

**PLACER MOSQUITO AND  
VECTOR CONTROL DISTRICT**

**INDEPENDENT AUDITOR'S REPORTS,  
MANAGEMENT'S DISCUSSION AND ANALYSIS,  
FINANCIAL STATEMENTS AND REQUIRED  
SUPPLEMENTARY INFORMATION**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Placer Mosquito and Vector Control District  
Roseville, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Placer Mosquito and Vector Control District (District), as of and for the fiscal year ended June 30, 2013, 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.

#### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of June 30, 2013, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As described in Note A, the District adopted the provisions of the following Governmental Accounting Standards Board Statements: Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress - other postemployment benefits plan and schedule of revenues, expenditures and change in fund balance - budget and actual - general fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Macie Mini & O'Connell LLP*

Sacramento, California  
March 5, 2014

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

As management of the Placer Mosquito and Vector Control District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements, which begin on page 11.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,690,220 (net position).
- The District had program and general revenues of \$3,671,494 and program expenses of \$3,674,056 for the fiscal year ended June 30, 2013.
- As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of \$2,509,005.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements report on the function of the District that is principally supported by charges for services-benefit assessments. The District's function is to control mosquitoes in order to increase the quality of life and decrease the risk of disease transmission in Placer County. This is funded primarily with benefit assessments.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**FUND FINANCIAL STATEMENTS**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and *governmental activities*. The governmental fund financial statements can be found on pages 13 through 16 of this report.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17 through 29 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$3,690,220 at the close of the most recent fiscal year.

The District has capital assets (e.g. structures and equipment). Net investment in capital assets is not in spendable form and therefore are not available to provide future program services. The unrestricted net position of the District are available for future use to provide program services.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**District's Net Position**

	FY 2013	FY 2012 *	Increase/ Decrease %
Current and other assets	\$ 2,609,541	\$ 2,499,907	4.4%
Capital assets, net	5,538,717	5,811,155	-4.7%
Total assets	<u>8,148,258</u>	<u>8,311,062</u>	<u>-2.0%</u>
Current and other liabilities	169,024	152,811	10.6%
Long-term liabilities	4,289,014	4,465,469	-4.0%
Total liabilities	<u>4,458,038</u>	<u>4,618,280</u>	<u>-3.5%</u>
Net investment in capital assets	1,718,783	1,811,549	-5.1%
Unrestricted net position	1,971,437	1,881,233	4.8%
Total net position	<u>\$ 3,690,220</u>	<u>\$ 3,692,782</u>	<u>-0.1%</u>

\* Amounts have been restated from amounts presented in the prior year as a result of implementing GASB Statement No. 65. Please refer to Note J.

The District's net position decreased \$2,562 during the current fiscal year. The District's primary source of revenue is benefit assessments, which is shown in the financial statements under "charges for services (benefit assessments)."

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**District's Change in Net Position**

	<u>FY 2013</u>	<u>FY 2012*</u>	<u>Percentage Change</u>
<b>Revenue:</b>			
Program revenue:			
Charges for services (benefit assessments)	\$ 3,617,634	\$ 3,314,953	9.1%
General revenue:			
Property taxes	37,757	34,311	10.0%
Gain on sale of capital assets	5,269	-	
Interest and other	10,834	38,890	-72.1%
Total general revenue	<u>53,860</u>	<u>73,201</u>	<u>-26.4%</u>
Total revenue	<u>3,671,494</u>	<u>3,388,154</u>	<u>8.4%</u>
<b>Expenses:</b>			
Health and sanitation	3,467,590	3,125,872	10.9%
Interest on long term debt	206,466	212,679	-2.9%
Total expenses	<u>3,674,056</u>	<u>3,338,551</u>	<u>10.0%</u>
<b>Change in net position</b>	(2,562)	49,603	-105.2%
Net position, beginning of year	<u>3,692,782</u>	<u>3,643,179</u>	<u>1.4%</u>
Net position, end of year	<u>\$ 3,690,220</u>	<u>\$ 3,692,782</u>	<u>-0.1%</u>

Revenue increased in response to increase in number of assessed properties. Expenses increased as a result of an increased amount of mosquito control operations needed to prevent mosquito from irrigated agriculture. The type and extent of irrigated agricultural crops like rice and irrigated pastures, affects the cost of mosquito control. Variations in mosquito population due to weather and other factors from season to season will affect the amount of mosquito control materials and aerial application services necessary. Note that a mosquito season generally extends from April through October of each year. Fiscal impacts from seasonal variation of mosquito populations will often appear in two different fiscal years due to the July 1 to June 30 fiscal year calendar.



