



**ORANGE COUNTY VECTOR  
CONTROL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**WITH REPORT ON AUDIT BY INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**JUNE 30, 2010**

**Lance Soll & Lunghard, LLP**

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ORANGE COUNTY VECTOR  
CONTROL DISTRICT

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WITH REPORT ON AUDIT BY INDEPENDENT  
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JUNE 30, 2010

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JUNE 30, 2010

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ORANGE COUNTY VECTOR  
CONTROL DISTRICT  
BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Orange County Vector Control District  
Garden Grove, California

We have audited the accompanying basic financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Orange County Vector Control District (the District") as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. 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 Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, these financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Orange County Vector Control District at June 30, 2010, and its changes in financial position, and the respective budgetary comparison for the General Fund, the Vehicle Replacement Fund and the Facilities Improvement Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

The District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2010, on our consideration of the Orange County Vector Control District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
Orange County Vector Control District  
Garden Grove, California

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The supplemental financial information as listed in the table of contents is presented for additional analysis and is not a required part of the basic financial statements. The supplemental financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects to the basic financial statements taken as a whole.

*Lance, Soll & Lingham, LLP*

November 10, 2010

ORANGE COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF NET ASSETS  
 JUNE 30, 2010

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 10,474,863
Receivables:	
Accounts	33,613
Taxes	146,175
Loans	4,822
Accrued interest	14,223
Prepaid costs	559,830
Deposits	7,769
Due from other governments	531,321
Inventories	60,657
Prepaid OPEB Obligation	1,543,330
Capital assets not being depreciated	60,452
Capital assets, net of depreciation	<u>2,089,008</u>
<b>Total Assets</b>	<b><u>15,526,063</u></b>
<b>Liabilities:</b>	
Accounts payable	77,404
Accrued liabilities	261,848
Noncurrent liabilities:	
Compensated absences due within one year	171,022
Compensated absences due in more than one year	<u>347,225</u>
<b>Total Liabilities</b>	<b><u>857,499</u></b>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	2,149,460
Unrestricted	<u>12,519,104</u>
<b>Total Net Assets</b>	<b><u>\$ 14,668,564</u></b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
<b>Functions/Programs</b>					
<b>Primary Government:</b>					
Governmental Activities:					
Vector control activities	\$ 9,973,823	\$ 267,606	\$ -	\$ -	\$ (9,706,217)
<b>Total Governmental Activities</b>	<b>\$ 9,973,823</b>	<b>\$ 267,606</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(9,706,217)</b>
<b>Total Primary Government</b>	<b>\$ 9,973,823</b>	<b>\$ 267,606</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(9,706,217)</b>
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purpose					10,057,847
Use of money and property					96,123
Other					74,299
<b>Total General Revenues, Contributions, and Special Items</b>					<b>10,228,269</b>
Change in Net Assets					522,052
Net Assets at Beginning of Year					14,146,512
<b>Net Assets at End of Year</b>					<b>\$ 14,668,564</b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<u>General</u>	<u>Special Revenue Funds</u>		<u>Other Governmental Funds</u>
		<u>Vehicle Replacement</u>	<u>Facilities Improvement</u>	
<b>Assets:</b>				
Pooled cash and investments	\$ 4,131,992	\$ 1,377,427	\$ 3,189,240	\$ 1,776,204
Receivables:				
Accounts	33,613	-	-	-
Taxes	146,175	-	-	-
Loans	4,822	-	-	-
Accrued interest	6,250	1,569	4,092	2,312
Prepaid costs	559,830	-	-	-
Deposits	7,769	-	-	-
Due from other governments	531,321	-	-	-
Inventories	60,657	-	-	-
<b>Total Assets</b>	<b>\$ 5,482,429</b>	<b>\$ 1,378,996</b>	<b>\$ 3,193,332</b>	<b>\$ 1,778,516</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 77,404	\$ -	\$ -	\$ -
Accrued liabilities	261,358	-	490	-
Deferred revenues	354,864	-	-	-
<b>Total Liabilities</b>	<b>693,626</b>	<b>-</b>	<b>490</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for prepaid costs and deposits	559,830	-	-	-
Reserved for loans	4,822	-	-	-
Reserved for inventory	60,657	-	-	-
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	-	1,778,516
Designated	-	1,378,996	3,192,842	-
Undesignated	4,163,494	-	-	-
<b>Total Fund Balances</b>	<b>4,788,803</b>	<b>1,378,996</b>	<b>3,192,842</b>	<b>1,778,516</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,482,429</b>	<b>\$ 1,378,996</b>	<b>\$ 3,193,332</b>	<b>\$ 1,778,516</b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>Total Governmental Funds</b>
<b>Assets:</b>	
Pooled cash and investments	\$ 10,474,863
Receivables:	
Accounts	33,613
Taxes	146,175
Loans	4,822
Accrued interest	14,223
Prepaid costs	559,830
Deposits	7,769
Due from other governments	531,321
Inventories	60,657
	<hr/>
<b>Total Assets</b>	<b>\$ 11,833,273</b>
	<hr/>
<b>Liabilities and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 77,404
Accrued liabilities	261,848
Deferred revenues	354,864
	<hr/>
<b>Total Liabilities</b>	<b>694,116</b>
	<hr/>
<b>Fund Balances:</b>	
Reserved:	
Reserved for prepaid costs and deposits	559,830
Reserved for loans	4,822
Reserved for inventory	60,657
Unreserved:	
Unreserved, reported in nonmajor:	
Special revenue funds	1,778,516
Designated	4,571,838
Undesignated	4,163,494
	<hr/>
<b>Total Fund Balances</b>	<b>11,139,157</b>
	<hr/>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,833,273</b>
	<hr/>

