

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

BURLINGAME, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
San Mateo County Mosquito and Vector Control District
Burlingame, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of the San Mateo County Mosquito and Vector Control District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the San Mateo County Mosquito and Vector Control District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. 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 our 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, we consider internal control relevant to San Mateo County Mosquito and Vector Control District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of San Mateo County Mosquito and Vector Control District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 funds of San Mateo County Mosquito and Vector Control District, as of June 30, 2013, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and page 27, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
June 5, 2014

San Mateo County Mosquito and Vector Control District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

This section of San Mateo County Mosquito and Vector Control District's (the District's) basic financial statements presents management's overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. We encourage the reader to consider the information presented here in conjunction with the District's basic financial statements, including notes and supplementary information that immediately follow this section, as a whole.

Introduction to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's audited financial statements, which are comprised of the basic financial statements. This annual report is prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for States and Local Governments*. The Single Governmental Program for Special Purpose Governments reporting model is used which best represents the activities of the District.

The required financial statements include the Government-wide and Fund Financial Statements; Statement of Net Position and Governmental Funds Balance Sheet; Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances; and the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of the District.

The Basic Financial Statements

The Basic Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the District's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of the District's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the District as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of the District's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of the District's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of the District's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report the District's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the District's General Fund and Capital Projects Fund. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the District and are presented individually. Major Funds are explained below.

The Government-wide Financial Statements

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the District as a whole.

San Mateo County Mosquito and Vector Control District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities – The District's basic services are considered to be governmental activities. These services are supported by general District revenues such as taxes and benefit assessments, and by specific program revenues such as service charges.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the District's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually; the District has no Non-major Funds. Major Funds present the major activities of the District for the year, and may change from year-to-year as a result of changes in the pattern of the District's activities.

In the District's case, there are two (2) Major Governmental Funds: the General Fund and the Capital Projects Fund.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

Analyses of Major Funds

Governmental Funds

General Fund revenues were \$4,286,954, an increase of \$107,303 this fiscal year due primarily to a higher secured property tax apportionment.

General Fund expenditures were \$3,126,859, a decrease of \$348,981 from the prior year mainly due to the absence of significant contract accounting costs related to correcting the District's books following instances of employee fraud during 2009-2011.

Capital Projects Fund revenues were \$12,598, of which \$10,334 was the gain on disposal of fixed assets. Prior year revenues were \$9,436.

Capital Projects Fund expenditures were \$195,186, of which \$178,138 was the purchase of fixed assets. Prior year expenditures were \$292,949; the decrease can be mostly attributed to the prior year's roof replacement and remodeling of the District's Burlingame Headquarters.

San Mateo County Mosquito and Vector Control District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2013

Governmental Activities

Table 1
Governmental Net Position

	Governmental Activities	
	2013	2012
<u>Assets</u>		
Current assets	\$ 6,337,817	\$ 5,382,228
Capital assets, net of accumulated depreciation	4,323,764	4,437,868
Total assets	10,661,581	9,820,096
<u>Liabilities</u>		
Current liabilities	133,994	155,912
Non-current liabilities	657,839	528,182
Total liabilities	791,833	684,094
<u>Net Position</u>		
Invested in capital assets, net of related debt	4,323,764	4,437,868
Unrestricted	5,545,984	4,698,134
Total net position	\$ 9,869,748	\$ 9,136,002

The District's governmental net position amounted to \$9,869,748 as of June 30, 2013, an increase of \$733,746 from 2012. The increase is the Change in Net Position reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The District's net position as of June 30, 2013 comprised the following:

- Cash and investments of \$6,224,178.
- Accounts receivable of \$17,125. Pesticide inventory of \$96,514.
- Non-depreciable assets (land) of \$710,889.
- Depreciable assets of \$3,612,875 net of depreciation charges, which includes all the District's capital assets used in governmental activities.
- Liabilities, including accounts payable and compensated absences, totaling \$791,833.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized in the following table.

