

**PLACER MOSQUITO AND  
VECTOR CONTROL DISTRICT**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**



**Vavrinek, Trine, Day & Co., LLP**

Certified Public Accountants

This Page Left Intentionally Blank

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

*Table of Contents*

	<i>Page(s)</i>
<b>Independent Auditors' Report</b> .....	1-2
<b>Management's Discussion and Analysis (Required Supplementary Information - Unaudited)</b> .....	3-10
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position – Governmental Activities.....	11
Statement of Activities – Governmental Activities .....	12
Fund Financial Statements:	
Balance Sheet - General Fund .....	13
Reconciliation of the Balance Sheet of the General Fund to the Statement of Net Position .....	14
Statement of Revenues, Expenditures and Change in Fund Balance - General Fund .....	15
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of the General Fund to the Statement of Activities.....	16
Notes to the Basic Financial Statements .....	17-28
<b>Required Supplementary Information (Unaudited):</b>	
Schedule of Funding Progress	
Other Postemployment Benefits Plan .....	29
Schedule of Revenues, Expenditures and Change in Fund Balance	
Budget and Actual - General Fund .....	30
Note to the Required Supplementary Information .....	31
<b>Other Report:</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	32-33

This Page Left Intentionally Blank



## INDEPENDENT AUDITORS' 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 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 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 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 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 Placer 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 accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 3–10, 29 and 30–31, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, 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.

*Vavrinik, Trine, Day & Co. LLP*

Sacramento, California  
January 30, 2015

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014. 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 \$3,873,526 (net position).
- The District had program and general revenues of \$3,791,051 and program expenses of \$3,607,745 for the fiscal year ended June 30, 2014.
- As of the close of the current fiscal year, the District's governmental fund reported ending fund balance of \$2,791,764.

**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, 2014**

**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 28 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 \$3,873,526 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 is not available to provide future program services. The unrestricted net position of the District is 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, 2014**

**District's Net Position**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Percentage Change</u>
Current and assets	\$ 2,910,689	\$ 2,609,541	11.5%
Capital assets, net	<u>5,260,382</u>	<u>5,538,717</u>	-5.0%
Total assets	<u>8,171,071</u>	<u>8,148,258</u>	0.3%
Current and other liabilities	185,197	169,024	9.6%
Long-term liabilities	<u>4,112,348</u>	<u>4,289,014</u>	-4.1%
Total liabilities	<u>4,297,545</u>	<u>4,458,038</u>	-3.6%
Net investment in capital assets	1,625,120	1,718,783	-5.4%
Unrestricted net position	<u>2,248,406</u>	<u>1,971,437</u>	14.0%
Total net position	<u><u>\$ 3,873,526</u></u>	<u><u>\$ 3,690,220</u></u>	5.0%

The District's net position increased \$183,306 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, 2014**

<b>District's Change in Net Position</b>			
	FY 2014	FY 2013	Percentage Change
<b>Revenue:</b>			
Program revenue:			
Charges for services (benefit assessments)	\$ 3,716,985	\$ 3,617,634	2.7%
General revenue:			
Property taxes	36,647	37,757	-2.9%
Gain on sale of capital assets	-	5,269	-100.0%
Interest and other	37,419	10,834	245.4%
Total general revenue	74,066	53,860	37.5%
Total revenue	3,791,051	3,671,494	3.3%
<b>Expenses:</b>			
District operations	3,407,821	3,467,590	-1.7%
Interest on long term debt	199,924	206,466	-3.2%
Total expenses	3,607,745	3,674,056	-1.8%
<b>Change in net position</b>	183,306	(2,562)	-7254.8%
Net position, beginning of year	3,690,220	3,692,782	-0.1%
Net position, end of year	\$ 3,873,526	\$ 3,690,220	5.0%

Revenue increased in response to an increase in the number of assessed properties. Expenses decreased as a result of a decreased amount of mosquito control materials and services used during this year to prevent mosquitoes from, primarily, irrigated agriculture. The type and extent of irrigated agricultural crops like rice and irrigated pastures, affects the cost of mosquito control as does the District's continual efforts to reduce cost and increase efficacy of mosquito control operations. 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 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, 2014**

