

**MOSQUITO AND VECTOR
MANAGEMENT DISTRICT
OF SANTA BARBARA COUNTY**

AUDIT REPORT
June 30, 2014

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Mosquito and Vector Management District of Santa Barbara County
Summerland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mosquito and Vector Management District of Santa Barbara County (District) as of and for the fiscal 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 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 Mosquito and Vector Management District of Santa Barbara County, as of and for the fiscal year ended June 30, 2014, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Changes in Accounting Principles

As discussed in note 1 to the basic financial statements effective July 1, 2013, the Mosquito and Vector Management District of Santa Barbara County adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Correction-2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. 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 on pages 3 through 5, the schedule of funding progress for postemployment benefits on page 25, and the budgetary information on page 26 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 December 16, 2014, on our consideration of the Mosquito and Vector Management District of Santa Barbara County'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.

Moss, Levy & Haugheim LLP

Santa Maria, California
December 16, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

Provided herewith is the Mosquito and Vector Management District of Santa Barbara County's management discussion and analysis section of the Fiscal Year 2013–2014 Annual Audit.

The new General Manager, hired on March 17, 2014, and District staff worked with Moss, Levy & Hartzheim's audit team in early September 2014 to perform the data acquisition portion of this year's audit.

District staff conducted an inventory count of expendable material on hand as of June 30, 2014.

The sections below present historical information and discuss specific topics that occurred during the fiscal year ending June 30, 2014. Readers are encouraged to peruse this information in conjunction with the accompanying financial statements.

Summary of Organization – an Overview

The District was formed in 1959, under the statutes of the State of California Health and Safety Code Sections 2000–2093, for the purpose of protecting the public health from various stipulated disease vectors. The District's boundaries include all of the unincorporated areas of Santa Barbara County plus the cities of Carpinteria, Goleta, and Santa Barbara. The cities of Santa Maria, Guadalupe, Lompoc, Buellton and Solvang are not currently served by the District. Approximately 235,000 people live in the area served by the District. The District currently has a staff of seven people.

The cities of Carpinteria, Goleta and Santa Barbara as well as the unincorporated areas of Summerland, Montecito, Mission Canyon and the area between Santa Barbara and Goleta, receive enhanced vector services as a result of the public's approval of two benefit assessments in these areas. The distinction between enhanced vector services and the basic services received by the remainder of the District's service area are detailed annually in an Engineer's Report typically released in the month of May.

The District continues to provide mosquito control services under a contractual agreement with the City of Pismo Beach and the Oceano Dunes District of the California Department of Parks and Recreation on publicly owned properties that are not included within the District's boundary.

The District applies biorational mosquito suppression methods and materials that are environmentally friendly as part of an overall integrated pest management program. The District maintains a supply stock of mosquitofish (*Gambusia affinis*) that are available without cost to citizens of the benefit assessment zones. The District regularly traps mosquitoes and tests them for various human disease causing agents.

The District maintains a flock of approximately fifty chickens placed, ten per location, in Carpinteria, Goleta, Solvang, Mission Hills, and the Los Prietos Ranger Station (summer only.) These chickens are regularly tested for infection by West Nile virus.

The District utilizes, and makes available, informational brochures, a speaker's bureau, public event attendance and a website to educate the public on issues of vector management and vector-borne disease prevention.

District staff frequently attends training sessions to ensure that the latest and best materials and techniques are used to detect and manage vectors and vector-borne diseases while protecting staff, the community and the environment.

Overview of the Financial Statements

The basic financial statements in this audit include: 1) Government-wide Financial Statements, including a statement of Net Position and Activities; 2) Fund Financial Statements, including a Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance, and Reconciliations of these Statements to the Government-wide Statements; 3) Notes to Basic Financial Statements; and 4) Required Supplementary Information. The Notes provide detailed information pertaining to significant accounting policies, cash and investments, property taxes, insurance, net assets, and contingencies. The District manages its finances in two funds. The General Fund which contains monies allocated to the routine operations of the District, and the Capital Reserve Fund which includes monies designated for future use such as significant improvement to the District headquarters or acquisition of another facility.