San Mateo County Mosquito and Vector Control District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2013

Table 2
Changes in Governmental Net Position

	Governmental Activities	
	2013	2012
<u>Expenses</u>		
Mosquito Abatement	\$ 3,565,806	\$ 4,229,036
<u>Program Revenues:</u>		
Charges for services	239,095	242,246
<u>General Revenues</u>		
Property taxes	1,663,994	1,588,820
Special mosquito control tax	459,751	458,855
Other taxes	247,052	205,080
Special benefit assessment	1,419,107	1,417,326
Miscellaneous	233,595	225,915
Interest and investment earnings	36,958	50,844
Subtotal general revenues	4,060,457	3,946,840
Change in net position	\$ 733,746	\$ (39,950)

As Table 2 above shows, 94% of the District's fiscal year 2013 governmental revenue of \$4,299,552 came from general revenues such as taxes and interest.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Capital Assets

Detail on capital assets, current year additions and construction in progress can be found in Note 4.

Debt Administration

The balance of the District's long-term debt, excluding accrued liabilities for other post-employment benefits (OPEB) and compensated absences, was \$0 as of June 30, 2013. Details on OPEB and compensated absences for the current year can be found in Note 1 (section I), Note 5, and Note 9.

Economic Outlook and Major Initiatives

The District's financial position continues to be more than adequate. Financial planning is based on specific assumptions from recent trends in property values, State of California economic forecasts and historical growth patterns in the various communities served by the District.

The District continues to face increases in salaries, benefits, fuel, pesticides, and insurance. There are also calls for changes in property tax allocation from State control to more local control and talk of initiatives to eliminate *ad valorem* property tax funds from special district revenues.

San Mateo County Mosquito and Vector Control District
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Contacting the District Financial Management

This comprehensive Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the District's finances. Questions regarding this report should be directed to: General Manager of San Mateo County Mosquito and Vector Control District, 1351 Rollins Road, Burlingame, CA, 94010.

San Mateo County Mosquito and Vector Control District

STATEMENT OF NET POSITION

June 30, 2013

ASSETS

Cash and investments available for operation	\$ 5,860,733
Accounts receivable	17,125
Deposits in Vector Control Joint Powers Agency (VCJPA)	363,445
Inventory (pesticide storage)	<u>96,514</u>
Total current assets	<u>6,337,817</u>

Capital assets:

Non-depreciable assets	710,889
Depreciable capital assets, net	<u>3,612,875</u>

Total assets	<u>10,661,581</u>
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LIABILITIES

Due within one year:

Accounts payable	<u>133,994</u>
Total current liabilities	<u>133,994</u>

Due after one year:

Compensated absences	183,147
Other post employment benefits	<u>474,692</u>
Total liabilities	<u>791,833</u>

NET POSITION

Invested in capital assets, net of related debt	4,323,764
Unrestricted	<u>5,545,984</u>
Total net position	<u>\$ 9,869,748</u>

The accompanying notes are an integral part of these financial statements

San Mateo County Mosquito and Vector Control District
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u> Charges for Services	<u>Net (Expense) Revenue and Changes in Net Position</u> Total Governmental Activities
Governmental Activities:			
Mosquito Abatement	\$ 3,565,806	\$ 239,095	\$ (3,326,711)
Total governmental activities	<u>\$ 3,565,806</u>	<u>\$ 239,095</u>	<u>(3,326,711)</u>
General revenues:			
Property Taxes			1,663,994
Special mosquito control tax			459,751
Other taxes			247,052
Special taxes and benefit assessment			1,419,107
Interest and investment earnings			36,958
Miscellaneous revenue			<u>233,595</u>
Total general revenues			<u>4,060,457</u>
Change in Net Position			733,746
Net Position, beginning of period			<u>9,136,002</u>
Net Position, end of period			<u>\$ 9,869,748</u>

The accompanying notes are an integral part of these financial statements

San Mateo County Mosquito and Vector Control District
 GOVERNMENTAL FUNDS
BALANCE SHEET
 June 30, 2013

