financial statement presentation

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, special taxes and property tax relief are recognized as revenues in the year for which they are intended to finance.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 45 days of the end of the current fiscal period and apply to the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to the long-term portion of compensated absences and retiree health insurance are recorded only when payment is due.

Property taxes, special taxes, interest, property tax relief, charges for services and operating grants and contributions associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Inventory

The District's inventory, which includes mosquito and vector control chemicals, is stated at the lower of cost or market using the first-in, first-out (FIFO) method of valuation.

Capital assets

All capital assets are valued at historical cost. The District's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. Depreciation has been provided on capital assets and is charged as an expense against operations each year. The total amount of depreciation taken over the years is reported on the balance sheet as a reduction in the book value of capital assets.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note A – Summary of Significant Accounting Policies (Continued)

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the following useful lives listed below to capital assets.

Buildings and improvements	10-45 years
Rolling equipment	5 years
Office furniture and equipment	5-10 years
Other equipment	3-10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

Long-lived assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Net position

Equity in the government-wide statements is classified as net position and displayed in three components as follows:

Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.

Unrestricted net position – Amounts not required to be reported in other components of net position.

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

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note A – Summary of Significant Accounting Policies (Continued)

Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

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

Restricted – Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision making authority.

Assigned – Amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

Unassigned – Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

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

Property taxes

Property taxes were levied January 1, 2013 and were payable in two installments on December 12, 2013 and April 10, 2014. The County of San Joaquin bills and collects property taxes on behalf of the District.

Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note A – Summary of Significant Accounting Policies (Continued)

New accounting pronouncements

GASB Statement No. 68

In June 2013, GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of GASB Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The scope of this Statement addresses accounting and financial reporting for substantially all pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The District will be required to implement the provisions of this Statement for the year ending June 30, 2015, with the provisions of the Statement required to be applied retroactively. The District expects to recognize additional liabilities for outstanding defined pension benefit obligations upon the implementation of this Statement.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note B – Cash and Cash Equivalents

As of June 30, 2014, the carrying amount of the District's bank deposits was \$553,257 and the bank balance was \$579,589, of which \$329,589 was not insured by the Federal Deposit Insurance Corporation. In addition, as of June 30, 2014 the carrying amount of the District's insurance fund deposits and the insurance fund balance was \$579,071, of which \$579,071 was uninsured and uncollateralized.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Cash and cash equivalents invested in an external investment pool as of June 30, 2014 consists of the following:

<u>Investments in external investment pool</u>	Investment pool fair value	Investment pool cost basis
San Joaquin County Treasurer		
General fund	\$ 5,774,405	\$ 5,772,096
Special assessment fund	698,532	698,253
Contingency fund	1,077,738	1,077,307
General reserve fund	<u>2,116,460</u>	<u>2,115,614</u>
	<u>\$ 9,667,135</u>	<u>\$ 9,663,270</u>

Cash held by the San Joaquin County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.sjgov.org/treasurer/>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained in the Pool. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. The value of the District shares in the Pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's position in the Pool. The District's investment in the Pool is unrated, stated fair value, available upon demand and considered cash equivalents.

The District is not required to and does not maintain a formal investment policy.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note C – Capital Assets

Capital asset activity for the year ended June 30, 2014 is as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2014</u>
Nondepreciable capital assets				
Land	\$ 93,002	\$ -	\$ (41,390)	\$ 51,612
Land – Escalon pollution remediation outlays	51,346	-	(51,346)	-
Construction in progress	<u>6,145</u>	<u>-</u>	<u>(6,145)</u>	<u>-</u>
Total nondepreciable capital assets	<u>150,493</u>	<u>-</u>	<u>(98,881)</u>	<u>51,612</u>
Depreciable capital assets				
Buildings and improvements	2,536,708	84,961	-	2,621,669
Rolling equipment	967,486	45,121	(37,691)	974,916
Office furniture and equipment	217,453	17,895	(37,158)	198,190
Other equipment	<u>552,194</u>	<u>60,919</u>	<u>-</u>	<u>613,113</u>
Total depreciable capital assets	4,273,841	208,896	(74,849)	4,407,888
Less accumulated depreciation	<u>(2,009,193)</u>	<u>(162,066)</u>	<u>74,849</u>	<u>(2,096,410)</u>
Total depreciable capital assets, net	<u>2,264,648</u>	<u>46,830</u>	<u>-</u>	<u>2,311,478</u>
 Total capital assets, net	 <u>\$ 2,415,141</u>	 <u>\$ 46,830</u>	 <u>\$ (98,881)</u>	 <u>\$ 2,363,090</u>