FY 2013–2014 District Activity Highlights

The District distributed its report on *Mosquito Population Monitoring in Northern Santa Barbara County. A Five Year Report.* to elected officials of the municipal governments of the cities of Santa Maria, Guadalupe, Solvang, and Buellton; the District Ranger of the Los Padres National Forest; the five County of Santa Barbara Board of Supervisors; the CEO of the County of Santa Barbara; the executives of the County of Santa Barbara Public Health Department; and the executives of the County of Santa Barbara Public Works Department.

The aforementioned report documented the presence of fourteen different species of mosquitoes at various locations in northern Santa Barbara County over five years (2008–2012). Significant numbers of mosquitoes were collected at Sage Hill Campground along the Santa Ynez River, the Bailey Wetland in Lompoc, and Orcutt Creek. The District will continue to monitor mosquito populations throughout Santa Barbara County, including northern Santa Barbara County.

Despite the ongoing drought mosquitoes continued to breed. Occasional high mosquito counts occurred in locations such as the Goleta Slough where, for example, four hundred and seventy mosquitoes were trapped per trap on a July 2013 summer night.

A sample of *Culex tarsalis* collected by the District in Pismo Beach in July 2013 tested positive for West Nile virus infection. Positive mosquito pool detections from within Santa Barbara County had not been found by the District since 2006. The City of Pismo Beach hires the District for mosquito control services.

An American Crow from Santa Ynez processed by the District in August 2013 tested positive for chronic West Nile virus infection. As of FYE 2014, eight dead birds – six were chronic – have tested positive since 2007. (In August 2013 the California Department of Public Health discontinued distinguishing between chronic and acute West Nile virus infection.)

One of sixty-eight Western black-legged ticks (*Ixodes pacificus*) collected in January 2014 from Romero Canyon by the CA Dept of Public Health, and assisted by the District, tested positive for Lyme disease complex, *Borrelia burgdorferi sensu lato*. Further analysis determined that the detection was not the human pathogen *Borrelia burgdorferi sensu stricto*.

A confirmed Africanized honeybee stinging incident occurred in Ellwood Canyon on April 16, 2014.

The District participated in Santa Barbara's Annual Earth Day festival held in Alameda Park on April 26, 2014. Staff discussed mosquito issues directly with the public, presented insect and live mosquitofish displays and distributed vector and vector-borne disease management brochures.

The District's new general manager accomplished the following administrative achievements: 1) the District's email system was converted to a hosted exchange email system that allows internal sharing of, and internet and smartphone access to, email, calendars and contacts; 2) implementation of an entirely new website that can be edited without HTML coding; 3) implementation of an information systems computer backup; and 4) a culture shift in the District providing for more training on, and inclusion by staff, in administration of the District. This culture shift is intended to instill more ownership by staff for their activity, enhance morale and provide opportunities for advanced learning and leadership.

FY 2013–2014 District Financial Highlights

The District is continuing to provide enhanced vector control services in the expanded Benefit Assessment Service Zone 1. Formerly consisting only of the City of Goleta, Hope Ranch, and other areas of the Goleta Valley, Zone 1 was expanded in 2004 to include the City of Santa Barbara and the communities of Mission Canyon, Montecito, and Summerland. The Zone 1 expansion was accompanied by a corresponding increase in revenues due to the Benefit Assessment now in place in that area. The District also provides enhanced vector control in Benefit Assessment Service Zone 2 which is the Carpinteria area. The increased revenues from Benefit Assessment funded two additional Vector Control Technician positions required to provide services to the new areas.

To meet its obligations, under GASB 45, to fund other post employment health benefits ("OPEB"), the District has deposited \$142,580 in CalPERS' California Employment Benefit Retirement Trust ("CERBT"), creating an additional asset (overfund) of \$51,627. While the District currently has no retired employees collecting this benefit, it is prudent, and the District is considering, continuing to deposit funds in the trust, as recommended in its biennial actuarial report and approved by the District's Board of Trustees.