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010**

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Fund balances of governmental funds	\$ 11,139,157
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	2,149,460
Revenues reported as deferred revenue in the governmental funds are recognized in the Statement of Activities. These are included in the revenues in the governmental fund activity.	354,864
Compensated absences that have not been included in the governmental fund activity that have not been included in the governmental fund activity.	(518,247)
The prepaid post-employment benefits obligation is not reported in the governmental funds; however, it is reported in the government-wide financial statements.	<u>1,543,330</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$ 14,668,564</u></u></b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>			<u>Other Governmental Funds</u>
	<u>General</u>	<u>Vehicle Replacement</u>	<u>Facilities Improvement</u>	
<b>Revenues:</b>				
Taxes	\$ 9,644,436	\$ -	\$ -	\$ -
Intergovernmental	242,103	-	-	-
Charges for services	84,050	-	-	-
Use of money and property	54,250	8,204	21,626	12,043
Miscellaneous	74,299	-	-	-
<b>Total Revenues</b>	<b>10,099,138</b>	<b>8,204</b>	<b>21,626</b>	<b>12,043</b>
<b>Expenditures:</b>				
Current:				
Vector control activities	9,633,035	-	189,828	-
Capital outlay	115,345	-	3,771	-
<b>Total Expenditures</b>	<b>9,748,380</b>	<b>-</b>	<b>193,599</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>350,758</b>	<b>8,204</b>	<b>(171,973)</b>	<b>12,043</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	106,500	200,000	-	-
Transfers out	(200,000)	(47,500)	-	(59,000)
Proceeds from sale of capital assets	-	4,569	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(93,500)</b>	<b>157,069</b>	<b>-</b>	<b>(59,000)</b>
<b>Net Change in Fund Balances</b>	<b>257,258</b>	<b>165,273</b>	<b>(171,973)</b>	<b>(46,957)</b>
Fund Balances, Beginning of Year	4,531,545	1,213,723	3,364,815	1,825,473
<b>Fund Balances, End of Year</b>	<b>\$ 4,788,803</b>	<b>\$ 1,378,996</b>	<b>\$ 3,192,842</b>	<b>\$ 1,778,516</b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

	<b>Total Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 9,644,436
Intergovernmental	242,103
Charges for services	84,050
Use of money and property	96,123
Miscellaneous	74,299
	<hr/>
<b>Total Revenues</b>	<b>10,141,011</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
Vector control activities	9,822,863
Capital outlay	119,116
	<hr/>
<b>Total Expenditures</b>	<b>9,941,979</b>
	<hr/>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>199,032</b>
	<hr/>
<b>Other Financing Sources (Uses):</b>	
Transfers in	306,500
Transfers out	(306,500)
Proceeds from sale of capital assets	4,569
	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>4,569</b>
	<hr/>
Net Change in Fund Balances	203,601
	<hr/>
Fund Balances, Beginning of Year	10,935,556
	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 11,139,157</b>
	<hr/> <hr/>