**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Fund Financial Analysis**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's governmental fund is discussed below:

**GOVERNMENTAL FUND**

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

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$2,509,005.

**Revenue by Source Governmental Fund**

	FY 2013	FY 2012	Percentage Change
Benefit assessments	\$ 3,617,634	\$ 3,314,953	9.1%
Property taxes	37,757	34,311	10.0%
Investment and other earnings	10,834	38,890	-72.1%
Total Revenues	<u>\$ 3,666,225</u>	<u>\$ 3,388,154</u>	<u>8.2%</u>

**Expenditures by Function Governmental Fund**

	FY 2013	FY 2012	Percentage Change
Health and sanitation	\$ 3,139,308	\$ 2,778,106	13.0%
Debt service	393,471	395,078	-0.4%
Capital outlay	47,299	82,274	-42.5%
Total expenditures	<u>\$ 3,580,078</u>	<u>\$ 3,255,458</u>	<u>10.0%</u>

Health and sanitation expenditures increased during 2013 primarily due to higher pesticide costs. Higher than expected amount of organic rice agriculture required a higher cost organic-registered pesticide to manage mosquito populations.

Capital outlay expenditures decreased during 2013 primarily as a result of a decreased need for facility-related projects and vehicle replacements as a result of achieving the goals set for these areas in past years.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**BUDGETARY HIGHLIGHTS**

The District's final budget appropriations for expenditures exceeded actual expenditures by \$210,325 or 5.51%. The major areas where appropriations exceeded expenditures are as followed:

- Salaries and Benefits \$78,575.  
Appropriations exceeding expenditures for salaries and benefits were due primarily to an unexpected decrease in temporary employee expenditures in 2013, and a vacancy in a lab position for approximately six months.
- Professional Services \$22,333  
Appropriations exceeding expenditures for professional services were due primarily to savings on personnel services which were less than expected, and a lower than expected expense for County services.
- Office \$68,953  
Appropriations exceeding expenditures for office related expenditures were due primarily to public relations projects that were budgeted for, but did not get implemented or were delayed. In addition, there were savings from purchase of information technology and small equipment, office supplies, laboratory supplies, and safety program.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District's net investment in capital assets is \$5,538,717. Net investment in capital assets includes land, buildings and improvements, and equipment and vehicles. The District's equipment and vehicles component of capital assets decreased by \$4,308 during the fiscal year. The reason for the decrease was the District sold two fully depreciated vehicles and purchased two new vehicles. See Note C for additional details on capital assets in the basic financial statements.

**Long-term Liabilities**

At June 30, 2013, the District had total long-term liabilities outstanding of \$4,289,014. During the fiscal year ended June 30, 2013, the District made a debt service payment reducing long-term liabilities by \$185,000. The District also had an increase of \$3,217 in long-term liabilities resulting in the net change in the composition of the compensated absences activity during the year. Detailed information about the District's long-term liabilities is presented in Note D in the basic financial statements.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Budget for the fiscal year ending (FYE) June 30, 2014 is \$ 3,734,857. The District conducted a three year budget projection that suggests that in order to support existing levels of service, and meet future reserve goals, the District considered and approved the CPI adjustment for the District Benefit Assessments. The District Benefit Assessments is subject to an annual adjustment tied to the Consumer Price Index (CPI).

This increase was necessary for the District to operate effectively in a fiscally sustainable manner. The District will reevaluate the need for future changes in assessment rates on an annual basis with the goal of maintaining fiscal sustainability while meeting the District's mandate to protect public health from vectors and vector-borne disease.

