

**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](http://www.CroceCo.com)    ◦    Facsimile (209) 943-2220



## CONTENTS

<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Basic Financial Statements</b>	
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
<b>Required Supplemental Information</b>	
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.

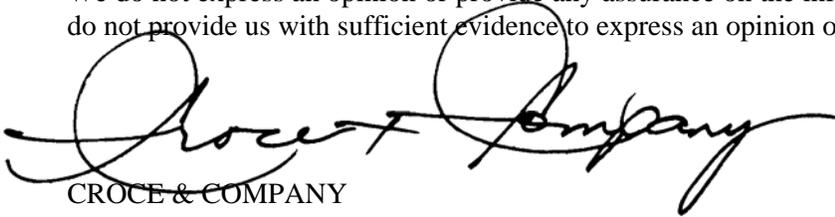
## **Opinion**

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:

	<b>Net Position</b>			
	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>	<u>Amount</u> <u>change</u>	<u>Percent</u> <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**

	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>	<u>Amount</u> <u>change</u>	<u>Percent</u> <u>change</u>
<b>Revenues</b>				
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>	.9
<b>Expenditures</b>				
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>	2.6
<b>Change in net position</b>	279,439	383,321	(103,882)	(27.1)
<b>Net position, beginning of year</b>	<u>12,201,704</u>	<u>11,818,383</u>	<u>383,321</u>	3.2
<b>Net position, end of year</b>	<u>\$ 12,481,143</u>	<u>\$ 12,201,704</u>	<u>\$ 279,439</u>	2.3

(Continued)

# SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

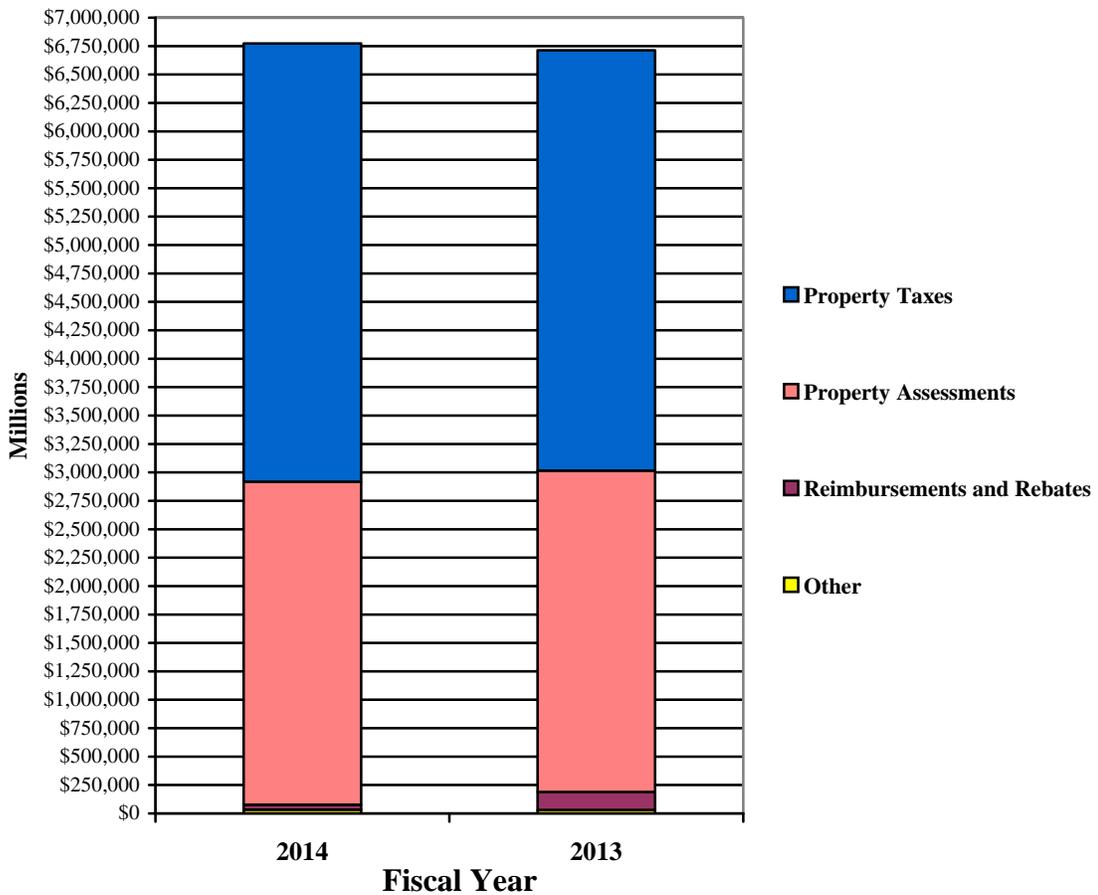
## Management's Discussion and Analysis (Continued)

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)