The District ended the fiscal year with \$394,351 in its assigned fund for capital projects. Three District computers were replaced, otherwise, no new assets, (value greater than \$5,000), were purchased during the fiscal year. Actual revenues exceeded budgeted revenues by \$26,808.

Looking Forward

The Carpinteria-Summerland Fire Protection District's Board has approved placement, in 2015, of a bond measure, that among other issues, would provide funding for the purchase of the District's Lillie Avenue real estate.

Some of the vehicles in the District's vehicle fleet are nearing the end of their useful life. Planning for replacement needs to be considered in the near future.

The District is currently exploring options for modernizing its acquisition, storage, analysis and reporting of its activity, biological, and logistical data.

The Board of Trustees', Santa Barbara County citizens' and my staff's support of the District is greatly appreciated.

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FINANCIAL SECTION

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
STATEMENT OF NET POSITION
 June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,269,073
Accounts receivable	40,096
Property tax impound receivable	2,419
Interest receivable	1,308
Inventory	16,215
Prepaid insurance	7,445
Deposits	51,463
OPEB asset	51,627
Capital assets:	
Nondepreciable	175,000
Depreciable, net	<u>109,978</u>
 Total assets	 <u>1,724,624</u>
LIABILITIES	
Accounts payable	6,735
Salaries payable	9,206
Noncurrent liabilities	
Due in more than one year	<u>32,514</u>
 Total liabilities	 <u>48,455</u>
NET POSITION	
Net investment in capital assets	284,978
Unrestricted	<u>1,391,191</u>
 Total net position	 <u><u>\$ 1,676,169</u></u>

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

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues		Net (Expense)	
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenue and Changes in Net Position
Governmental activities:					
Vector control	\$ 962,481	\$ 110,704	\$ -	\$ -	\$ (851,777)
Total governmental activities	<u>\$ 962,481</u>	<u>\$ 110,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(851,777)</u>
General Revenues					
Taxes:					
Secured and unsecured property taxes					366,722
Special assessments					517,358
Investment income					8,954
Intergovernmental					11,703
Other revenue					<u>596</u>
Total general revenues					<u>905,333</u>
Change in net position					53,556
Net position, beginning of fiscal year					<u>1,622,613</u>
Net position, end of fiscal year					<u>\$ 1,676,169</u>

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

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
 GOVERNMENTAL FUND
 BALANCE SHEET
 June 30, 2014

	General Fund
ASSETS	
Cash and investments	\$ 1,269,073
Accounts receivable	40,096
Property tax impound receivable	2,419
Interest receivable	1,308
Inventory	16,215
Prepaid insurance	7,445
Deposits	<u>51,463</u>
Total assets	<u>\$ 1,388,019</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 6,735
Salaries payable	<u>9,206</u>
Total liabilities	<u>15,941</u>
Fund Balance:	
Nonspendable:	
Inventory	16,215
Prepaid insurance	7,445
Deposits	51,463
Assigned:	
Capital projects	394,351
Unassigned	<u>902,604</u>
Total fund balance	<u>1,372,078</u>
Total liabilities and fund balance	<u>\$ 1,388,019</u>

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

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
 RECONCILIATION OF THE GOVERNMENTAL
 FUND BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 June 30, 2014

Total fund balance - governmental fund \$ 1,372,078

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

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including OPEB asset, capital assets, and accumulated depreciation.