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

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Net change in fund balances - total governmental funds	\$ 203,601
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(179,280)
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the revenues in the governmental fund activity.	354,864
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(463)
Prepaid OPEB obligation is not reported in the governmental funds; however, it is reported in the government-wide financial statements.	<u>143,330</u>
<b>Change in net assets of governmental activities</b>	<b><u><u>\$ 522,052</u></u></b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON STATEMENT  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,531,545	\$ 4,531,545	\$ 4,531,545	\$ -
<b>Resources (Inflows):</b>				
Taxes	10,105,460	10,105,460	9,644,436	(461,024)
Intergovernmental	115,000	115,000	242,103	127,103
Charges for services	170,000	170,000	84,050	(85,950)
Use of money and property	114,200	114,200	54,250	(59,950)
Miscellaneous	105,000	105,000	74,299	(30,701)
Transfers from other funds	106,500	106,500	106,500	-
<b>Amounts Available for Appropriation</b>	<b>15,247,705</b>	<b>15,247,705</b>	<b>14,737,183</b>	<b>(510,522)</b>
<b>Charges to Appropriation (Outflow):</b>				
General Government				
Trustees	58,000	58,000	68,147	(10,147)
District Manager	373,330	373,330	388,380	(15,050)
Legal Services	69,000	69,000	85,446	(16,446)
Non-Departmental	112,500	112,500	114,832	(2,332)
Administrative Services	604,665	604,665	633,115	(28,450)
Insurance	434,250	434,250	396,268	37,982
Technical Services	1,289,230	1,339,230	1,272,515	66,715
Field Operations	4,626,080	4,626,080	4,699,699	(73,619)
Vehicle Maintenance	463,770	463,770	408,956	54,814
Building Maintenance	124,140	124,140	140,661	(16,521)
Public Information	366,070	366,070	319,668	46,402
Information Technology	257,040	257,040	235,755	21,285
Public Service	227,880	227,880	221,450	6,430
Medical Insurance	225,000	225,000	648,143	(423,143)
Capital Outlay	121,000	121,000	115,345	5,655
Transfers to Other Funds	200,000	200,000	200,000	-
<b>Total Charges to Appropriations</b>	<b>9,551,955</b>	<b>9,601,955</b>	<b>9,948,380</b>	<b>(346,425)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 5,695,750</b>	<b>\$ 5,645,750</b>	<b>\$ 4,788,803</b>	<b>\$ (164,097)</b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON STATEMENT  
 VEHICLE REPLACEMENT  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,213,723	\$ 1,213,723	\$ 1,213,723	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	25,000	25,000	8,204	(16,796)
Transfers from other funds	200,000	200,000	200,000	-
Proceeds from sale of capital assets	5,000	5,000	4,569	(431)
<b>Amounts Available for Appropriation</b>	<b>1,443,723</b>	<b>1,443,723</b>	<b>1,426,496</b>	<b>(17,227)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	47,500	47,500	47,500	-
<b>Total Charges to Appropriations</b>	<b>47,500</b>	<b>47,500</b>	<b>47,500</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,396,223</b>	<b>\$ 1,396,223</b>	<b>\$ 1,378,996</b>	<b>\$ (17,227)</b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON STATEMENT  
 FACILITIES IMPROVEMENT  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,364,815	\$ 3,364,815	\$ 3,364,815	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	75,000	75,000	21,626	(53,374)
<b>Amounts Available for Appropriation</b>	<b>3,439,815</b>	<b>3,439,815</b>	<b>3,386,441</b>	<b>(53,374)</b>
<b>Charges to Appropriation (Outflow):</b>				
Vector control activities	150,000	180,000	189,828	(9,828)
Capital outlay	-	-	3,771	(3,771)
<b>Total Charges to Appropriations</b>	<b>150,000</b>	<b>180,000</b>	<b>193,599</b>	<b>(13,599)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,289,815</b>	<b>\$ 3,259,815</b>	<b>\$ 3,192,842</b>	<b>\$ (66,973)</b>

## ORANGE COUNTY VECTOR CONTROL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2010

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#### Note 1: Organization and Significant Accounting Policies

##### a. Description of the Reporting Entity

The Orange County Mosquito Abatement District was formed in 1947, in accordance with Division 3, Chapter 5, of the California Health and Safety Code. By resolution of the Board of Trustees, the name of the District was changed to Orange County Vector Control District, effective January 1, 1976. The District encompasses all of Orange County. The governing power of the District is vested in a Board of Trustees, consisting of one member appointed by the Orange County Board of Supervisors for the County at large and one member appointed by each City Council within the District. Members are appointed and serve a two to four year term and are provided \$100 per monthly meeting attended in lieu of travel expenses.