The following factors were considered in preparing the District's budget for the FYE 2014:

- Emerging need to plan for invasive mosquito species being established in California, as well as the risk that vector-borne diseases new to California may accompany the new mosquito species.
- Continued need to effectively identify and respond to occurrence of West Nile Virus, Lyme disease and other vector-borne diseases in Placer County.
- Continued need to effectively prevent adult mosquitoes through the use of source reduction measures, biological control and appropriate use of mosquito larvicides, as well as the ability to quickly respond to high adult mosquito populations with appropriate adult mosquito control treatments.
- Continued need to maintain a Tahoe-area substation during the summer months to provide services to eastern Placer County residents.
- Increase in costs or changes in availability of some mosquito control materials.
- Need to evaluate efficacy of mosquito control techniques and products, and continually assess for pesticide resistance in the mosquito population.
- Need for increased public outreach and education that addresses immediate and long-term issues relevant to the District's ability to provide services, and to advise the public about vector risks and personal protective measures.
- Increasing need to collaborate with neighboring vector control agencies, business and governmental agency partners, and state association to address issues affecting vectors and vector control on a regional and state-wide basis.
- Continued need for regular maintenance of facility, vehicle fleet, field data collection and database systems, laboratory certifications, and equipment.
- Continued need to fund measures to comply with the NPDES Vector Control General Permit.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)**

**Future Events that will Financially Impact the District**

- Expected need to comply with current and future regulations.
- Increasing costs for mosquito control materials, especially those that are certified for use on organic crops.
- Expansion in surveillance and labor costs should invasive mosquito species become established in California.

**Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Placer Mosquito and Vector Control District, 2021 Opportunity Drive, Roseville, CA 95678.

## **BASIC FINANCIAL STATEMENTS**

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 2,205,204
Restricted cash and investments	399,262
Interest receivable	2,041
Prepaid items	3,034
Capital assets	
Nondepreciable	438,627
Depreciable, net	5,100,090
Total assets	8,148,258
<b>Liabilities</b>	
Accounts payable	100,536
Accrued interest payable	68,488
Long-term liabilities:	
Due within one year	191,654
Due in more than one year	4,097,360
Total liabilities	4,458,038
<b>Net Position</b>	
Net investment in capital assets	1,718,783
Unrestricted	1,971,437
Total net position	\$ 3,690,220

The notes to the basic financial statements are an integral part of this statement.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<b>Governmental Activities</b>
<b>Program Expenses</b>	
Health and sanitation	\$ 3,467,590
Interest on long-term debt	206,466
Total program expense	3,674,056
<b>Program Revenue</b>	
Charges for services (benefit assessments)	3,617,634
Net program expense	(56,422)
<b>General Revenue</b>	
Property taxes	37,757
Investment earnings	10,700
Gain on sale of capital assets	5,269
Miscellaneous	134
Total general revenue	53,860
Change in net position	(2,562)
Net position, beginning of year, as restated	3,692,782
Net position, end of year	\$ 3,690,220

The notes to the basic financial statements are an integral part of this statement.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT**  
**BALANCE SHEET - GENERAL FUND**  
**JUNE 30, 2013**

**Assets**

Cash and investments	\$ 2,205,204
Restricted cash and investments	399,262
Interest receivable	2,041
Prepaid items	3,034
Total assets	\$ 2,609,541

**Liabilities and fund balance**

Liabilities:

Accounts payable	\$ 100,536
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Fund balance:

Nonspendable for prepaid items	3,034
Nonspendable for imprest cash	400
Restricted for debt service	399,262
Assigned for future occurrences	219,158
Assigned for contingencies	1,366,933
Assigned for emergency vector control	241,450
Unassigned	278,768
Total fund balance	2,509,005

Total liabilities and fund balance	\$ 2,609,541
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The notes to the basic financial statements are an integral part of this statement.



**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF THE GENERAL FUND  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013**

Fund balance - page 13	\$ 2,509,005
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the District's fund.	5,538,717
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the District's fund as follows:

Certificates of Participation outstanding	(4,300,000)
Original issuance discount	80,804
Compensated absences	(69,818)
Accrued interest payable	<u>(68,488)</u>

<b>Net position of governmental activities</b>	<b><u><u>\$ 3,690,220</u></u></b>
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**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Revenues:**

Charges for services (benefit assessments)	\$ 3,617,634
Property taxes	37,757
Investment earnings	10,700
Miscellaneous	134
Total revenues	3,666,225