**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 \$2,791,764.

**Revenue by Source Governmental Fund**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Percentage Change</u>
Benefit assessments	\$ 3,716,985	\$ 3,617,634	2.7%
Property taxes	36,647	37,757	-2.9%
Investment and other earnings	<u>37,419</u>	<u>10,834</u>	245.4%
Total Revenues	<u>\$ 3,791,051</u>	<u>\$ 3,666,225</u>	3.4%

**Expenditures by Function Governmental Fund**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Percentage Change</u>
District operations	\$ 3,079,920	\$ 3,139,308	-1.9%
Debt service	392,140	393,471	-0.3%
Capital outlay	<u>36,232</u>	<u>47,299</u>	-23.4%
Total expenditures	<u>\$ 3,508,292</u>	<u>\$ 3,580,078</u>	-2.0%

Benefit assessments increased \$99,351 or 2.7% during 2014 primarily due to an increase in assessed parcels and CPI increase in benefits assessment rates.

Investment and other earnings increased \$26,585 or 245.4% during 2014 primarily due to an increase in the fair market value of the District's share of the County Treasurer's cash and investment pool.

District operations expenditures decreased \$59,388 or 1.9 % during 2014 primarily due to a decreased amount of mosquito control operations needed to prevent mosquitoes from irrigated agriculture.

Capital outlay expenditures decreased \$11,067 or 23.4% during 2014 primarily as a result of the completion of the initial vehicle replacement program that began 2013.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**BUDGETARY HIGHLIGHTS**

The District's final budget appropriations for expenditures exceeded actual expenditures by \$226,565 or 6.46%. The major areas where appropriations exceeded expenditures are as followed:

- Salaries and Benefits \$16,522.  
Appropriations exceeding expenditures for salaries and benefits were due primarily to an unexpected decrease in temporary employee expenditures in 2014.
- Professional Services \$31,447  
Appropriations exceeding expenditures for professional services were due primarily to savings on personnel services and aerial applicator services which were less than expected.
- Public Health Pesticides \$48,691  
Appropriations exceeding expenditures for public health pesticides related expenditures were due primarily to variations in the need for pesticides to support mosquito control operations based on the weather, mosquito abundance, and disease risk.
- Administration and Public Information \$56,308  
Appropriations exceeding expenditures for administration and public information related expenditures were due primarily to: 1) public relations projects that were budgeted for but did not get implemented or were delayed, 2) NPDES Coalition dues that were budgeted for but not needed, and 3) savings in safety, office, fish program supplies, and uniforms.
- Maintenance \$20,660  
Appropriations exceeding expenditures for office related expenditures were due primarily to maintenance services and supplies that were budgeted to address projected needs, but were not actually needed.
- Legal Services \$15,229  
Appropriations exceeding expenditures for office related expenditures were due primarily to legal services that were budgeted to accommodate the need to address immediate legal needs, but were not needed.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District's capital assets net of accumulated depreciation are \$5,260,382. Capital assets includes land, buildings, building improvements, equipment and vehicles. The District's equipment and vehicles component of capital assets increased by \$26,672 during the fiscal year primarily caused by the District's purchases of a new vehicle and a freezer totaling \$36,232, offset against the District's disposal of one fully depreciated piece of equipment totaling \$9,560. See Note C for additional details on capital assets in the basic financial statements.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Long-term Liabilities**

At June 30, 2014, the District had total long-term liabilities outstanding of \$4,112,348. During the fiscal year the District made a debt service payment reducing long-term liabilities by \$190,000. The District also had an increase of \$8,006 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.

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

The Budget for the fiscal year ending (FYE) June 30, 2015 is \$ 3,871,703. 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 2015:

- 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.
- Establishment of year-around Tahoe-area substation to provide enhanced services to eastern Placer County residents.
- Increase in cost or changes in availability of mosquito control materials, application equipment, and application services.
- Continued need to evaluate efficacy of mosquito control techniques and products, and continually assess for pesticide resistance in the mosquito population.
- Continued need for 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.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

- 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, and equipment.
- Continued need to fund measures to comply with the regulatory requirements including the NPDES Vector Control General Permit.

**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.
- Increasing costs associated with monitoring and managing pesticide-resistant mosquito populations.
- Expansion in surveillance and labor costs should invasive mosquito species become established in California.
- Potential emergence of new significant vectors or vector-borne diseases.