##### b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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.

##### c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

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**Note 1: Organization and Significant Accounting Policies (Continued)**

For this purpose the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- General Fund - The General Fund is used to account for all financial activity in the District except for that which is required to be accounted for in other funds.
- Vehicle Replacement Special Revenue Fund – This fund was established to set aside amounts for future vehicle purchases for the District.
- Facilities Improvement Special Revenue Fund – This fund was established to set aside amounts for future building needs for various facilities and rehabilitation of current facilities.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**d. Assets, Liabilities and Net Assets**

**Investments**

Investments are reported at the fair market value.

**Receivables**

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1, and are payable in two installments on November 1 and February 1, and become delinquent December 11 and April 11. The County bills and collects the property taxes and remits them to the District in installments during the year. District property tax revenues are recognized when levied to the extent that they result in current receivables.

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

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**Note 1: Organization and Significant Accounting Policies (Continued)**

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the assessed values no more than 2% per year. The District receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

**Inventory**

The District's inventory consists of chemicals used in the abatement of vectors within the County of Orange. The inventory has been valued using the first-in, first-out cost method.

**Prepaid Costs**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

**Capital Assets**

Capital assets that include land, structures and improvements, equipment and furniture, and vehicles and infrastructure assets, are reported in the government-wide financial statements. Infrastructure assets acquired or placed in service prior to July 1, 2003, are not required to be reported. Such assets consist of roads, curbs, gutters and lines. The District has no infrastructure assets. Capital assets are defined by the District as assets with an initial cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Structures and improvements	30
Equipment and furniture	5 - 20
Vehicles	8 - 10

**Claims and Judgments**

When it is probable that a claim liability has been incurred and the amount of the loss can be reasonably estimated, the District records the loss, net of any insurance coverage. In the opinion of District Counsel, the District had no material claims that require a provision to be made in these financial statements.

ORANGE COUNTY VECTOR CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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**Note 1: Organization and Significant Accounting Policies (Continued)**

Compensated Absences

Compensated absences (vacation, compensatory time off and sick leave) are reported as expenditures in the general fund when paid. Any remaining unpaid liability at year-end is recorded on the Statement of Net Assets since such obligation is not payable with currently available financial resources, and paid by resources in the District's General Fund.

Accumulated sick leave is paid only to individuals hired prior to July 15, 1977, and who have attained 50 years of age. In addition, all Tier 1 employees are eligible to receive payment for accumulated sick leave upon retirement or death. Amounts paid vary from 25% of accumulated sick leave with five years of service to 100% of accumulated sick leave with 20 years of service.

The District's only long-term debt is compensated absences. The balance as of June 30, 2010, is \$518,247.

Estimates

In conformity with accounting principles generally accepted in the United States of America, occasionally management is required to make estimates and assumptions that effect certain reported amounts and disclosures within these financial statements. Accordingly, actual results may differ from those estimates made.

**Note 2: Stewardship, Compliance and Accountability**

**a. Budgetary Data**

The District adopts an itemized budget statement of anticipated revenues, estimated operating expenditures and reserve requirements for the General Fund and files it with the County Auditor's office annually. The sources of financing operating costs and reserve requirements are: (1) available balance carried forward from the preceding year, (2) property taxes, (3) interest, and (4) other miscellaneous items.

**b. Excess of expenditures over appropriations by department in individual funds is as follows:**

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Major Funds:			
General Fund:			
Executive	\$ 68,147	\$ 58,000	\$ 10,147
District Manager	388,380	373,330	15,050
Legal Services	85,446	69,000	16,446
Non-Departmental	114,832	112,500	2,332
Administrative Services	633,115	604,665	28,450
Field Operations	4,699,699	4,626,080	73,619
Building Maintenance	140,661	124,140	16,521
Medical Insurance	648,143	225,000	423,143
Facilities Improvement Fund:			
Vector control activities	189,828	180,000	9,828
Capital Outlay	3,771	-	3,771

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

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**Note 3: Cash and Investments**

As of June 30, 2010, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	<u>\$ 10,474,863</u>
Total Cash and Investments	<u><u>\$ 10,474,863</u></u>

The District maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The District has adopted an investment policy which authorizes it to invest in various investments.

**a. Deposits**

At June 30, 2010, the carrying amount of the District's deposits was \$126,497 and the bank balance was \$263,632. The \$ 137,135 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking.