Note D – State Loan – Chapter 1168/85

The District applied for and received a state loan in the amount of the shortfall in funding received through supplemental roll tax revenue during the 1984-85 fiscal year. The loan is interest free and was to be repaid from the 1984-85 fiscal year supplemental roll tax revenue received by the District after January 15, 1986. No due date has been assigned to the loan. The balance due on the loan at June 30, 2014 is \$67,380.

Note E – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters.

In order to insure for risks of loss, the District participates with other Districts in the Vector Control Joint Powers Agency (VCJPA) and purchases non-owned aircraft insurance through a commercial carrier. The relationship between the District and the VCJPA is such that VCJPA is not a component unit of the District for financial reporting purposes.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note E – Risk Management (Continued)

The VCJPA is established for the purpose of funding and developing programs to provide various insurance coverages for its member mosquito abatement and vector control districts in California. VCJPA consists of 35 districts throughout California and maintains pooled coverage programs for its members for workers' compensation, general liability, auto physical damage, and errors & omission. VCJPA also provides group purchased insurance programs for its members for multi-peril property, boiler and machinery, business travel accident, public employees' dishonesty/faithful performance, employee assistance, and employment practices liability. Refer to Note K for a summary of District insurance coverage.

Each district pays premiums commensurate with the level of coverage required or requested and shares surpluses and deficits proportionate to their participation in the VCJPA. Premiums are determined based on the ultimate cost of the experience to date of the member districts.

Deposits at the VCJPA bear interest based on the average daily balance maintained by each District. These deposits are invested in the Local Agency Investment Fund.

The latest audited financial information for the VCJPA is for the fiscal year ended June 30, 2014 and the condensed financial information is as follows:

Total assets	\$ 12,845,269
Total liabilities	<u>7,928,378</u>
Net position	<u>\$ 4,916,891</u>
Total revenues	\$ 3,856,005
Total expenses	<u>4,127,863</u>
Decrease in net position	<u>\$ (271,858)</u>

Workers' compensation

Annual premiums, based on the District's total payroll, are deposited in the District's separate Pooled Workers' Compensation Account at the VCJPA. The Account is reduced by the District's share of all Program claim settlements, excess insurance premiums and related administrative expenses. Five years after the end of each fiscal year, the VCJPA is to make a retroactive adjustment to fund/collect any remaining balance/deficit in the District's account. While the District's ultimate share of workers' compensation claim settlements and related administrative expenses is uncertain, management of the District does not believe it will have a material impact on the District's financial statements.

The workers' compensation fund provides coverage up to a maximum of \$500,000, self-insured retention (SIR). Excess workers' compensation insurance is provided by the Local Agency for Workers' Compensation Excess Joint Powers Authority (pooled liability program) up to a maximum of \$5,000,000 for employer liability and statutory coverage for workers' compensation.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note E – Risk Management (Continued)

General liability

Annual premiums are deposited in the District's separate Liability Account at the VCJPA. The account is reduced by the District's share of all program claim settlements, excess insurance premiums and related administrative expenses. Four years after the end of each fiscal year, the VCJPA will make a retroactive adjustment to refund/collect any remaining balance/deficit in the District's account. While the District's ultimate share of liability claim settlements and related administrative expenses is uncertain, management of the District does not believe it will have a material impact on the District's financial statements.

The District pays an annual premium to VCJPA for general liability coverage. The general liability fund provides coverage up to a maximum of \$1,000,000, self-insured retention (SIR). Coverage above the program self-insured retention is provided by a special liability policy with limits of \$14,000,000 in excess of \$1,000,000.

Unobligated fund

The District has an unobligated cash fund which earns interest for the District. The balance in the unobligated fund at June 30, 2014 was \$509,447.