<u>ASSETS</u>	General Fund	Capital Projects Fund	Total Governmental Funds
Cash and investments available for operation	\$ 5,681,804	\$ 178,929	\$ 5,860,733
Accounts receivable	17,125	-	17,125
Deposits in VCJPA	363,445	-	363,445
Inventory (pesticide storage)	96,514	-	96,514
Total assets	<u>\$ 6,158,888</u>	<u>\$ 178,929</u>	<u>\$ 6,337,817</u>
<u>LIABILITIES</u>			
Accounts payable	<u>\$ 127,830</u>	<u>\$ 6,164</u>	<u>\$ 133,994</u>
Total liabilities	<u>127,830</u>	<u>6,164</u>	<u>133,994</u>
<u>FUND BALANCES</u>			
Nonspendable	96,514	-	96,514
Assigned - VCJPA	363,445	-	363,445
Assigned - Capital outlay	-	172,765	172,765
Unassigned	5,571,099	-	5,571,099
Total fund balances	<u>6,031,058</u>	<u>172,765</u>	<u>6,203,823</u>
Total liabilities and fund balances	<u>\$ 6,158,888</u>	<u>\$ 178,929</u>	<u>\$ 6,337,817</u>

The accompanying notes are an integral part of these financial statements

San Mateo County Mosquito and Vector Control District
 Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
 with the Governmental Activities
STATEMENT OF NET POSITION
 For the Year Ended June 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	6,203,823
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

LONG-TERM LIABILITY

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Compensated absences		(183,147)
Other post employment benefits		(474,692)

CAPITAL ASSETS

Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. The actual or estimated historical acquisition cost of the assets is \$6,680,619 and the accumulated depreciation is \$2,356,855:

		4,323,764
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>9,869,748</u>

The accompanying notes are an integral part of these financial statements

San Mateo County Mosquito and Vector Control District
 GOVERNMENTAL FUNDS
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Year Ended June 30, 2013

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Property taxes	\$ 1,663,994	\$ -	\$ 1,663,994
Special mosquito control tax	459,751	-	459,751
Other taxes	247,052	-	247,052
Inspection services	239,095	-	239,095
Special benefit assessment	1,419,107	-	1,419,107
Investment earnings	34,694	2,264	36,958
Miscellaneous revenue	223,261	10,334	233,595
Total revenues	<u>4,286,954</u>	<u>12,598</u>	<u>4,299,552</u>
Expenditures:			
Salaries and employee benefits	2,219,512	-	2,219,512
Service and supplies	905,112	17,048	922,160
Capital outlay	2,235	178,138	180,373
Total expenditures	<u>3,126,859</u>	<u>195,186</u>	<u>3,322,045</u>
Excess (deficiency) of revenues over expenditures	<u>1,160,095</u>	<u>(182,588)</u>	<u>977,507</u>
Other financing Sources (uses):			
Transfers in	1,320	2,967	4,287
Transfers out	<u>(2,967)</u>	<u>(1,320)</u>	<u>(4,287)</u>
Total other financing Sources (uses)	<u>(1,647)</u>	<u>1,647</u>	<u>-</u>
Net change in fund balance	1,158,448	(180,941)	977,507
Fund balance - beginning	<u>4,872,610</u>	<u>353,706</u>	<u>5,226,316</u>
Fund balance - ending	<u>\$ 6,031,058</u>	<u>\$ 172,765</u>	<u>\$ 6,203,823</u>

The accompanying notes are an integral part of these financial statements

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. The District

The San Mateo County Mosquito and Vector Control District (the "District") is a special district established in 1916 empowered to take all necessary and proper steps for the extermination of mosquitoes, flies or other insects within the District. An operating budget is adopted annually.

In the fiscal year ended June 30, 2004, the District expanded their services to the cities of San Bruno, South San Francisco, Daly City, Colma, Brisbane, Pacifica and Half Moon Bay, which encompass the North and West County District ("NWCD"). The activity related to the NWCD is accounted for in a special benefit assessment revenue line item and included in the District's operating budget.

In the fiscal year ended June 30, 2008, San Mateo County Board of Supervisors passed a resolution to transfer specific vector control operations and responsibilities to San Mateo County Mosquito Abatement. As a result, the District changed its name to the San Mateo County Mosquito and Vector Control.