OPEB asset	\$	51,627	
Capital assets at historical cost		730,415	
Accumulated depreciation		<u>(445,437)</u>	
Net			336,605

Long-term debt and compensated absences have not been included in the governmental funds activity:

Compensated absences		<u>32,514</u>	
Total			<u>(32,514)</u>

Total net position - governmental activities \$ 1,676,169

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

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2014

	General Fund
Revenues:	
Taxes	\$ 366,722
Special assessments	517,358
Revenue from contract services	110,704
Intergovernmental revenue	11,703
Investment income (loss)	8,954
Other revenue	596
	<hr/>
Total revenues	1,016,037
	<hr/>
Expenditures:	
Salaries and benefits	762,494
Uniforms	6,547
Communications	5,941
Household expense	2,405
Insurance	36,233
Maintenance and repairs	8,263
Operating supplies	8,237
Lab supplies	3,937
Memberships	10,073
Office and miscellaneous expenses	9,442
Professional fees	68,246
Chemicals	87,645
Training	5,332
Transportation and travel	6,817
Fuel	11,424
Utilities	3,563
	<hr/>
Total expenditures	1,036,599
	<hr/>
Excess of revenues over (under) expenditures	(20,562)
	<hr/>
Fund balance, July 1	1,392,640
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Fund balance, June 30	\$ 1,372,078
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The notes to basic financial statements are an integral part of this statement.

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2014

Net change in fund balance - governmental fund	\$ (20,562)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$0 is less than depreciation expense \$31,126 in the period.</p>	(31,126)
<p>In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount financial resources used (essentially the amounts paid). This fiscal year, vacation earned exceeded the amount used by \$3,248.</p>	(3,248)
<p>In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between OPEB costs and actual employer contributions was:</p>	<u>108,492</u>
Change in net position - governmental activities	<u><u>\$ 53,556</u></u>

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

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Mosquito and Vector Management District of Santa Barbara County (the District), originally named Isla Vista Mosquito Abatement District, changed in 1961 to Goleta Valley Mosquito Abatement District, changed in 1994 to Santa Barbara Coastal Vector Management District, and in 2006, to its current name, was formed in 1959 by the action of the Santa Barbara County Board of Supervisors. In 1996, the Local Agency Formation Commission (LAFCO) increased the District's sphere of influence to include the entire county except for the territory within the Carpinteria Mosquito Abatement District, the city of Santa Barbara and the remainder of the unincorporated area of Santa Barbara County. Through reorganization, effective January 1, 1999, the District annexed the Carpinteria District. The District receives its funding via property taxes paid for the Goleta and Carpinteria, California areas.

In 2002, the District received approval from the County Board of Supervisors and the Local Area Formation Commission to form a Countywide District that would add to its current service areas, all incorporated cities and unincorporated areas in Santa Barbara County. The implementation of Countywide District is pending during examination of the funding mechanisms required to service the District.

B. Reporting Entity

The reporting entity is the Mosquito and Vector Management District of Santa Barbara County. There are no component units included in this report which meets the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and No. 61.

C. 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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 1) the annual benefit assessment that is assessed to all property owners within the District's service area and is reported as charges for services, and 2) contract services that represent Service Zones for service to other agencies or entities for service outside the District's current service area. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Basis of Presentation

Government-wide Financial Statements:

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Presentation (Continued)

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after fiscal year-end.

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

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Accounting

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

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

One fund currently defined as a capital projects fund does not meet the GASB Statement No. 54 Capital Projects Fund definition. The Capital Reserve Fund is not substantially composed of restricted or committed revenue sources. While the fund is authorized by statute and will remain open for internal reporting purposes, the fund functions effectively as extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

G. Budgets and Budgetary Accounting

The District adopts an annual budget on or before August 30 of each fiscal year. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations.

The Board of Trustees may amend the budget by motion during each fiscal year. The original and revised budgets are presented for the General Fund.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the District are subject to annual review by the Board of Trustees; hence, they legally are one year contracts with an option for renewal for another fiscal year.

H. Investments

Investments are stated at fair value.

I. Inventory and Prepaid Items

Inventory is recorded using the purchase method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventory is valued at the lower of cost (first-in, first-out) or market and consists of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the period benefited.

J. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the District.

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of two years.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position. The estimated useful lives are as follows:

Equipment	7 to 10 years
Structures	10 to 50 years

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

M. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

N. Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the governmental fund from which it will be paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements.