Property contingency fund

The District has a property contingency cash fund which earns interest for the District. The balance in the property contingency fund at June 30, 2014 was \$90,469.

Note F – Compensated Absences

Employees accrue vacation leave based on length of service. Accumulated vacation leave is subject to maximum accruals for all employees. As of June 30, 2014, the District's accrued liability for accumulated unused vacation leave and overtime is \$244,412. Employees are paid for their accumulated unused vacation leave upon separation from service. The liability is expected to be liquidated with future resources and not with expendable available financial resources.

In addition, employees accrue sick leave which is not subject to maximum accruals. The District has estimated and recorded a liability for accumulated unused sick leave of \$324,432. The estimated liability was based on the employees vesting method and various retirement assumptions with certain modifications for the year ended June 30, 2014. The current portion of the liability was estimated to be \$60,000. The remainder has been recorded in the statement of net assets as the liability is expected to be liquidated with future resources and not with expendable available resources.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note F – Compensated Absences (Continued)

The accumulated unused sick leave is converted to a sick leave bank by the District at the rate established by San Joaquin County Employees Retirement Association (Association) upon the employee's retirement (\$221.24 per 8 hours) or paid to the employee in the form of a 1/3 cash payout for represented employees and unrepresented employees hired after December 18, 2001 or 100% cash payout for unrepresented employees hired before December 19, 2001. The sick leave bank is used to pay post-retirement medical, dental and vision insurance premiums. Once the retiree's sick leave bank is depleted, the retiree is responsible for his/her medical, dental and vision insurance premiums.

For all District employees hired on or before August 27, 2001, retiree sick leave banks were funded through investment earnings of the Association. This program ceased March 31, 2011 (refer to Note G). For all District employees hired subsequent to August 27, 2001, the Association depletes the account as insurance premiums are reimbursed to the District. During the year ended June 30, 2014, the District was reimbursed for post-employment benefits paid in the amount of \$58,601 from 16 retirees.

Note G – Defined Benefit Pension Plan

Plan description

The District contributes to the Association, a cost-sharing multiple-employer defined benefit pension plan administered by the Board of Retirement. The Association provides retirement, disability, death, and survivor benefits to plan members and beneficiaries. The County Employee's Retirement Act of 1937 is the statutory basis for the Association. The Board of Retirement has the authority to establish and amend benefit provisions. The Association issues a publicly available financial report that includes financial statements and required supplementary information for the Association. A copy of the financial report may be obtained by writing to the Board of Retirement, San Joaquin County Employees' Retirement Association, 6 South El Dorado, Suite 400, Stockton, California, 95202.

Funding policy

Contribution rates are based on plan members' annual covered salary, specific tier, and are actuarially determined. As of June 30, 2014, average contribution rates are as follows:

	<u>General members</u>
Employer rates (average)	28.43%
Employee rates (average)	3.51%

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note G – Defined Benefit Pension Plan (Continued)

Effective July 1, 2013 the District entered into a memorandum of understanding with the San Joaquin Mosquito Employees Association that allows for a cost of living adjustment for retirement system benefits of up to 3%. Additionally, the cost of post-retirement cost-of-living adjustments shall be shared equally between the District and employees who are members of the Association. As of June 30, 2014 the contribution rate is 4.70% of which the District will pay 2.35% and each employee will pay 2.35%. The rate is subject to adjustment on an annual basis by the association.

All District employees are classified as general plan members. The contribution requirements of plan members and the District are established and may be amended by the Board of Retirement. The District's contribution to the Association for the years ended June 30, 2014, 2013, and 2012 were \$656,618, \$647,983, and \$616,442, respectively, equal to the required contributions for each year.

Note H – Deferred Compensation Plans

Employees of the District may participate in two deferred compensation plans adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plans are available to all full-time employees of the District. Under the plans, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. Total employee contributions to the plans during the year ended June 30, 2014 were \$82,580.

