ORANGE COUNTY VECTOR CONTROL DISTRICT

BASIC FINANCIAL STATEMENTS

WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

FISCAL YEAR ENDED JUNE 30, 2014

ORANGE COUNTY VECTOR CONTROL DISTRICT

TABLE OF CONTENTS

June 30, 2014

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Orange County Vector Control District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the 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 the 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.

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Offices located in Orange and San Diego Counties

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 each major fund of the District as of June 30, 2014 and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Facilities Improvement Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress - other post-employment benefits plan be presented to supplement the financial statements. Such information, although not a part of the 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 management's discussion and analysis and schedule of funding progress - other post-employment benefits plan 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 financial statements, and other knowledge we obtained during the audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

White Nelson Diehl Evans LLP

Irvine, California
December 22, 2014

This section of the financial statements of the Orange County Vector Control District (District) is management's overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the District's financial statements and accompanying notes.

Background

The Orange County Vector Control District is a special district originally formed in 1947 as the Orange County Mosquito Abatement District with the purpose of protecting the County from mosquitoes and mosquito-borne diseases. In 1975, the District was renamed as the Orange County Vector Control District and assumed responsibility for comprehensive vector control, specifically adding fly and rat control services. Then in 2004, the District established a Red Imported Fire Ant program.

The District's operation is overseen by a 35 member Board of Trustees with one member appointed by each of the 34 cities within the District's boundaries and one member appointed by the County of Orange.

Financial Highlights

The comparisons in the discussion and analysis below are between FY 2012-13 and FY 2013-14. All increases and decreases are expressed relative to FY 2012-13 amounts.

- The assets of the District exceeded its liabilities at the close of the fiscal year ended June 30, 2014 by $13.8 million (net position). Of this amount, $8.5 million (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by $2.1 million (17.7 percent).
- Revenues from governmental activities and general revenues totaled $11.2 million, a decrease of $139,000 from the prior year.
- Expenses of governmental activities totaled $9.5 million, an increase of $27,000 over the prior year.
- As of June 30, 2014, the District's governmental funds reported a combined ending fund balance of $10.7 million, an increase of $1.5 million in comparison with the prior year. Of this amount, $6.9 million is available for spending at the District's discretion (unassigned fund balance).

Overview of the Basic Financial Statements

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

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

In accordance with the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, the District's government-wide financial statements include a Statement of Net Position and a Statement of Activities.

The Statement of Net Position presents information on all of the District's assets, deferred inflows of resources, liabilities, and deferred outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position also provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This statement measures the success of the District's activities over the past year and can be used to determine whether the District has successfully recovered all of its costs.

The government-wide financial statements are in this report's financial section immediately following the Management's Discussion and Analysis (MD&A), beginning on page 12.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses governmental funds to report its activities. The District's governmental fund statements include the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found in the financial section of this report immediately following the government-wide financial statements, beginning on page 14.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section of this report following the fund financial statements, beginning on page 20.

Government-wide Financial Analysis

As noted earlier, over a period of time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Following is a table which compares the District's net position at the end of the current and prior fiscal years.

Net Position

	Governmental Activities	
	30-Jun-13	30-Jun-14
Current and other assets	$9,637,388	$11,263,428
Net OPEB asset	1,060,444	1,004,432
Capital assets	5,361,882	5,310,438
Total assets	16,059,714	17,578,298
Long-term liabilities	3,921,777	3,179,591
Other liabilities	400,715	582,277
Total liabilities	4,322,492	3,761,868
Net investment in capital assets	5,361,882	5,310,438
Unrestricted	6,375,340	8,505,992
Total net position	$11,737,222	$13,816,430

The District's net position totaled $13.8 million at June 30, 2014; this means that assets exceeded liabilities by $13.8 million. Assets increased by $1.5 million and liabilities decreased by $600,000 over the prior year. The increase in assets is due to general operating activities and is reflected by an increase to cash of $1.6

million, offset by a decrease to the net OPEB asset of $56,000 and a decrease to capital assets of $51,000. The decrease in liabilities resulted from a net reduction of $700,000 on the pension-related debt of the terminated OCERS defined benefit pension plan due to a $500,000 prepayment, a $426,000 reduction due to actual experience, offset by $225,000 of interest expense on that debt (for additional information, see Note 7 of the Notes to Basic Financial Statements). There was also a $42,000 reduction in the compensated absences liability as a result of retirement of long-term employees during FY 2013-14. Liabilities from normal operating activities increased by $180,000 due to the timing difference between the receipt of goods and services versus when payment was made on those goods and services.