**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**

This Page Left Intentionally Blank

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 2,497,081
Restricted cash and investments	399,262
Interest receivable	2,223
Prepaid items	12,123
Capital assets	
Nondepreciable	438,627
Depreciable, net	4,821,755
Total assets	8,171,071
 <b>Liabilities</b>	
Accounts payable	118,925
Accrued interest payable	66,272
Long-term liabilities:	
Due within one year	202,454
Due in more than one year	3,909,894
Total liabilities	4,297,545
 <b>Net Position</b>	
Net investment in capital assets	1,625,120
Unrestricted	2,248,406
Total net position	\$ 3,873,526

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, 2014**

	<u><b>Governmental Activities</b></u>
<b>Program Expenses</b>	
District operations	\$ 3,407,821
Interest on long-term debt	<u>199,924</u>
Total program expense	<u>3,607,745</u>
<b>Program Revenue</b>	
Charges for services (benefit assessments)	<u>3,716,985</u>
Net program revenue	<u>109,240</u>
<b>General Revenue</b>	
Property taxes	36,647
Investment earnings	<u>37,419</u>
Total general revenue	<u>74,066</u>
Change in net position	183,306
Net position, beginning of year	<u>3,690,220</u>
Net position, end of year	<u><u>\$ 3,873,526</u></u>

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, 2014**

**Assets**

Cash and investments	\$ 2,497,081
Restricted cash and investments	399,262
Interest receivable	2,223
Prepaid items	12,123
Total assets	\$ 2,910,689

**Liabilities and fund balance**

Liabilities:

Accounts payable	\$ 118,925
------------------	------------

Fund balance:

Nonspendable for prepaid items	12,123
Restricted for debt service	399,262
Assigned for capital assets	75,000
Assigned for applied research and special projects	48,424
Assigned for emergency response to epidemic	241,450
Unassigned	2,015,505
Total fund balance	2,791,764

Total liabilities and fund balance	\$ 2,910,689
------------------------------------	--------------

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, 2014**

Fund balance - page 13	\$ 2,791,764
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.	5,260,382
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	(4,110,000)
Original issuance discount	75,476
Compensated absences	(77,824)
Accrued interest payable	(66,272)
	(4,172,518)
<b>Net position of governmental activities</b>	<b>\$ 3,873,526</b>

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

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCE - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Revenues:**

Charges for services (benefit assessments)	\$ 3,716,985
Property taxes	36,647
Investment earnings	37,419
Total revenues	3,791,051

**Expenditures:**

Current:

District operations:

Salaries and benefits	1,742,676
Professional services	334,540
Public health pesticides	440,384
Administration and public information	201,294
Insurance	97,926
Collection charges	68,703
Fuel and lubricants	42,702
Utilities	57,720
Maintenance	30,090
Rents and leases	26,902
Membership dues and subscriptions	14,870
Travel and transportation	17,058
Legal services	4,771
Miscellaneous	284

Debt service:

Interest	202,140
Principal	190,000

Capital outlay	36,232
Total expenditures	3,508,292

Net change in fund balance	282,759
----------------------------	---------

Fund balance, July 1, 2013	2,509,005
----------------------------	-----------

Fund balance, June 30, 2014	\$ 2,791,764
-----------------------------	--------------

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, 2014**

Net change in fund balance – page 15 \$ 282,759

Amounts reported for governmental activities in the statement of net position 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	36,232
Depreciation expense	(314,567)

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. 190,000

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	2,216
Change in compensated absences	<u>(8,006)</u>

Change in net position of governmental activities \$ 183,306

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**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, 2014**

**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, 2014**

**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 only by the highest level of decision making (Board of Trustees).

*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, 2014**

**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.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 66 – In March 2012, GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. This statement resolves conflicting guidance related to 1) fund-based reporting of an entity’s risk financing activities to the general and internal service fund types, 2) operating lease payments that vary from a straight-line basis, 3) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and 4) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. This statement is effective for the fiscal year ending June 30, 2014. The District has determined that this statement did not have a material effect on the financial statements.

GASB Statement No. 67 – In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement is effective for the fiscal year ending June 30, 2014. The District has determined that this statement is not applicable.