Note I – Other Post-Employment Benefits other than Pensions

Plan description

The District administers an Other Post-Employment Benefit (OPEB) Plan, a single-employer defined benefit plan. The District's OPEB Plan provides medical insurance for eligible retirees and spouses through the District's group health insurance, which covers both active and retired members. In order to be eligible to retire with District-paid health benefits, an employee must satisfy the requirements of CALPERS (attain age 50 with 5 years of credited service and following the 10th anniversary of participation in the plan). As of June 30, 2014, 16 participants were eligible to receive retirement health care benefits.

The District contributes \$268.85 per month for employees retired prior to January 1, 2012 who elect to continue their CALPERS medical coverage through the District. The monthly contribution of \$268.85 is multiplied by a percentage based on years of service for employees retired after January 1, 2012. Retiree medical benefits continue to the retiree's spouse for his or her lifetime provided the spouse was covered at the time of the retiree's death.

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note I – Other Post-Employment Benefits other than Pensions (Continued)

The District passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT, an agent multiple-employer plan administered by CALPERS consisting of an aggregation of single-employer plans, is managed by an appointed board not under the control of the District Trustees. This Trust is not considered a component unit by the District and has been excluded from these financial statements. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

Funding policy

Effective May 15, 2012, the District, pursuant to Resolution 11/12-07, elected to prefund a portion of these benefits by accumulating assets with CERBT. Prior to May 15, 2012, the District funded the plan on a pay-as-you-go basis and maintained reserves and recorded a liability for the difference between the pay-as-you-go and the actuarially determined OPEB cost. As of June 30, 2014, the District recorded a liability for the difference between the prefunded amount and the actuarially determined net OPEB obligation.

Annual OPEB cost

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2014, the District contributed \$45,504 to the Plan. The District has prefunded a Net OPEB Asset of \$46,374.

The following table presents the components of the District's annual OPEB cost, amounts actually contributed, and changes in net OPEB obligation for the year ended June 30, 2014:

Annual required contribution	\$	45,504
Interest on net OPEB obligation (asset)		2,249
Adjustment to annual required contribution		<u>(2,056)</u>
Annual OPEB expense		<u>45,697</u>

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note I – Other Post-Employment Benefits other than Pensions (Continued)

Contributions made:	
Retired employees post-employment medical benefit payments	59,178
Contribution to OPEB Trust	(13,674)
Net investment earnings on OPEB Trust	80,251
Total employer contribution	125,755
Decrease in net OPEB obligation	(80,058)
Net OPEB obligation (asset) , beginning of year	33,684
Net OPEB obligation (asset), end of year	\$ (46,374)

Funded status of the plan

The most recent valuation dated July 1, 2013 includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$1,010,696. The AAL is partially funded since assets have been transferred into CERBT. The District’s current year annual required contribution, along with investment income, resulted in assets with CERBT of \$734,477 as of June 30, 2014.

Schedule of funding progress

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial study is presented below.

Fiscal year end	Actuarial valuation date	Actuarial accrued liability (a)	Actuarial value of assets (b)	Unfunded actuarial liability (UAAL) (a) – (b)	Funded status (b) / (a)	Annual covered payroll (c)	UAAL as a percentage of covered payroll [(a) – (b)] / (c)
6/30/12	7/1/11	\$ 963,523	502,679	\$ 460,844	52.17%	\$ 2,219,177	20.77%
6/30/13	7/1/11	971,335	608,722	362,613	62.67	2,228,330	16.27
6/30/14	7/1/13	1,010,696	734,477	276,219	72.67	2,224,211	12.42

(Continued)

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note I – Other Post-Employment Benefits other than Pensions (Continued)

Three-year trend information

The District's annual OPEB cost, percentage of annual OPEB costs contributed and the net OPEB obligation are as follows:

<u>Fiscal year ended</u>	<u>Annual OPEB cost</u>	<u>Percentage of annual OPEB costs contributed</u>	<u>Net OPEB obligation</u>
6/30/12	\$ 57,088	981.12%	\$ 87,008
6/30/13	52,719	201.15	33,684
6/30/14	45,697	275.19	(46,374)

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The District's policy includes amortization of the unfunded actuarial accrued liability over a closed 30-year period initially established for the District's year ended June 30, 2010. The remaining amortization period applicable in determining the annual required contribution for the year ended June 30, 2014 was 26 years. Amortization payments are determined on a level percent of pay basis.