The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "agent of depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

**b. Credit Risk**

As of June 30, 2010, the District's investment in the State Investment Pool has not been rated by a nationally recognized statistical rating organization; therefore, no credit rating is disclosed.

**c. Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

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**Note 3: Cash and Investments (Continued)**

As of June 30, 2010, none of the District's deposits or investments was exposed to custodial credit risk.

**d. Concentration of Credit Risk**

The District's investment policy imposes restrictions for certain types of investments with any one issuer; however, external investment pools are excluded from this requirement. At June 30, 2010, the District's investments consisted of an investment with the California Local Agency Investment Fund.

**e. Interest Rate Risk**

The District's investment policy states that at no time will more than 50% of the District's funds be invested longer than one year. Purchases greater than two years will meet the following requirements and restrictions:

1. The security must be a U.S. Treasury Note or Bond, a FNMA debenture, or a FHLB debenture.
2. A maximum of 25% of the District's invested funds can be invested in securities over two years.
3. No securities can be purchased by the District with a maturity greater than five years unless matched to a specific cash flow or asset acquisition.

As of June 30, 2010, the District had the following investments and original maturities:

	<u>Investment Maturities (in Years)</u>	
	<u>6 months or less</u>	<u>Fair Value</u>
California Local Agency Investment Fund	<u>\$ 10,348,366</u>	<u>\$ 10,348,366</u>
	<u>\$ 10,348,366</u>	<u>\$ 10,348,366</u>

**f. Investments**

Under provision of the District's investment policy and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Issues
- Federal Agency Issues
- Bankers Acceptances
- Certificates of Deposit
- Local Agency Investment Fund (LAIF)
- Repurchase Agreements
- State and Local Agency Investment Funds
- Passbook Savings Account

ORANGE COUNTY VECTOR CONTROL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

**Note 3: Cash and Investments (Continued)**

**g. Investments in State Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

**h. GASB Statement No. 31**

The District adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the District reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

**Note 4: Capital Assets**

Capital assets activity for the year ended June 30, 2010, is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 60,452	\$ -	\$ -	\$ 60,452
Total Capital Assets Not Being Depreciated	<u>60,452</u>	<u>-</u>	<u>-</u>	<u>60,452</u>
Capital assets being depreciated:				
Structures and improvements	2,674,766	-	-	2,674,766
Equipment and furniture	547,141	57,171	25,374	578,938
Vehicles	1,633,203	44,137	41,320	1,636,020
Total Capital Assets Being Depreciated	<u>4,855,110</u>	<u>101,308</u>	<u>66,694</u>	<u>4,889,724</u>
Less: accumulated depreciation for:				
Structures and improvements	1,579,586	54,254	-	1,633,840
Equipment and furniture	272,305	55,591	15,385	312,511
Vehicles	734,931	154,081	34,647	854,365
Total Accumulated Depreciation	<u>2,586,822</u>	<u>263,926</u>	<u>50,032</u>	<u>2,800,716</u>
Total Capital Assets Being Depreciated, Net	<u>2,268,288</u>	<u>(162,618)</u>	<u>16,662</u>	<u>2,089,008</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,328,740</u>	<u>\$ (162,618)</u>	<u>\$ 16,662</u>	<u>\$ 2,149,460</u>

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

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**Note 4: Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Vector control activities	<u>\$ 263,926</u>

**Note 5: Deferred Compensation Plan**

The District has made available to its employees a deferred compensation plan whereby employees authorize the District to withhold funds from their wages to be invested in individual savings accounts and other investments. Funds may be withdrawn by participants at termination of employment or retirement. Pursuant to the Small Business Protection Act of 1996, (a correction to the deferred compensation plan under the Internal Revenue Service Code Section 457) the District established trusts in which all assets held by ICMA Retirement Corporation (ICMA) and Nationwide Retirement Solutions. Now all assets, all property and rights purchased with such amounts, and all income attributable to such amounts are held for the exclusive benefit of the participants and their beneficiaries. The assets are not the property of the District and are not subject to the claims of the District's general creditors since the transfer into those trusts, and thus are no longer reported on the District's financial statements.

**Note 6: Self-Insurance Program**

The District is a member of the Vector Control Joint Powers Agency (Agency).

**a. Description of Joint Powers Agency:**

The Agency is comprised of California member districts and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the Agency is to arrange and administer programs of insurance for the pooling of specific self-insurance limits and purchase excess insurance coverage above those limits. Each member District is represented on the Board of Directors. Officers of the Agency are elected annually by the Board members.