O. Fund Balances

Fund balance of the governmental fund is classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund’s primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

P. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 65, “Items Previously Reported as Assets and Liabilities.” This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the GASB Statement No. 65 did not have an impact on the District’s financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Correction - 2012.” This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”, and GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the District’s financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 67, “Financial Reporting for Pension Plans.” This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans” and No. 50 “Pension Disclosures” as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 67 (Continued)

covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions.. Implementation of the GASB Statement No. 70 did not have an impact on the District's financial statements for the fiscal year ended June 30, 2014.

NOTE 2 - CASH AND INVESTMENTS

The District maintains all of its cash in the Santa Barbara County Treasury. The County Treasurer pools and invests the District's cash with other funds under his control. Interest earned on pooled investments is apportioned quarterly into participating funds based upon each fund's average daily deposit balance. Any investment gains or losses are proportionately shared by all funds in the pool.

Investments are carried at fair value. On June 30, 2014, the District had the following cash and investments on hand:

Cash and investments on deposit with County Treasurer	<u>\$ 1,269,073</u>
Total cash and investments	<u>\$ 1,269,073</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash and investments, statement of net position	<u>\$ 1,269,073</u>
Total cash and investments	<u>\$ 1,269,073</u>

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the County of Santa Barbara. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to 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 of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments (including investments held by fiscal agents) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
Santa Barbara County Investment Pool	\$ 1,269,073	\$ 1,269,073	\$ -	\$ -	\$ -
Total	\$ 1,269,073	\$ 1,269,073	\$ -	\$ -	\$ -

Disclosures Relating to 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 rating by a nationally recognized statistical rating organization. Presented below, is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Santa Barbara County Investment Pool	\$1,269,073	N/A	\$ -	\$ -	\$ -	\$1,269,073
Total	\$1,269,073		\$ -	\$ -	\$ -	\$1,269,073

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Custodial Credit Risk

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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 investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as Santa Barbara County Investment Pool).

Investment in Santa Barbara County Investment Pool

The District is a participant in the Santa Barbara County Investment Pool that is regulated by the California Government Code. The fair value of the District's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the District's pro-rata share of the fair value provided by the Santa Barbara County Investment Pool for the entire Santa Barbara County Investment Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Santa Barbara County Investment Pool, which are recorded on an amortized cost basis.

NOTE 3 - PROPERTY TAXES

Property taxes in the State of California are administered for all local agencies at the County level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations - are established by the Assessor of the County of Santa Barbara for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provision of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From the base assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies - are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at the time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections - are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Tax Levy Apportionments - Due to the nature of the District-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California FY 90-91 Budget Act, authorized Counties to collect an administrative fee for collection and distribution of property taxes.

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 1	Increases	Deletions	Balance June 30
Governmental activities				
Nondepreciable capital assets				
Land	\$ 175,000	\$ -	\$ -	\$ 175,000
Total nondepreciable capital assets	<u>\$ 175,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,000</u>
Depreciable capital assets:				
Buildings and improvements	\$ 230,978	\$ -	\$ -	\$ 230,978
Equipment	324,437			324,437
Total depreciable capital assets	555,415			555,415
Less accumulated depreciation	414,311	31,126		445,437
Net depreciable capital assets	<u>\$ 141,104</u>	<u>\$ (31,126)</u>	<u>\$ -</u>	<u>\$ 109,978</u>
Net capital assets	<u>\$ 316,104</u>	<u>\$ (31,126)</u>	<u>\$ -</u>	<u>\$ 284,978</u>

NOTE 5 – LONG-TERM DEBT

Changes in long-term liabilities

The following is a summary of long-term liability activity for the fiscal year ended June 30, 2014:

	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Governmental activities:					
Compensated absences	\$ 29,266	\$ 23,960	\$ 20,712	\$ 32,514	\$ -
Governmental activities					
Long-term liabilities	<u>\$ 29,266</u>	<u>\$ 23,960</u>	<u>\$ 20,712</u>	<u>\$ 32,514</u>	<u>\$ -</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Santa Barbara County Public Employees' Retirement System (Retirement System) was organized under the provisions of the 1937, County Employees' Retirement Act on January 1, 1944. The Retirement System operates a cost sharing multiple employer defined benefit plan. Members include all permanent employees working full time or, at least 50% part time for the County, Carpinteria-Summerland Fire Protection District, Mosquito and Vector Management District of Santa Barbara County, Goleta Cemetery District, Santa Maria Cemetery District, Oak Hill Cemetery District, Carpinteria Cemetery District, Summerland Sanitary District, Air Pollution Control District (APCD), and the Santa Barbara County Association of Governments.

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description (Continued)

The Retirement System has eight retirement plans, five are currently available to new employees. All new general member employees (except those of APCD) are enrolled in the contributory General Plan 7. All new Safety members are enrolled in the contributory Safety Plan 4b. All open plans provide benefits as defined by law upon retirement, death, or disability of members based on age, years of service, final average salary (generally 12 highest consecutive months), and the benefit options selected. Cost of living adjustments after retirement are provided in all plans except General Plan 2.

Fiduciary Responsibility

The Retirement System is controlled by its own board, the Board of Retirement, which acts as a fiduciary agent for the accounting and control of member and employer contributions and investment income. The Retirement System publishes its own Comprehensive Annual Financial Report and receives its own independent audit. The Retirement System is also a legally separate entity from the County and not a component unit.

Additional detailed information and financial statements of the Retirement System can be obtained from the Santa Barbara County Employees' Retirement System, located at 3916 State Street, Santa Barbara, California 93105.

Funding Policy

Contributions are made by members and employer at rates recommended by an independent actuary, approved by the Board of Retirement, and adopted by the County Board of Supervisors. Employee contributions are based upon age of entry to the System. Member contributions cannot be withdrawn until separation from employment. Member contributions forfeit to the Retirement System after five years if the member does not request a refund and is not vested.

Active members contribute a certain percentage of their salary based on the member's age on the date of entry into the Plan and the District is required to contribute an amount based on an actuarially determined rate. The required employer contribution rate for the fiscal year ended June 30, 2014, was 31.32% of annual payroll. The District's contributions to the Plan for the fiscal years ending June 30, 2014, 2013, and 2012, were \$105,551, \$91,603, and \$99,370, respectively, and equal 100% of the required contributions for each fiscal year.

NOTE 7 – RISK MANAGEMENT

The District participates with thirty-five (35) mosquito abatement and vector control districts in California in a joint venture under a joint powers agreement which establishes the Vector Control Joint Powers Agency (VCJPA) under the provisions of California Government Code Section 6500 et. seq. The relationship between the District and VCJPA is such that VCJPA is not a component unit of the District for financial reporting purposes. The VCJPA is governed by a Board of Directors, which meets four times per year. The day-to-day business is handled by a management group employed by the VCJPA.

The District is covered for the first \$1,000,000 of each general liability claim, and \$350,000 of each workers' compensation claim through the VCJPA. The District has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the District's account for liability losses under \$2,500, and workers' compensation losses under \$5,000. The VCJPA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$15,000,000. The VCJPA participates in an excess pool which provides workers' compensation coverage from \$350,000 to \$100,000,000.

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 8 – NET POSITION

The government-wide financial statements utilize a net position presentation. GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is categorized as either net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position– This category represents net position of the District, not restricted for any project or other purpose.

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The District provides post-retirement health benefits to all retirees with ten years of service who retire from the District, and must have reached the minimum age of 50. Benefits continue for the lifetime of the retiree with survivor benefits extended to surviving spouses.