GASB Statement No. 70 – In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement improves accounting and financial reporting for state or local governments that extend and receive nonexchange financial guarantees. This statement is effective for the fiscal year ending June 30, 2014. The District has determined that this statement is not applicable.

Future Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement is to improve accounting and financial reporting by state and local governments for pensions. This statement is effective for the fiscal year ending June 30, 2015. The District has not determined the effect, if any, on the financial statements.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement is effective for the fiscal year ending June 30, 2015. The District has not determined the effect, if any on the financial statements.

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement requires that, at transition, a government recognizes a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability. This statement is effective simultaneously with the provisions of Statement 68. The District has not determined the effect, if any, on the financial statements.

**NOTE B – CASH AND INVESTMENTS**

Cash and investments at June 30, 2014 consist of the following:

	Unrestricted	Restricted	Total
Cash and investments in County Treasury	\$ 2,413,848	\$ -	\$ 2,413,848
Cash and investments held with fiscal agents	82,833	399,262	482,095
Imprest cash	400	-	400
Total	\$ 2,497,081	\$ 399,262	\$ 2,896,343

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 and investments 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).

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

Per the bond indenture agreement, amounts on deposit in the Reserve Fund shall be invested by the Trustee, in accordance with written directions from the District, in Permitted Investments (i) having an average aggregate weighted term to maturity not greater than five (5) years, or (ii) of any maturity, but callable at par for any purpose required by the Trust Agreement. The Trustee may act as principal or agent in the acquisition or disposition of any such investment.

The unrestricted cash and investments held by fiscal agents represent 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, 2014 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.

**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, 2014 was 1,632 days. The weighted average to maturity of the Vector Control Joint Powers Agency (VCJPA) external investment pool as of June 30, 2014 was 912 days and the District's money market mutual fund held by Bank of New York Mellon weighted average maturity was 40 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.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

**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.

**NOTE C – CAPITAL ASSETS**

Changes in the capital assets during the fiscal year ended June 30, 2014 were as follows:

	Balance July 1, 2013	Additions	Retirements/ Transfers	Balance June 30, 2014
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	748,383	36,232	(9,560)	775,055
Total capital assets, being depreciated	6,456,699	36,232	(9,560)	6,483,371
Less accumulated depreciation for:				
Buildings and improvements	(891,104)	(272,585)	-	(1,163,689)
Equipment and vehicles	(465,505)	(41,982)	9,560	(497,927)
Total accumulated depreciation	(1,356,609)	(314,567)	9,560	(1,661,616)
Total capital assets, being depreciated, net	5,100,090	(278,335)	-	4,821,755
Capital assets - net	\$ 5,538,717	\$ (278,335)	\$ -	\$ 5,260,382

Depreciation expense was \$314,567 for the fiscal year ended June 30, 2014 and was charged to district operations on the Statement of Activities.

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE D – LONG-TERM LIABILITIES**

Changes in the District’s long-term liabilities during the fiscal year ended June 30, 2014, were as follows:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Amounts Due Within One Year
Compensated absences	\$ 69,818	\$ 97,947	\$ (89,941)	\$ 77,824	\$ 7,782
Certificates of participation	4,300,000	-	(190,000)	4,110,000	200,000
Original issuance discount	(80,804)	-	5,328	(75,476)	(5,328)
<b>Total</b>	<b>\$ 4,289,014</b>	<b>\$ 97,947</b>	<b>\$ (274,613)</b>	<b>\$ 4,112,348</b>	<b>\$ 202,454</b>

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, 2014 for the Series 2008 VV certificates of participation:

Year Ending June 30,	Principal	Interest
2015	\$ 200,000	\$ 195,190
2016	205,000	187,721
2017	215,000	179,577
2018	220,000	170,658
2019	230,000	161,150
2020-2024	1,335,000	621,187
2025-2029	1,705,000	232,969
<b>Total</b>	<b>\$ 4,110,000</b>	<b>\$ 1,748,452</b>

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**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 Powers 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, 2014, the District had \$82,255 in the Member Contingency Fund and \$578 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 - PEPR) 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, 2014**

**NOTE F – PENSION PLAN (CONTINUED)**

*Funding Policy*

Employees under the Miscellaneous Plan of the District are required to contribute 6.25% or 7% of their annual covered salary depending on their tier within the pension plan. The District is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. During the fiscal year ended June 30, 2014, the employer contribution rate was 10.282% (Tier I), 8.049% (Tier II) and 6.25% (Tier III – PEPRRA).