**b. Self-insurance Programs of the Agency:**

Liability and Workers' Compensation:

Periodic deposits/expenditures are paid by member districts and are adjusted retrospectively to cover actual costs. Each member district has a specific retention level. The Orange County Vector Control District has a retention level of \$25,000 for liability and \$50,000 for workers compensation and pays 100% of all losses incurred under those amounts. The District does not share or pay for losses of other districts under their retention level. Losses of \$50,000 to \$500,000 are pooled among all participating districts for workers' compensation and losses in excess of \$25,000 to \$1,000,000 for general liability. These limits are covered by excess insurance purchased by the Agency to a limit of \$29,000,000 for general liability and Statutory coverage plus \$5,000,000 for workers' compensation. There were no instances in the past three years where a settlement exceeded the District's coverage, and no significant reductions in the insurance have occurred.

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

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**Note 7: Retirement Plans**

Plan Description: PERS Defined Benefit Pension Plan

The Orange County Vector Control District contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 8.697% for miscellaneous employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2010, the District's annual pension cost of \$378,064 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.5% cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was 17 years for miscellaneous.

Three-Year Trend Information for PERS

(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
6/30/2008	\$ 317	100 %
6/30/2009	334	100 %
6/30/2010	378	100 %

For fiscal year 2009-2010, the Orange County Vector Control District participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2005. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool.

## ORANGE COUNTY VECTOR CONTROL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2010

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#### **Note 7: Retirement Plans (Continued)**

Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date, starting with the June 30, 2005, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

##### PARS Defined Contribution Benefit Plan

Effective December 22, 2006, the Orange County Vector Control District adopted the Public Agency Retirement System (PARS) 457 FICA Alternative Retirement Plan for part-time, seasonal and temporary employees.

The PARS plan is solely funded by the contribution from the employee. The contribution rate is 7.50% of gross earnings for employees. Total payroll for employees covered by this plan at June 30, 2010, was \$512,738. The amount of employee contributions at June 30, 2010, was \$38,478.

#### **Note 8: Other Post-Employment Benefits**

##### Plan Description

The Orange County Vector Control District sponsors the California PERS Health Plan (PEMHCA). The program provides comprehensive health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. Participation in PEMHCS is financed in part by the District. District members become eligible to retire and receive District-paid healthcare benefits upon attainment of 50 and 5 years of covered PERS service. Retired members over the age of 65 may join one of the Supplemental (Medicare-coordinated) options under PEMHCA. Benefits are paid for the lifetime of the retiree. The District's contribution on behalf of retirees for 2009 (\$254.25, \$308.50, or \$341.05/mo. for retiree only, retiree plus spouse, and retiree plus family tiers, respectively) is determined under the "unequal Contribution Method" as described in Government Code Section 22892(c), beginning with \$200/month in 2006 for all new PEMHCA retirees and increasing each year by 5% of the amount contributed by the District for active employees in each tier (in 2009, the amounts for active employees are \$395, \$790, and \$1027/mo. for employee only, employee plus spouse, and employee plus family tiers).

In addition to the generally applicable rules described above, there are a number of grandfathered retirees who transferred from the Orange County Employees' Retirement System (OCERS) Health Plan to PEMHCA in April, 2006. These grandfathered retirees are eligible to receive a monthly grant equal to the greater of their 2006 monthly grant (calculated as \$399.75 per month, reduced for service less than 25 years), or the current District contribution under the Unequal Contribution Method described above.

##### Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District, Board, and/or the employee associations. Currently, contributions are not required from plan members. In July, 2008, the District established an account within the PARS Section 115 Trust by making an initial deposit of \$1,400,000. This was given an projected value of \$1,445,966 as of July 1, 2009, which included an expected District contribution of \$362,000 paid in 2008-2009 fiscal year. These were factors in the July 1, 2009, actuarial report. A contribution of \$494,667 was made during the 2009-2010

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

**Note 8: Other Post-Employment Benefits (Continued)**

fiscal year and was not included in the July 1, 2009, actuarial study. The purpose of the contributions was to cover the pay-as-you-go financing requirement as well as the current year's amortized unfunded accrued liability portion which is being amortized over 30 years.