**Expenditures:**

Health and sanitation:	
Salaries and benefits	1,607,505
Professional services	253,214
Agriculture	658,381
Office	241,870
Insurance	87,941
Collection charges	93,017
Fuel and lubricants	42,969
Utilities	55,171
Maintenance	29,730
Rents and leases	26,889
Membership dues and subscriptions	14,210
Travel and transportation	20,073
Legal services	8,338
Debt service:	
Interest	208,471
Principal	185,000
Capital outlay	47,299
Total expenditures	3,580,078

Excess of revenues over expenditures	86,147
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**Other financing sources:**

Proceeds from sale of capital assets	5,269
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Net change in fund balance	91,416
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Fund balance, July 1, 2012	2,417,589
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Fund balance, June 30, 2013	\$ 2,509,005
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The notes to the basic financial statements are an integral part of this statement.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE OF THE GENERAL FUND TO THE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Net change in fund balance – page 15 \$ 91,416

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	47,299
Depreciation expense	(319,737)

The repayment of principal on the certificates of participation consumes the District's current financial resources, however, does not have any impact on net position. 185,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the District's fund.

Amortization of bond discount	(5,328)
Change in accrued interest payable	2,005
Change in compensated absences	(3,217)
	(2,562)

Change in net position of governmental activities \$ (2,562)

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Organization

In May 2000, Placer County voters approved an assessment to provide funds to set up the Placer Mosquito and Vector Control District (District). The District's objective is to control mosquitoes in the western portion of Placer County. Program activities include eliminating mosquitoes in their larval stage chemically, as well as with mosquitofish, monitoring diseases associated with local mosquitoes, fogging to reduce adult populations, and public education.

The District has a governing board composed of one member appointed by each of the following: Cities of Auburn, Colfax, Lincoln, Rocklin, and Roseville, Town of Loomis, and the Placer County Board of Supervisors.

Accounting Policies

The District accounts for its financial transactions in accordance with the policies and procedures of the County of Placer (County). The accounting policies of the District conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Government-Wide and Fund 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 District's activities. The District is only engaged in governmental activities and is supported by benefit assessments.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include direct charges to customers based on voter-approved debt by property assessment.

Separate financial statements are provided for the District's governmental fund. The General Fund is the general operating fund of the District and is used to account for all of the District's financial resources.

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 cash flows.

When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for on a spending or "financial flow" measurement focus. Their reported fund balance is considered a measure of "available spendable resources."

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The governmental fund is accounted for using the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current accounting period. Expenditures are recognized when the related fund liability is incurred (when goods are received or services rendered). Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year.

Cash and Investments

The District maintains cash in the Placer County Treasury where it is pooled with other County funds. The County Treasurer's investment pool is subject to oversight by the Treasury Review Panel.

The County's pooled investments are stated at fair value. The value of the District's pool shares that 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.

Capital Assets

Capital assets, which include property (e.g. land), plant (e.g. buildings and improvements), land improvements (e.g. fences and parking lots), equipment (e.g. vehicles, computers, office equipment and software), infrastructure (e.g. roads, bridges, sewers, and similar items) and intangible assets (e.g. software, easements), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Capitalization thresholds are \$5,000 for equipment, \$50,000 for buildings, improvements and infrastructure and \$100,000 for intangible assets.

Depreciation on capital assets and improvements is provided using the straight-line method. The estimated useful lives are as follows: buildings and improvements – 10 to 50 years; land improvements – 10 to 40 years; equipment – 2 to 25 years; infrastructure – 10 to 65 years; and intangible assets – 5 to 14 years.

Compensated Absences

District employees accrue vacation at varying amounts based on length of service and sick leave at a rate of ninety-six (96) hours a year. An employee's vacation accrual may not exceed two hundred and forty (240) hours. Sick leave hours not used during the period are carried forward to the following years with no limit as to the number of hours that can be accumulated. Employees are not compensated for accrued but unused sick leave upon termination of employment; however, accrued but unused sick leave at the time of termination can be used as service time for purposes of retirement benefits, so long as consistent with the applicable contract and statutes of the California Public Employees' Retirement System (CalPERS).

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net Position

The government-wide financial statements utilize a net position presentation. Net position represents the difference between assets and liabilities. The District's net assets are categorized as invested in capital assets and unrestricted.

*Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation of these assets reduces the balance in this category. Debt incurred and outstanding to construct and/or acquire capital assets, net of unspent proceeds, also reduces the balance in this category.