The District is an integral part of the County of San Mateo (the "County") and the accompanying financial statements are included as a component unit of the financial statements prepared by the County. The County performs certain administrative services such as collection of the tax dollars and maintenance of the bank reconciliation at a set fee.

The District evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the ability of the governmental unit's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Based on the above criteria, the District determined that there were not any component units as of June 30, 2013.

B. Basis of Presentation

Government-wide Financial Statements:

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in preparation of proprietary and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (concluded)

Governmental fund financial statements, therefore, include reconciliations 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 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 meet the operational or capital requirements of a particular program. Revenues that 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.

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 non-major funds are aggregated into one column. All of the District's funds were considered major.

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.

C. 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 year-end.

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (concluded)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the 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.

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.

D. 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 equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District 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 major funds as follows:

- The general fund is used to account for all financial resources except those to be accounted for in another fund or account group.
- The capital projects fund is used to account for financial resources to be used for the acquisition or construction of capital assets. It is also used to pay debt service requirements on the District's certificates of participation.

E. Budget

The District annually adopts a budget for its general fund to be effective July 1 for the ensuing fiscal year. The District's Board may amend the budget by resolution during the fiscal year and approves all budgetary transfers.

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Use of Estimates

The District's management has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

G. Cash and Investments

The District maintains substantially all its cash in the San Mateo County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

H. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Examples</u>	<u>Estimated Useful Life in Years</u>
Building & Improvements	Paving, retaining walls, sidewalks, fencing, and outdoor lighting	7-50
Furniture & Equipment	Furniture, computers, and other equipment	5-20
Vehicles	Service trucks & other vehicles	5-15

I. Compensated Absences

All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The District's accrued compensated absences were \$183,147 at June 30, 2013.

If sick leave and vacation is not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement calculated in accordance with District policy. Such compensation is calculated at employees' then prevalent hourly rate at the time of retirement or termination. Whereas vacation is compensated at 100% of accumulated hours, sick leave is accrued and compensated only at retirement or termination based on the years of employment up to a maximum of \$7,500 (with the sole exception of the District Manager, to whom the \$7,500 ceiling does not apply).

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Long-Term Obligation

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, the face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

K. Inventory

Inventory represents various pesticide materials that have been stated at cost determined by the first-in, first-out method. The costs of inventory are recorded as expenses when consumed rather than when purchased.

L. Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove the constraint.
- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. In the general fund, the amount provided to the VCJPA as a deposit is assigned. In the capital projects fund, the amount to be used in capital outlay is assigned.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (concluded)

M. Net Position and Fund Balances

Government-wide Financial Statements:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that contributed to the acquisition, construction, or improvement of the capital assets.

Restricted Net Position – This amount consists of amounts restricted from external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all remaining net position that does not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

NOTE 2 - PROPERTY TAX LEVY, COLLECTION, AND MAXIMUM RATES

The State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless voters have approved an additional amount. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold or transferred. State Legislature has determined the method of distribution of receipts from a 1% tax levy among counties, cities, school districts and other special districts. Counties, cities and school districts may levy such additional tax as is necessary to provide for voter approved debt service.

The County of San Mateo assesses properties, bills, and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Tax lien date	January 1	January 1
Assessment roll delivered to County Auditor	No later than July 1	
Due dates	50% on November 1 50% on February 1	Upon receipt of billing
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term "unsecured" refers to taxes on property not secured by liens on real property.

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the "alternate method" of property tax distribution, known as the Teeter Plan, by the District and the County of San Mateo. The Teeter Plan authorizes the auditor-controller of the County of San Mateo to allocate 100% of the secured property tax billed but not yet paid. The County of San Mateo remits tax monies to the District in three installments, as follows: 50% remitted on December 15; 40% remitted on April 15; 10% remitted on June 30.

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS

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

	<u>Carrying Amount</u>
Petty cash	\$ 170
Deposits in VCJPA	363,445
Cash in County Treasury	5,860,563
Total cash and investments	\$ 6,224,178

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer. The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

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. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a deposit with the Vector Control Joint Powers Authority.