As a result, the District calculated and recorded a Net OPEB Asset, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented in the following table:

Annual required contribution (ARC)	\$ 397,333
Adjustment to ARC	-
Adjustment for interest	-
Annual OPEB cost	<u>397,333</u>
Contributions made	<u>(494,667)</u>
(Decrease) increase in Net OPEB obligation	(97,334)
Net OPEB obligation (asset) June 30, 2009	(1,445,996)
(Increase) decrease in Net OPEB asset	-
Net OPEB obligation (asset) June 30, 2010	<u><u>\$ (1,543,330)</u></u>

The contribution rate of 20.57% is based on the ARC of \$1,931,722, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

Annual OPEB Costs and Net OPEB Obligation (Asset)

For the fiscal year 2009-2010, the Districts annual OPEB cost (expense of \$494,667 exceed the ARC. Since this is the first year of implementation, information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is only available for the current fiscal year, as presented below:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribtuion (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2008	\$ -	\$ -	n/a	\$ -
6/30/2009	-	-	n/a	(1,445,966)
6/30/2010	397,333	494,667	124.50%	(1,543,300)

Funded Status and Funding Progress

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, retirements, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

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**Note 8: Other Post-Employment Benefits (Continued)**

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Only one year is presented as this is the first year of the plan.

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded ratio	Interest Rate
Actual	7/1/2009	\$ 1,445,996	\$ 1,931,722	42.81%	7.00%

Actuarial Methods and Assumptions

In order to perform the valuation, it is necessary for the actuary to make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest rates. All assumptions were based on industry averages and modified to the Districts historical and recent experience. These assumptions should be reviewed in each valuation year to make sure they adjusted accordingly.

In the July 1, 2009 actuarial valuation, the discount rate of 7.0% is based on a District funding policy of fully funding the ARC using the PARS Section 115 Trust. It is in accordance with our understanding of the guidelines for selection of this rate under GASB 45. The Actuarial Cost Method used was Projected Unit Credit. The healthcare inflation rate of 4% is based on an analysis of recent experience and knowledge of the general healthcare environment. The remaining amortization period at June 30, 2010, was twenty-nine years.

**Note 9: Operating Leases**

The Orange County Vector Control District entered into a ten-year lease agreement in March 2008, for additional facility space, at a cost of \$4,700 per month. The District prepaid the ten years of rent in the amount of \$466,658. As of June 30, 2010, the balance of prepaid rent is \$347,862.

The Orange County Vector Control District entered into a ten-year lease agreement in February 2009, for additional facility space, at a cost of \$2,880 per month. The District prepaid the ten years of rent in the amount of \$221,184. As of June 30, 2010, the balance of prepaid rent is \$211,968

**Note 10: Fund Balances**

The District may set up "reserves" of fund equity to segregate fund balances that are not appropriate for expenditure in future periods or that is legally set aside for a specific future use. Fund "designations" also may be established to indicate plans for financial resource utilization in a future period.

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010**

**Note 10: Fund Balances (Continued)**

	General Fund	Special Revenue Funds	Other Governmental Funds
Reserves:			
Prepaid Costs and Deposits	\$ 559,830	\$ -	\$ -
Loans	4,822	-	-
Inventory	60,657	-	-
Designations:			
Facilities Improvement	-	3,192,842	-
Vehicle Replacement	-	1,378,996	-
Emergency Vector Control	-	-	876,586
Liability Reserve	-	-	483,613
Equipment Replacement	-	-	418,317
Totals	<u>\$ 625,309</u>	<u>\$ 4,571,838</u>	<u>\$ 1,778,516</u>

**Note 11: Interfund Activity**

The composition of interfund balances as of June 30, 2010, was as follows:

Interfund Transfers

	Transfers Out			Total
	General	Vehicle Replacement Fund	Non-Major Governmental Funds	
Transfers In:				
General Fund	\$ -	\$ 47,500	\$ 59,000	\$ 106,500
Vehicle Replacement Fund	200,000	-	-	200,000
Totals	<u>\$ 200,000</u>	<u>\$ 47,500</u>	<u>\$ 59,000</u>	<u>\$ 306,500</u>

The transfer in to the Vehicle Replacement Fund from the General Fund in the amount of \$200,000 was to cover vehicle depreciation.

The transfer in to the General Fund from the Vehicle Replacement Fund in the amount of \$47,500 was to cover the purchase of two new field vehicles used in the District's operation.

**Note 12: Commitments and Contingencies**

The District participates in certain state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material. The District holds title to certain capital assets that were purchased through these programs, and title may be delivered to the granting agency when the program is completed.