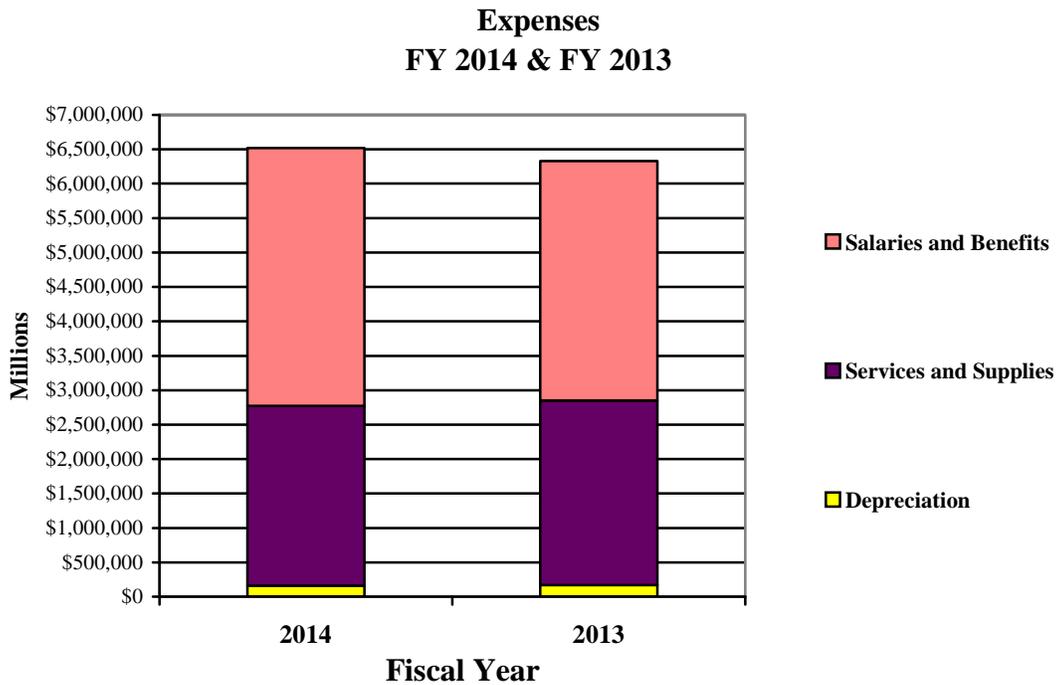
# SAN JOAQUIN COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT

## 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)

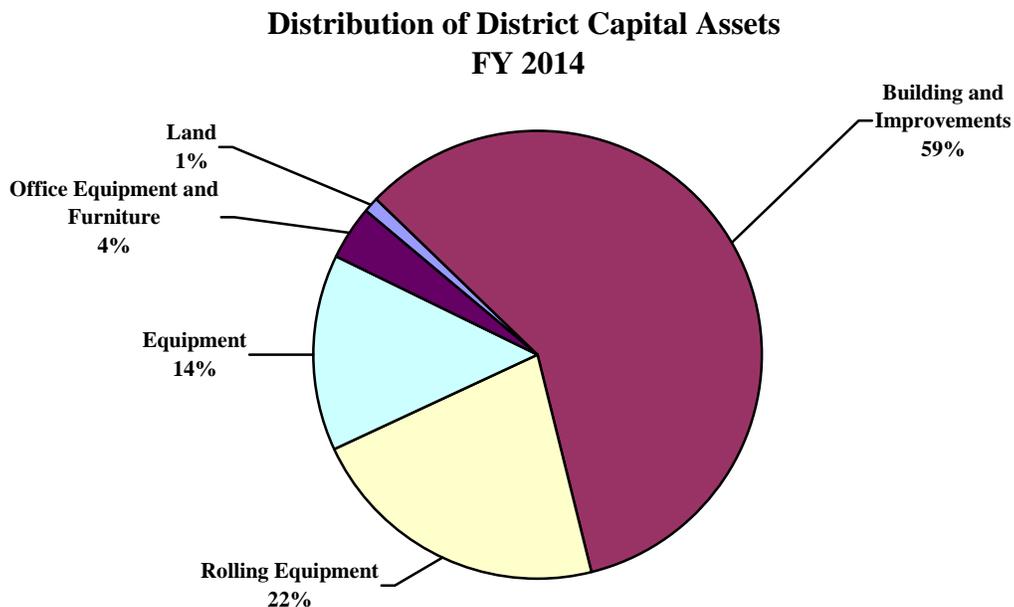
June 30, 2014

### 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>
<b>Assets</b>	
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>
 <b>Deferred outflows of resources</b>	
	 <u>-</u>
 <b>Liabilities</b>	
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>
 <b>Deferred inflows of resources</b>	
	 <u>-</u>
 <b>Net position</b>	
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 Operating grants and contributions</u>	<u>Net (expenses) revenues and changes in net position</u>
<b>Governmental activities</b>			
Operations	\$ 6,497,801	\$ -	\$ <u>(6,497,801)</u>
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>
<b>Change in net position</b>			279,439
<b>Net position, beginning of year</b>			<u>12,201,704</u>
<b>Net position, end of year</b>			<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>
<b>Assets</b>	
<b>Assets</b>	
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>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities</b>	
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>
<b>Fund balance</b>	
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>
<b>Revenues</b>	
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>
<b>Expenditures</b>	
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>
<b>Excess (deficiency) of revenues over expenditures</b>	254,171
<b>Fund balance, beginning of year</b>	<u>10,408,845</u>
<b>Fund balance, end of year</b>	<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

<b>Net change in fund balances – governmental funds</b>	\$ 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>
<b>Change in net position of governmental activities</b>	<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:

	Investment pool fair value	Investment pool cost basis
<u>Investments in external investment pool</u>		
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:

	General <u>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 10<sup>th</sup> 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	<u>80,251</u>
 Total employer contribution	 <u>125,755</u>
 Decrease in net OPEB obligation	 (80,058)
 Net OPEB obligation (asset) , beginning of year	 <u>33,684</u>
 Net OPEB obligation (asset), end of year	 <u>\$ (46,374)</u>

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>\$ 6,187</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 amounts	Variance with final budget positive/ (negative)
<b>Revenues</b>			
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>
<b>Expenditures</b>			
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>
<b>Excess (deficiency) of revenues over expenditures</b>	(690,376)	254,171	944,547
<b>Fund balance, beginning of year</b>	<u>10,408,845</u>	<u>10,408,845</u>	<u>-</u>
<b>Fund balance, end of year</b>	<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.