Funding Policy

The District is required to contribute the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Statement No. 45. The District used the actuarial cost method as allowed under 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) over a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the District’s Annual OPEB cost for the fiscal year ended June 30, 2014, the amount actually contributed to the plan (including administrative costs), and changes in the District’s Net OPEB Obligation/(Asset):

	Fiscal Year Ended June 30, 2014
Annual Required Contributions	\$ 46,072
Interest on Net OPEB Obligation/(Asset)	(11,984)
Annual OPEB costs (expense)	34,088
Contributions made	142,580
Increase in Net OPEB Obligation/(Asset)	(108,492)
Net OPEB Obligation/(Asset) - beginning of fiscal year	56,865
Net OPEB Obligation/(Asset) - end of fiscal year	\$ (51,627)

The District’s Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation/(Asset)
June 30, 2012	\$ 8,770	\$ -	0%	\$ 25,078
June 30, 2013	\$ 47,890	\$ 16,103	34%	\$ 56,865
June 30, 2014	\$ 34,088	\$ 142,580	418%	\$ (51,627)

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Funded Status and Funding Progress

The funded status of the plan was as follows:

Valuation Date	Value of Assets	Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	\$ -	\$ 41,844	\$ 41,844	0.00%	\$ 364,350	11.48%
June 30, 2013	\$ 16,103	\$ 236,585	\$ 220,482	6.81%	\$ 401,882	54.86%

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013, valuation, the level percentage of payroll method was used. The assumptions included a 7.25 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 4 percent, with an ultimate trend rate of 4 percent in 2013. The Plan unfunded accrued liability is being amortized over a 30-year amortization period.

The District did pre-fund retiree healthcare costs and the District did establish an irrevocable trust for retiree healthcare costs with CERBT.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available for issuance which is December 16, 2014.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS
For the Fiscal Year Ended June 30, 2014

The following table provides required supplementary information regarding the District's postemployment benefits.

SCHEDULE OF FUNDING PROGRESS

<u>Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
7/1/2009	\$ -	\$ 41,844	\$ 41,844	0.00%	\$ 364,350	11.48%
6/30/2013	\$ 16,103	\$ 236,585	\$ 220,482	6.81%	\$ 401,882	54.86%

MOSQUITO AND VECTOR MANAGEMENT DISTRICT OF SANTA BARBARA COUNTY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 350,500	\$ 350,500	\$ 366,722	\$ 16,222
Special assessments	508,729	508,729	517,358	8,629
Revenue from contract services	118,000	118,000	110,704	(7,296)
Intergovernmental revenue	9,600	9,600	11,703	2,103
Interest	2,400	2,400	8,954	6,554
Other revenues			596	596
Total revenues	<u>989,229</u>	<u>989,229</u>	<u>1,016,037</u>	<u>26,808</u>
Expenditures:				
Salaries and benefits	675,546	675,546	762,494	(86,948)
Uniforms	5,000	5,000	6,547	(1,547)
Communications	6,000	6,000	5,941	59
Household expense	3,000	3,000	2,405	595
Insurance	37,000	37,000	36,233	767
Maintenance and repairs	12,500	12,500	8,263	4,237
Operating supplies	9,000	9,000	8,237	763
Lab supplies	5,000	5,000	3,937	1,063
Memberships	14,000	14,000	10,073	3,927
Office and miscellaneous expenses	9,800	9,800	9,442	358
Professional fees	70,000	70,000	68,246	1,754
Chemicals	75,000	75,000	87,645	(12,645)
Training	4,000	4,000	5,332	(1,332)
Transportation and travel	7,000	7,000	6,817	183
Fuel	13,000	13,000	11,424	1,576
Utilities	4,500	4,500	3,563	937
Total expenditures	<u>950,346</u>	<u>950,346</u>	<u>1,036,599</u>	<u>(86,253)</u>
Excess of revenues over (under) expenditures	38,883	38,883	(20,562)	(59,445)
Fund balance, July 1	<u>1,392,640</u>	<u>1,392,640</u>	<u>1,392,640</u>	
Fund balance, June 30	<u>\$ 1,431,523</u>	<u>\$ 1,431,523</u>	<u>\$ 1,372,078</u>	<u>\$ (59,445)</u>