*Unrestricted* – This category represents net positions of the District, not restricted for any project or other purpose.

Fund Balance

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

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

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

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

*Unassigned fund balance* – amounts that constitute the residual balances that have no restrictions placed on them.

Revenues

The County administers the District's revenue. The County bills and collects revenues through benefit assessments added to property tax billings. General revenues derive from tax receipts that are a percentage of property taxes collected. All receipts are deposited directly into the County's pooled cash fund for the District, after charging the District a 1% administrative fee. The District considers interest earned and property tax allocations to be general revenues.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of 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. Accordingly, actual results could differ from those estimates.

Implementation of New Governmental Accounting Standards

During the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement improves financial reporting by contributing to GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

During the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This statement incorporates deferred outflows and resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming the measure net position, rather than net assets.

During the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to properly classify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and to recognize certain items that were previously reported assets and liabilities as outflows of resources or inflows of resources. See Note J for additional disclosure detail on the impact to beginning net position.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE B – CASH AND INVESTMENTS**

Cash and investments at June 30, 2013 consist of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash in County Treasury	\$ 2,126,371	-	\$ 2,126,371
Cash held with fiscal agents	78,433	399,262	477,695
Imprest cash	400	-	400
Total	<u>\$ 2,205,204</u>	<u>\$ 399,262</u>	<u>\$ 2,604,466</u>

Cash and investments shown on the statement of net position and the balance sheet represent the District’s share of the County Treasurer’s cash and investment pool and its deposits with outside financial institutions.

The District involuntarily participates in the County Treasurer’s cash and investment pool. California Government Code Section 53600, et. seq., and the County investment policy authorizes the following investments; local agency bonds, U.S. Treasury securities, U.S. agency securities, bankers acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, corporate notes, money market mutual funds and the California Local Agency Investment Fund (LAIF). Other allowable investments pursuant to Government Code Section 53601, although restricted by the County’s investment policy, include mutual funds, mortgage and collateral-backed securities, asset-backed securities, reverse repurchase agreements, and joint powers agency investment pools.

As identified in the table above, the restricted portion of cash held with fiscal agents represent the District’s investment in a money market mutual fund, which is held in an account restricted for debt service payments on the Series 2008 VV Certificates of Participation (refer to Note D). The unrestricted cash and investments held by fiscal agents represents uncommitted funds held with the Vector Control Joint Powers Agency (VCJPA) Contingency Fund. These funds are used to pay for costs not covered under the VCJPA’s insurance pool programs.

The County has a Treasury Review Panel, which performs regulatory oversight for its pool as required by Treasurer Policy. Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. However, the value of the District’s shares in the County investment 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 County Treasurer’s pool as of June 30, 2013 is stated at fair value. The County’s comprehensive annual financial report, containing information relating to the County’s cash and investments by risk category, can be obtained from the County Auditor-Controller’s office.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, requires additional disclosures about a government’s deposit and investment risks that include credit risk, custodial credit risk, concentration of credit risk and interest rate risk. The District does not have an investment policy that addresses these specific types of risk.



**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE B – CASH AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. The weighted average to maturity of the County's external investment pool as of June 30, 2013 was 1,691 days. The weighted average to maturity of the Vector Control Joint Powers Agency (VCJPA) external investment pool as of June 30, 2013 was 994 days and the District's money market mutual fund held by Bank of New York Mellon is 52 days.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the County and VCJPA external investment pools are not rated. The District's investment in the money market mutual fund is rated AAAM by Standard & Poor's.

**Custodial Credit Risk**

The custodial credit risk for deposits is the risk that in the event of the failure of a depository institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (i.e. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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 deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District is not exposed to custodial credit or concentration of credit risk as it participates in the County's external investment pool and has no investments (other than U.S. treasury securities, money market mutual funds and external investment pools) that represent 5% or more of the District's total investments. Therefore, the District is not subject to such risks.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE C – CAPITAL ASSETS**

Changes in the capital assets during the fiscal year ended June 30, 2013 were as follows:

	Balance July 1, 2012	Additions	Retirements/ Transfers	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 438,627	\$ -	\$ -	\$ 438,627
Capital assets, being depreciated:				
Buildings and improvements	5,708,316	-	-	5,708,316
Equipment and vehicles	752,691	47,299	(51,607)	748,383
Total capital assets, being depreciated	<u>6,461,007</u>	<u>47,299</u>	<u>(51,607)</u>	<u>6,456,699</u>
Less accumulated depreciation for:				
Buildings and improvements	(618,519)	(272,585)	-	(891,104)
Equipment and vehicles	(469,960)	(47,152)	51,607	(465,505)
Total accumulated depreciation	<u>(1,088,479)</u>	<u>(319,737)</u>	<u>51,607</u>	<u>(1,356,609)</u>
Total capital assets, being depreciated, net	<u>5,372,528</u>	<u>(272,438)</u>	<u>-</u>	<u>5,100,090</u>
Capital assets - net	<u>\$ 5,811,155</u>	<u>\$ (272,438)</u>	<u>\$ -</u>	<u>\$ 5,538,717</u>

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE D – LONG-TERM LIABILITIES**

Changes in the District’s long-term liabilities during the fiscal year ended June 30, 2013, were as follows:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Amounts Due Within One Year
Compensated absences	\$ 66,601	\$ 84,938	\$ (81,721)	\$ 69,818	\$ 6,982
Certificates of participation	4,485,000	-	(185,000)	4,300,000	190,000
Original issuance discount	(86,132)	-	5,328	(80,804)	(5,328)
<b>Total</b>	<u>\$ 4,465,469</u>	<u>\$ 84,938</u>	<u>\$ (261,393)</u>	<u>\$ 4,289,014</u>	<u>\$ 191,654</u>

On August 20, 2008, the District issued \$5,000,000 of Series 2008 VV Certificates of Participation (Certificates). The proceeds of the 2008 Certificates were used to provide funds to the District to finance the acquisition of a new administration building located in Roseville, California; to fund, in whole or in part, a reserve fund for the Certificates, and to pay certain costs of executing and delivering the Certificates. The interest rate varies between 3.25% and 5.25% and is payable in semi-annual installments on September 1 and March 1. The Certificates mature annually on September 1 ending in 2028. The Certificates are payable by benefit assessments levied against each lot, tract or parcel within the District.

The following is a schedule of total debt service requirements to maturity as of June 30, 2013 for the Series 2008 VV certificates of participation:

Year Ending June 30,	Principal	Interest
2014	\$ 190,000	\$ 202,140
2015	200,000	195,190
2016	205,000	187,721
2017	215,000	179,577
2018	220,000	170,658
2019-2023	1,270,000	685,450
2024-2028	1,625,000	320,013
2029	375,000	9,844
<b>Total</b>	<u>\$ 4,300,000</u>	<u>\$ 1,950,593</u>

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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 and injuries to employees. The District and various other districts throughout the State of California formed the Vector Control Joint Power Agency (VCJPA) to provide coverage for workers' compensation, general and property liability exposures and to pay for the administration of the program. The Joint Powers Agreement established for its members the VCJPA General Liability and Workers' Compensation Plans.

As defined by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the VCJPA is a "risk-sharing pool." The VCJPA manages one pool for all members. The arrangement allows its members to transfer or pool risks and share in the cost of losses. The District currently reports all of its risk management activities in its General Fund. Premiums due to the VCJPA are reported when incurred. Each member of the VCJPA pays an annual premium to the insurance system which is evaluated each year.

The agreement for the formation of the VCJPA provides that the system will be self-sustaining through member premiums and is insured through a commercial company for claims in excess of the self-insured retention.

VCJPA members are also permitted to deposit unobligated funds with the VCJPA in the Member Contingency Fund and the Property Contingency Fund. The purpose of these funds is to pay for items not covered under VCJPA's pool programs. Deposit and withdrawal of unobligated funds may be made by the District at any time. As of June 30, 2013, the District had \$77,854 in the Member Contingency Fund and \$579 in the Property Contingency Fund.