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.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 - CASH AND INVESTMENTS (concluded)

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 4 - CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2013:

	Balance July 01, 2012	Additions	Retirements	Balance June 30, 2013
Land	\$ 710,889	\$ -	\$ -	\$ 710,889
Structures	4,366,538	37,140	-	4,403,678
Equipment	1,433,303	96,954	(47,624)	1,482,633
Construction in progress	-	83,419	-	83,419
Subtotal	<u>5,799,841</u>	<u>217,513</u>	<u>(47,624)</u>	<u>5,969,730</u>
Less accumulated depreciation	<u>2,072,862</u>	<u>331,617</u>	<u>(47,624)</u>	<u>2,356,855</u>
Total capital assets being depreciated net	<u>3,726,979</u>	<u>(114,104)</u>	<u>-</u>	<u>3,612,875</u>
Capital assets - net depreciation	<u>\$ 4,437,868</u>	<u>\$ (114,104)</u>	<u>\$ -</u>	<u>\$ 4,323,764</u>

NOTE 5 - LONG TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2013 is as follows:

	Balance July 01, 2012	Additions	Payments	Balance June 30, 2013	Current Portion
Other post employment benefits	\$ 349,515	\$ 125,177	\$ -	\$ 474,692	\$ -
Compensated absences	<u>178,667</u>	<u>4,480</u>	<u>-</u>	<u>183,147</u>	<u>-</u>
Total long term debt	<u>\$ 528,182</u>	<u>\$ 129,657</u>	<u>\$ -</u>	<u>\$ 657,839</u>	<u>\$ -</u>

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 6 - SELF-INSURANCE AND JOINT POWERS AGENCY

The District participates with other districts in a joint venture under a joint powers agreement, which established the Vector Control Joint Powers Agency ("VCJPA"). The relationship between the District and the VCJPA is such that the VCJPA is not a component unit of the District for financial reporting purposes.

The VCJPA is a consortium of thirty-four districts located throughout California. It was established under the provisions of California Government Code Section 6500 et seq. The VCJPA is governed by a Board of Directors, which meets 4-5 times per year, consisting of one member from each of the four regions (Coastal, Sacramento Valley, San Joaquin Valley, and Southern California) and two members from the Trustee Advisory Council.

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 and workers' compensation losses under their individual self-insured retention ("SIR"). The VCJPA participates in an excess pool, which provides general liability coverage above \$1,000,000 for each occurrence up to \$14,000,000.

The VCJPA also participates in an excess pool, which provides workers' compensation coverage from \$350,000 to \$150,000,000.

The District's share of the VCJPA's Members Trust Fund and Property Contingency Fund balance as of June 30, 2013, was \$36,717 and \$326,728, respectively. The balance includes interest earnings and may be withdrawn upon leaving the plan with a sixty-day notice. At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the districts in accordance with its governing documents.

NOTE 7 - DEFERRED COMPENSATION

District employees may defer a portion of their compensation under two District sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, and death or in an emergency as defined by the Plans. The District's contributions for the year ending June 30, 2013 were \$13,000.

The laws governing deferred compensation plan assets require plan assets to be held in a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property, are not managed by the District and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 8 - DEFINED RETIREMENT PLAN

Plan Description

San Mateo County Employees' Retirement Association (SamCERA) is a cost-sharing multiple-employer, defined benefit pension plan that provides benefits for substantially all permanent employees of the County and the District. SamCERA was founded in 1944 under the authority granted by Article XVI of the Constitution of the State of California and the County Employees' Retirement Law of 1937 (the 1937 Act). SamCERA is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

Management of SamCERA is vested in the Board of Retirement consisting of nine members; and its operation is governed by the 1937 Act and the by-laws, procedures, and policies adopted by the Board of Retirement. As of June 30, 2011, the total number of plan participants was 10,582, of which 10,553 were County employees and 29 were District employees. SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees' Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065.