In the July 1, 2013 actuarial valuation, the entry age normal actuarial cost method was used. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 6.25% discount rate; (b) 3.25% projected annual salary increase, and (c) 4.5% health care cost trend rate increase.

Retiree unused sick leave banks

Effective April 1, 2011, the District was no longer reimbursed for health insurance premiums paid for retirees with sick leave banks hired prior to August 27, 2001. The remaining retiree sick leave bank liability as of June 30, 2014 was \$74,481. The current portion of the liability was estimated to be \$14,978 and the long-term portion as of June 30, 2014 was \$59,503.

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note J – Insurance Coverage

The District is covered by the following types of insurance as of June 30, 2014:

<u>Coverage through commercial carrier</u>	<u>Limits of liability</u>
Non-owned aircraft	
Comprehensive liability	
Combined single limit each occurrence	\$ 1,000,000
Commercial general liability, automobile liability, and errors and omissions (pooled program)	
Self-insured retention	1,000,000
California Affiliated Risk Management Authorities	14,000,000
Workers' compensation (pooled program)	
Each occurrence and aggregate	
Self-insured retention	500,000
Commercial carrier – limit	
Workers' compensation	Statutory coverage
Employer's liability	5,000,000
Boiler and machinery (commercial carrier)	
Each occurrence	100,000,000
Deductible per occurrence	2,500 and up
Property and equipment (commercial carrier)	
Each occurrence	1,000,000,000
Deductible	10,000
Auto physical damage (pooled program)	
Each occurrence	35,000
Deductible per loss	500
Business travel accident (commercial carrier)	
Each occurrence	150,000
Deductible	N/A
Group fidelity (commercial carrier)	
Each occurrence	1,000,000
Deductible each loss	15,000

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note K – Capital Lease

In April 2014 the District entered into a lease agreement to purchase computer equipment in the amount of \$10,760. The lease is for four years with an option to retain the equipment at the end of the lease for no cost.

The following is a schedule by years of future minimum payments required under the capital lease as of June 30, 2014:

<u>Year ending June 30,</u>		
2015	\$	2,324
2016		2,324
2017		2,324
2018		<u>1,744</u>
Total minimum lease payments		<u>8,716</u>
Less amounts representing interest		<u>(375)</u>
Present value of net minimum lease payments		<u>8,341</u>
Less current portion		<u>(2,154)</u>
Long-term	\$	<u><u>6,187</u></u>

Depreciation expense for property under capital lease was \$897 for the year ended June 30, 2014. Accumulated depreciation for property under capital lease was \$897 at June 30, 2014.

Note L – Governing Board

As of June 30, 2014, the eleven members of the District’s Board of Trustees were as follows:

<u>Trustee</u>	<u>Term expires</u>
Marc Warmerdam, President	1/06/17
Gary Lambdin, Vice President	12/31/16
Joy Meeker, Secretary	6/07/16
Michael Manna	1/06/17
Jay Colombini	1/06/17
Chester C. Miller	12/31/16
Omar Khweiss	12/31/16
Gregory O’Leary	1/02/16
Francis Groen	12/31/14
Jack V. Fiori	12/31/17
Jack Snyder	12/31/17

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Financial Statements

June 30, 2014

Note M – Contingencies

The District is involved in litigation arising in the ordinary course of operations that, in the opinion of management, will not have a material effect on the financial condition of the District.

Note N – Subsequent Events

Management of the District has evaluated subsequent events through January 13, 2015, the date these financial statements were available to be issued, and has determined there were no material events requiring disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual – General Fund**