**NOTE F – PENSION PLAN**

***Pension Plan Description***

The District's defined benefit pension plan, Miscellaneous Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The District contributes to CalPERS, a cost-sharing multiple employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS requires plans with less than 100 active participants to participate in risk pools. The District participates in the Miscellaneous 2.0% at 55 (Tier I), 2.0% at 60 (Tier II) and 2.0% at 62 (Tier III - PEPRA) risk pools. The pool is the consolidation of all public agencies with less than one hundred employees in each bargaining unit. Benefit provisions and all other requirements are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. CalPERS issues a separate comprehensive annual financial report which is available to the public. Copies of CalPERS annual financial report may be obtained from their Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE F – PENSION PLAN (CONTINUED)**

*Funding Policy*

Active plan members in the Miscellaneous Plan of the District are required to contribute 7% of their annual covered salary. The District makes 2.4% of the 7% of the contributions required of the Tier I member District employees on their behalf and for their account, and 0% for Tier II and Tier III members. The District was required to contribute at an actuarial determined rate of 9.88% and 9.716% for the June 2012-September 2012 months and October 2012-June 2013 months respectively (Tier I), 7.846% (Tier II) and 6.25% (Tier III – PEPR) of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

*Annual Pension Cost*

For the fiscal year ended June 30, 2013, the District’s annual pension cost of \$124,254 for CalPERS was equal to the District’s required and actual contributions.

Three Year Trend Information for the Miscellaneous Plan

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
June 30, 2011	80,892	100%
June 30, 2012	103,880	100%
June 30, 2013	124,254	100%

**NOTE G – OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description*

The District participates in a single-employer defined benefit healthcare plan administered by CalPERS as permitted under the Public Employees’ Medical and Hospital Care Act (PEMHCA). The plan provides postemployment healthcare benefits to employees, for life or until coverage is discontinued, who are eligible to retire with CalPERS and have completed at least 10 years of employment with the District. The District contributes \$115 per month per eligible retiree. The District has established an other postemployment benefits (OPEB) trust account with the California Employers’ Retiree Benefit Trust (CERBT), an agent multiple employer plan administered by CalPERS. CalPERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information. Copies of CalPERS’ annual financial report may be obtained from their Executive Office, 400 Q Street, P.O. Box 942701, Sacramento, California 94229.

*Funding Policy*

The District’s minimum required contribution is set by California Government Code Section 22892. Contribution requirements in excess of the minimum for plan members and the District are established and may be amended by the District’s Board of Trustees. The District’s actuarially determined contribution rate (the annual required contribution) was 6.0% of annual covered payroll. The District fully funded the initial unfunded actuarial accrued liability (UAAL) plus subsequent normal costs by June 30, 2011. Subsequent changes in the UAAL are amortized over a closed 30 year period.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE G – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

*Annual OPEB Cost and Net OPEB Obligation*

The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding, that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The annual required contribution and the actual contributions for the year ended June 30, 2013 were \$58,530.

The District’s, annual OPEB cost, the percentage of annual OPEB cost contributed and net OPEB obligation as of and for the fiscal year ended June 30, 2013 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/11	\$ 283,886	136%	\$ -
6/30/12	50,850	100%	-
6/30/13	58,530	100%	-

*Funded Status and Funding Progress*

The funded status of the plan as of July 1, 2011, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$426,115
Actuarial value of plan assets	<u>367,778</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 58,337</u>
 Funded ratio (actuarial value of plan assets/AAL)	 86.31%
 Covered payroll (active plan members)	 \$938,627
 UAAL as percentage of covered payroll	 6.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the basic financial statements.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE G – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the District’s July 1, 2011 actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 7.0% investment rate of return and medical premiums have been assumed to rise at a decreasing rate from 9% in 2012 to 4.5% on 2019. Both rates assume a 3.25% inflation factor. The OPEB plan’s UAAL is being amortized on a level percentage of projected payroll basis over a closed, 30 year period beginning July 1, 2012, with 29 years remaining as of June 30, 2013. The amortization does not exceed the maximum acceptable period of 30 years.

**NOTE H – RELATED PARTY TRANSACTIONS**

Under contractual agreement, the County provides administrative services to the District, including personnel, and allocates costs related to these services and facilities to the District. For the fiscal year ended June 30, 2013, the County incurred on the District’s behalf \$7,866 for salaries and benefits, operating costs and administrative services.

The County also charges the District for administrative and collection costs related to benefit assessments and property tax revenues. For the fiscal year ended June 30, 2013, the amount charged was \$36,175.