Benefit Provisions

SamCERA provides service retirement, disability, and death benefits to plan members and beneficiaries based on defined benefit formulas using final average compensation, years of service, and age factors to calculate benefits payable. SamCERA has four plans that cover members classified as general, safety, or probation, and provides annual cost-of-living adjustments upon retirement to members of Plans One, Two, and Four. The benefits of Plan Three are reduced by a portion of Social Security benefits received by the member. The 1937 Act vests the County Board with the authority to initiate benefits, while Government Code Section 31592.2 empowers the Board of Retirement to provide certain ad hoc benefits when the Section 31592 reserve exceeds 1% of assets.

General members in Plans One, Two, and Four may retire at any age after 30 years of service. Safety members and Probation members may retire at any age after 20 years of service. A member who leaves County service may withdraw his or her contributions, plus any accumulated interest. Members with five years of service, permanent part-time employees with five years of full-time service, or non-contributory members (Plan Three) with 10 years of service, may elect a deferred retirement when terminating their employment with the County.

Funding Policy

The 1937 Act established the basic obligations for employers and members to make contributions to the pension trust fund. The employer and member contribution rates are based on recommendations made by an independent actuary and adopted by the Board of Retirement. The participating employers are required by statutes to contribute the amounts necessary to fund the estimated benefits accruing to SamCERA members not otherwise funded by member contributions or expected investment earnings. Contribution rates are actuarially determined using the entry age normal method and consist of an amount for normal cost, the estimated amount necessary to finance benefits earned by members during the year, and an amount required to amortize the unfunded actuarial accrued liability (UAAL).

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2013

NOTE 8 - DEFINED RETIREMENT PLAN (concluded)

Annual Pension Cost

For the fiscal year ended June 30, 2013, the County's annual pension cost was equal to the County's annual required contributions of \$150 million determined by the actuarial valuation as of June 30, 2013, using the entry age normal actuarial cost method. The actuarial assumptions included 3.5% annual inflation rate, 7.5% annual investment rate of return, and 3.75% average annual projected salary increase attributed to inflation of 3.75% and adjustment for merit and longevity of 1.2%. Beginning with the June 30, 2008 actuarial valuation, SamCERA converted to the 15-year layered amortization methodology. Under this method, the original UAAL is amortized over 15 years as of the valuation date. Future actuarial gains and losses are amortized over the new 15-year periods. The District contributes a lower percentage of covered payroll than the County does, due to lower benefits provided to the District employees. The average employer contribution rate was 35% of the covered payroll, and the average member contribution rate was 9.98%. The UAAL is being amortized as a level percentage of projected payroll over the new 15-year periods.

The District's total payroll for the fiscal year ended June 30, 2013, was \$1,445,367. The District's contributions were calculated using the base salary amount of \$1,445,367. Both the District and the covered employees made the required contributions totaling \$378,050 and \$87,769, respectively.

The table below presents three-year trend information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2011	\$ 482,440	100%
6/30/2012	\$ 403,378	100%
6/30/2013	\$ 378,050	100%

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT

The District has not calculated their Net OPEB obligation for the year ended June 30, 2013, and is in the process of hiring an actuarial consulting firm to update this actuarial calculation.

Plan Description. The District's defined benefit post-employment healthcare plan, San Mateo County Mosquito and Vector Control District Other Post-Employment Benefit Program, provides medical benefits to eligible retired District employees and their beneficiaries.

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by the District's governing board. Depending on the number of years of service and the circumstances surrounding retirement, employees may be eligible to receive health care insurance cost reimbursement of between 25%-100% and prescription drug coverage reimbursement of \$500-\$1,000 per year.

The District is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 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. The current ARC rate is 10.3% percent of annual covered payroll.