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2010**

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**Note 13: Subsequent Event**

On October 29, 2010, the District received notice, on leased office space that had gone into foreclosure by the property owner. The District has prepaid the lease payments on this property into Fiscal Year 2018. The ramifications regarding their office space and the prepaid amounts are unknown at this time.

**SUPPLEMENTAL FINANCIAL INFORMATION**

**ORANGE COUNTY VECTOR CONTROL DISTRICT**

**DESCRIPTION OF NONMAJOR  
SPECIAL REVENUE FUNDS**

**JUNE 30, 2010**

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**Emergency Vector Control** – This fund was established to provide necessary funds to address emergency vector situations that may occur to protect the citizens of Orange County.

**Liability Reserve** – This fund was established to fund future claims against the District.

**Equipment Replacement** – This fund was established to set aside amounts for future equipment purchases for the District.

ORANGE COUNTY VECTOR CONTROL DISTRICT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>Special Revenue Funds</u>			<u>Total Governmental Funds</u>
	<u>Emergency Vector Control</u>	<u>Liability Reserve</u>	<u>Equipment Replacement</u>	
<b>Assets:</b>				
Pooled cash and investments	\$ 875,465	\$ 482,994	\$ 417,745	\$ 1,776,204
Receivables:				
Accrued interest	1,121	619	572	2,312
<b>Total Assets</b>	<b><u>\$ 876,586</u></b>	<b><u>\$ 483,613</u></b>	<b><u>\$ 418,317</u></b>	<b><u>\$ 1,778,516</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Fund Balances:</b>				
Designated	\$ 876,586	\$ 483,613	\$ 418,317	\$ 1,778,516
<b>Total Fund Balances</b>	<b><u>876,586</u></b>	<b><u>483,613</u></b>	<b><u>418,317</u></b>	<b><u>1,778,516</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 876,586</u></b>	<b><u>\$ 483,613</u></b>	<b><u>\$ 418,317</u></b>	<b><u>\$ 1,778,516</u></b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>			<b>Total Governmental Funds</b>
	<b>Emergency Vector Control</b>	<b>Liability Reserve</b>	<b>Equipment Replacement</b>	
<b>Revenues:</b>				
Use of money and property	\$ 5,824	\$ 3,215	\$ 3,004	\$ 12,043
<b>Total Revenues</b>	<b>5,824</b>	<b>3,215</b>	<b>3,004</b>	<b>12,043</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>5,824</b>	<b>3,215</b>	<b>3,004</b>	<b>12,043</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(59,000)	(59,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(59,000)</b>	<b>(59,000)</b>
Net Change in Fund Balances	5,824	3,215	(55,996)	(46,957)
Fund Balances, Beginning of Year	870,762	480,398	474,313	1,825,473
<b>Fund Balances, End of Year</b>	<b>\$ 876,586</b>	<b>\$ 483,613</b>	<b>\$ 418,317</b>	<b>\$ 1,778,516</b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON SCHEDULE  
 EMERGENCY VECTOR CONTROL  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 870,762	\$ 870,762	\$ 870,762	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	18,000	18,000	5,824	(12,176)
<b>Amounts Available for Appropriation</b>	<b>888,762</b>	<b>888,762</b>	<b>876,586</b>	<b>(12,176)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 888,762</b>	<b>\$ 888,762</b>	<b>\$ 876,586</b>	<b>\$ (12,176)</b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON SCHEDULE  
 LIABILITY RESERVE  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 480,398	\$ 480,398	\$ 480,398	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	10,000	10,000	3,215	(6,785)
<b>Amounts Available for Appropriation</b>	<b>490,398</b>	<b>490,398</b>	<b>483,613</b>	<b>(6,785)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 490,398</b>	<b>\$ 490,398</b>	<b>\$ 483,613</b>	<b>\$ (6,785)</b>

ORANGE COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON SCHEDULE  
EQUIPMENT REPLACEMENT  
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 474,313	\$ 474,313	\$ 474,313	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	8,000	8,000	3,004	(4,996)
<b>Amounts Available for Appropriation</b>	<b>482,313</b>	<b>482,313</b>	<b>477,317</b>	<b>(4,996)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	59,000	59,000	59,000	-
<b>Total Charges to Appropriations</b>	<b>59,000</b>	<b>59,000</b>	<b>59,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 423,313</b>	<b>\$ 423,313</b>	<b>\$ 418,317</b>	<b>\$ (4,996)</b>