Year ended June 30, 2014

	Budgeted amounts <u>original/final</u>	Actual <u>amounts</u>	Variance with final budget positive/ <u>(negative)</u>
Revenues			
Property taxes	\$ 3,717,092	\$ 3,783,265	\$ 66,173
Property assessments	2,838,990	2,841,876	2,886
Other revenues	10,150	89,690	79,540
Property tax relief	65,248	71,819	6,571
Reimbursements and rebates	15,000	43,257	28,257
Investment income	<u>21,610</u>	<u>34,933</u>	<u>13,323</u>
Total revenues	<u>6,668,090</u>	<u>6,864,840</u>	<u>196,750</u>
Expenditures			
Salaries and wages	2,384,690	2,374,329	10,361
Employee benefits	1,505,706	1,448,277	57,429
Chemicals	1,315,300	1,139,657	175,643
Professional services	648,260	477,628	170,632
Insurance	205,665	211,282	(5,617)
Payroll taxes	186,285	166,919	19,366
Fuel	122,500	105,006	17,494
Tax administration charges	85,000	82,279	2,721
Maintenance of equipment	50,000	58,998	(8,998)
Office expense	76,850	56,170	20,680
Miscellaneous	49,060	44,515	4,545
Utilities	35,000	37,633	(2,633)
Laboratory services	36,500	33,768	2,732
Auditor's direct assessment	30,000	28,258	1,742
Communications	21,350	21,403	(53)
Transportation and travel	25,000	20,187	4,813
Maintenance of structures and grounds	35,000	17,987	17,013
Household expense	18,600	16,426	2,174
Memberships	18,300	14,944	3,356
Rental of equipment	11,000	14,367	(3,367)
Clothing and personal supplies	14,500	12,015	2,485
Special departmental expense	2,500	4,234	(1,734)
Rental of structures and grounds	2,600	4,069	(1,469)
Auditor's payroll charges	3,000	1,734	1,266
Small tools and instruments	1,200	438	762
Education reimbursements	2,500	360	2,140
Taxes and administration	100	16	84
Capital outlay	<u>472,000</u>	<u>217,770</u>	<u>254,230</u>
Total expenditures	<u>7,358,466</u>	<u>6,610,669</u>	<u>747,797</u>
Excess (deficiency) of revenues over expenditures	(690,376)	254,171	944,547
Fund balance, beginning of year	<u>10,408,845</u>	<u>10,408,845</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,718,469</u>	<u>\$ 10,663,016</u>	<u>\$ 944,547</u>

SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

Notes to Required Supplemental Information

June 30, 2014

The Manager of the District prepares an expenditure budget annually which is approved by the Board of Trustees setting forth the contemplated fiscal requirements. The Manager also provides a revenue budget for property taxes, special taxes and other revenues based upon estimated allocations and receipts of the related revenues. The District's budgets are maintained on the modified accrual basis of accounting. The results of operations are presented in the budget to actual schedule in accordance with the budgetary basis.

Reported budget amounts reflect the annual budget as originally adopted. There were no amendments to the budget during the year ended June 30, 2014. The budget amounts are based on estimates of the District's expenditures and the proposed means of financing them. Actual revenues and expenditures may vary significantly from budget due to timing of such revenues and expenditures.

Board Meeting Information

To: Board of Trustees
From: John R. Stroh, Manager
CC: Chris Eley, Legal Counsel
Date: 1/12/2015
Re: January 2015 BOT Meeting, Agenda Item 5

5. SALE OF DISTRICT PROPERTY LOCATED AT 200 N. BECKMAN ROAD, LODI, CA (APN 049-050-31) Broker / staff to present bids to Board for consideration and action.

The process to sell the District's property at 200 North Beckman Road, Lodi, CA has continued since the December 2014 Board meeting. In review, the District posted the "Notice of Sale of Surplus Property" in the Lodi News Sentinel three times during the month of November. Lee and Associates, the District's commercial real estate broker, listed the property on December 1, 2014.

Through the listing process, the public was informed the property was to be sold in "as is" condition with- out warranty as to its physical condition or fitness for any use. The prospective bidders must submit bids attention to Jim Martin, assigned broker of Lee and Associates, by end of the business day on January 15, 2015. The minimum bid amount is \$700,000.00.

Staff will present all bids to the Board at this time on the agenda. The Board will review all bids and proceed with acknowledging the highest bidder, and if warranted, will direct broker, staff, and legal counsel to proceed with working with the highest responsible bidder to consummate the sale of the District's property.

Note: **At the Board meeting the Board will accept the highest offer which meets the minimum qualifications or the Board may reject all offers. The Board may elect to accept the next highest offer as a back-up offer in the event the accepted offer fails to complete the purchase.**

This item requires Board action.

Attachment