**NOTE I – COMMITMENT AND CONTINGENCIES**

*Operating Lease*

The District’s operating lease obligations are for the rental of a satellite office of a local mosquito and vector control district, including office use, storage of district vehicles and equipment, vehicle and equipment maintenance, and the storage of mosquito/vector control pesticides. The future minimum lease payments required for this operating lease is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2014	\$ 24,480
2015	24,480
2016	<u>18,360</u>
Total	<u>\$ 67,320</u>

Rental expenditures were \$24,480 for the fiscal year ended June 30, 2013.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE J – RESTATEMENT OF NET POSITION**

During the fiscal year ending June 30, 2013, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result of this implantation, the District restated its beginning net position by reducing it \$80,429, which represents its unamortized bond issuance costs as of June 30, 2012. Under GASB Statement No. 65, bond issuance costs are no longer deferred and amortized but rather expensed when incurred.



**REQUIRED SUPPLEMENTARY INFORMATION**

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (a)</b>	<b>Actuarial Value of Assets (b)</b>	<b>Unfunded Liability (a)-(b)</b>	<b>Funded Ratio (b)/(a)</b>	<b>Annual Covered Payroll (c)</b>	<b>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(a)-(b)]/(c)</b>
1/1/2010	\$536,484	\$ -	\$536,484	0.00%	\$846,945	63.3%
7/1/2011	426,115	367,778	58,337	86.31%	938,627	6.2%

As required by GASB Statement No. 45, the District will report three years of data in the above table as the information becomes available in subsequent years.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Positive (Negative)</u>
<b>Revenues:</b>				
Charges for services (benefit assessment)	\$ 3,617,488	\$ 3,617,488	\$ 3,617,634	\$ 146
Property taxes	33,604	33,604	37,757	4,153
Investment earnings	18,034	18,034	10,700	(7,334)
Miscellaneous	-	-	134	134
	<u>3,669,126</u>	<u>3,669,126</u>	<u>3,666,225</u>	<u>(2,901)</u>
<b>Expenditures:</b>				
Health and sanitation:				
Salaries and benefits	1,686,080	1,686,080	1,607,505	78,575
Professional services	370,547	275,547	253,214	22,333
Agriculture	564,644	659,644	658,381	1,263
Office	319,323	310,823	241,870	68,953
Insurance	90,911	90,911	87,941	2,970
Collection charges	72,191	72,191	93,017	(20,826)
Utilities	50,000	50,000	55,171	(5,171)
Fuel and lubricants	59,660	59,660	42,969	16,691
Maintenance	47,500	47,500	29,730	17,770
Rents and leases	27,860	27,860	26,889	971
Membership dues and subscriptions	14,245	14,245	14,210	35
Travel and transportation	23,970	23,970	20,073	3,897
Legal services	20,000	20,000	8,338	11,662
Debt service:				
Interest	208,472	208,472	208,471	1
Principal	185,000	185,000	185,000	-
Capital outlay	50,000	58,500	47,299	11,201
	<u>3,790,403</u>	<u>3,790,403</u>	<u>3,580,078</u>	<u>210,325</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(121,277)</u>	<u>(121,277)</u>	<u>86,147</u>	<u>207,424</u>
<b>Other financing sources:</b>				
Proceeds from sale of capital assets	-	-	5,269	5,269
Net change in fund balance	<u>\$ (121,277)</u>	<u>\$ (121,277)</u>	91,416	<u>\$ 212,693</u>
Fund balance, July 1, 2012			<u>2,417,589</u>	
Fund balance, June 30, 2013			<u>\$ 2,509,005</u>	

See accompanying note to required supplementary information.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)**

**NOTE A – BUDGETS AND BUDGETARY ACCOUNTING**

Formal budgetary accounting is employed by the District as a management control for the District's general fund. The Board of Trustees adopts an annual budget each fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is exercised at the fund level. All amendments to the budget are reflected in the financial statements and require the approval of the Board of Trustees. All unencumbered annual appropriations lapse at the end of each fiscal year. There are no encumbrances outstanding at year-end.

## **OTHER REPORT**

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

Board of Trustees  
Placer Mosquito and Vector Control District  
Roseville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities and the major fund of the Placer Mosquito and Vector Control District (District), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 5, 2014.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Macie Mini & O'Connell LLP*

Sacramento, California  
March 5, 2014