*Annual Pension Cost*

For the fiscal year ended June 30, 2014, the District’s annual pension cost of \$114,711 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, 2012	\$103,880	100%
June 30, 2013	124,254	100%
June 30, 2014	114,711	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 \$119 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, 2014**

**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, 2014 were \$60,433.

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, 2014 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>
6/30/12	\$ 50,850	100%	\$ -
6/30/13	58,530	100%	-
6/30/14	60,433	100%	-

*Funded Status and Funding Progress*

The funded status of the plan as of July 1, 2013, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$606,525
Actuarial value of plan assets	<u>497,523</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$109,002</u>
Funded ratio (actuarial value of plan assets/AAL)	82.03%
Covered payroll (active plan members)	\$1,125,815
UAAL as percentage of covered payroll	9.7%

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, 2014**

**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, 2013 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 6% in 2014 to 4.64% in 2025. Both rates assume a 3.0% 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 28 years remaining as of June 30, 2014. 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, 2014, the County incurred on the District’s behalf \$7,569 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, 2014, the amount charged was \$37,961.

**NOTE I – COMMITMENT AND CONTINGENCIES**

*Operating Lease*

The District’s operating lease obligations are for the rental of a copier and 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 these operating leases is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2015	\$ 27,163
2016	21,043
2017	2,683
2018	2,683
2019	<u>1,342</u>
Total	<u><u>\$ 54,914</u></u>

Rental expenditures were \$26,902 for the fiscal year ended June 30, 2014.

**REQUIRED SUPPLEMENTARY INFORMATION**

This Page Left Intentionally Blank

**PLACER MOSQUITO AND VECTOR CONTROL DISTRICT  
SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(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%
7/1/2013	606,525	497,523	109,002	82.03%	1,125,815	9.7%

This Page Left Intentionally Blank

**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, 2014  
(UNAUDITED)**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
<b>Revenues:</b>				
Charges for services (benefit assessment)	\$ 3,699,988	\$ 3,719,257	\$ 3,716,985	\$ (2,272)
Property taxes	34,411	34,411	36,647	2,236
Investment earnings	15,034	15,034	37,419	22,385
	<u>3,749,433</u>	<u>3,768,702</u>	<u>3,791,051</u>	<u>22,349</u>
<b>Expenditures:</b>				
Current:				
District operations:				
Salaries and benefits	1,777,625	1,759,198	1,742,676	16,522
Professional services	365,987	365,987	334,540	31,447
Public health pesticides	489,075	489,075	440,384	48,691
Administration and public information	257,602	257,602	201,294	56,308
Insurance	93,008	97,926	97,926	-
Collection charges	72,994	73,187	68,703	4,484
Fuel and lubricants	50,000	50,000	42,702	7,298
Utilities	60,260	60,260	57,720	2,540
Maintenance	50,750	50,750	30,090	20,660
Rents and leases	26,980	26,980	26,902	78
Membership dues and subscriptions	14,554	14,554	14,870	(316)
Travel and transportation	20,208	26,773	17,058	9,715
Legal services	20,000	20,000	4,771	15,229
Miscellaneous	425	425	284	141
Debt service:				
Interest	202,140	202,140	202,140	--
Principal	190,000	190,000	190,000	-
Capital outlay	50,000	50,000	36,232	13,768
	<u>3,741,608</u>	<u>3,734,857</u>	<u>3,508,292</u>	<u>226,565</u>
Net change in fund balance	<u>\$ 7,825</u>	<u>\$ 33,845</u>	282,759	<u>\$ 248,914</u>
Fund balance, July 1, 2013			<u>2,509,005</u>	
Fund balance, June 30, 2014			<u>\$ 2,791,764</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, 2014  
(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**

This Page Left Intentionally Blank



**INDEPENDENT AUDITORS' 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund, of the Placer Mosquito and Vector Control District (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, and have issued our report thereon dated January 30, 2015.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

## **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.

Vavrinick, Trine, Day & Co. LLP

Sacramento, California

January 30, 2015