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (continued)

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the District's Annual OPEB Cost for the fiscal years ended June 30, 2012 and June 30, 2013, the amounts actually contributed to the plan (including administrative costs), and changes in the District's Net OPEB Obligation/(Asset):

	June 30, 2013	June 30, 2012
Annual Required Contributions	\$ 171,265	\$ 160,544
Interest on Net OPEB Obligation/(Asset)	15,728	10,190
Adjustment to Annual Required Contributions	(15,749)	(9,895)
Annual OPEB cost (expense)	171,244	160,839
Contributions made	(46,067)	(37,765)
Increase in Net OPEB Obligation/(Asset)	125,177	123,074
Net OPEB Obligation/(Asset) – beginning of year	349,515	226,441
Net OPEB Obligation/(Asset) – end of year	\$ 474,692	\$ 349,515

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows, based on the District's actuarial valuation as of June 30, 2013:

Fiscal Year Ended	Annual OPEB Cost	Employer OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 141,198	\$ 29,645	21.0%	\$ 111,553
6/30/11	\$ 150,862	\$ 35,974	23.8%	\$ 226,441
6/30/12	\$ 160,839	\$ 37,765	23.5%	\$ 349,515
6/30/13	\$ 171,244	\$ 46,067	26.9%	\$ 474,692

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2013, was as follows:

Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability	(C) Unfunded Liability (Excess Assets) [(B)-(A)]	(D) Funded Ratio [(A)/(B)]	(E) Annual Covered Payroll	(F) UAAL as a % of Payroll {[(B)-(A)]/(E)}
6/30/10	\$ -	\$ 1,217,712	\$ 1,217,712	0%	\$ 1,559,056	78.1%
6/30/11	\$ -	\$ 1,340,186	\$ 1,340,186	0%	\$ 1,481,990	90.4%
6/30/12	\$ -	\$ 1,465,005	\$ 1,465,005	0%	\$ 1,530,701	95.7%
6/30/13	\$ -	\$ 1,594,541	\$ 1,594,541	0%	\$ 1,445,367	110.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and the 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.

San Mateo County Mosquito and Vector Control District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2013

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (concluded)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. 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 the calculations.

In the June 30, 2010, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5% percent investment rate of return (net of administrative expenses), which is the expected long-term investment return on plan assets and an annual healthcare cost trend rate of 10% - initially 10% for fiscal year 2011, reduced by decrements to an ultimate rate of 5% after five years; and a 3.25% annual increase in projected payroll. The actuarial value of assets was determined based on the market value of investments. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The amortization period is thirty years with 27 years remaining as of June 30, 2013.

NOTE 10 - TRANSFERS

Transfers between funds during the fiscal year ended June 30, 2013 were as follows:

	Transfer In	Transfer Out
General Fund	\$ 1,320	\$ 2,967
Capital Projects Fund	2,967	1,320
Total	\$ 4,287	\$ 4,287

The transfer from the general fund was to reimburse the capital projects fund for equipment purchases.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEGENERAL FUND

Budget and Actual

For the Year Ended June 30, 2013

(Unaudited)

	General Fund			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 1,632,920	\$ 1,632,920	\$ 1,663,994	\$ 31,074
Special mosquito control tax	459,585	459,585	459,751	166
Other taxes	203,718	203,718	247,052	43,334
Inspection services	276,892	276,892	239,095	(37,797)
Special benefit assessment	1,491,980	1,491,980	1,419,107	(72,873)
Investment earnings	49,533	49,533	34,694	(14,839)
Miscellaneous	27,000	27,000	223,261	196,261
Total revenues	<u>4,141,628</u>	<u>4,141,628</u>	<u>4,286,954</u>	<u>145,326</u>
Expenditures:				
Salaries and employee benefits	2,289,705	2,289,705	2,219,512	70,193
Services and supplies	1,107,045	1,107,045	905,112	201,933
Capital outlay	1,300	1,300	2,235	(935)
Total expenditures	<u>3,398,050</u>	<u>3,398,050</u>	<u>3,126,859</u>	<u>271,191</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ 743,578</u>	<u>\$ 743,578</u>	<u>1,160,095</u>	<u>\$ 416,517</u>
Other financing Sources (uses):				
Transfers in			1,320	
Transfers out			<u>(2,967)</u>	
Total other financing Sources (uses)			<u>(1,647)</u>	
Net change in fund balance			<u>1,158,448</u>	
Fund balances, beginning of period			<u>4,872,610</u>	
Fund balances, end of period			<u>\$ 6,031,058</u>	