<u>Net investment in capital assets</u>: An important component of net position is capital assets (e.g., land, structures, and vehicles). The District's net investment in capital assets is $5.3 million, representing 38 percent of the total net position at fiscal year-end. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

<u>Unrestricted</u>: The remainder of the District's net position is categorized as unrestricted net position, totaling $8.5 million or 62 percent of the total net position. Unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors. The District's unrestricted net position increased by $2.1 million over the prior year, essentially a result of general operating activities. The reasons for this increase are identified by analyzing the changes in net position.

Changes in Net Position

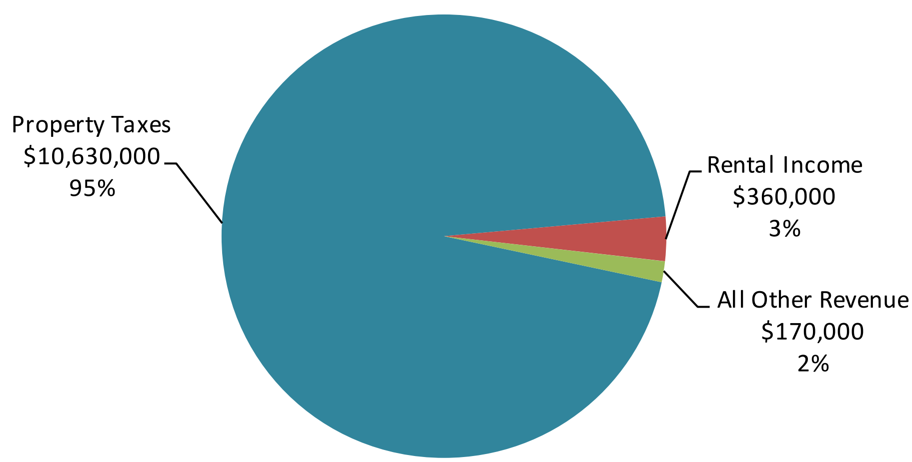
	Governmental Activities	
	30-Jun-13	30-Jun-14
Program revenues:		
Charges for services	$ 128,782	$ 131,117
Rental income	337,103	359,599
General revenues:		
Property taxes	10,730,458	10,630,592
Interest income	11,240	23,882
Other revenues	91,831	14,885
Total revenues	11,299,414	11,160,075
Expenses:		
General government	1,508,912	1,655,578
Health and sanitation	7,848,707	7,625,536
Interest on pension-related debt	121,551	225,330
Total expenses	9,479,170	9,506,444
Change in net position before special item	1,820,244	1,653,631
Special item: Net change from changes in actuarial assumptions related to pension-related debt	(3,853,131)	425,577
Increase/(decrease) in net position	(2,032,887)	2,079,208
Net position - July 1, as restated	13,770,109	11,737,222
Net position - June 30	$ 11,737,222	$ 13,816,430

The District's current year net position increased by $2.1 million as opposed to the prior year's net position which decreased by $2.0 million. This total increase in activity of $4.1 million is explained by a) total revenues exceeded expenses by $1.65 million in the current year and by $1.82 million in the prior year (a decrease of $170,000) and b) the special item of a change in actuarial assumptions related to pension-related debt result in a current year gain of $0.4 million as opposed to a prior year loss of $3.9 million (an increase of $4.3 million).

More information on the changes in actuarial assumptions related to pension-related debt is found in Note 7 of the notes to the basic financial statements. Key elements of the $200,000 change in revenues and expenses include:

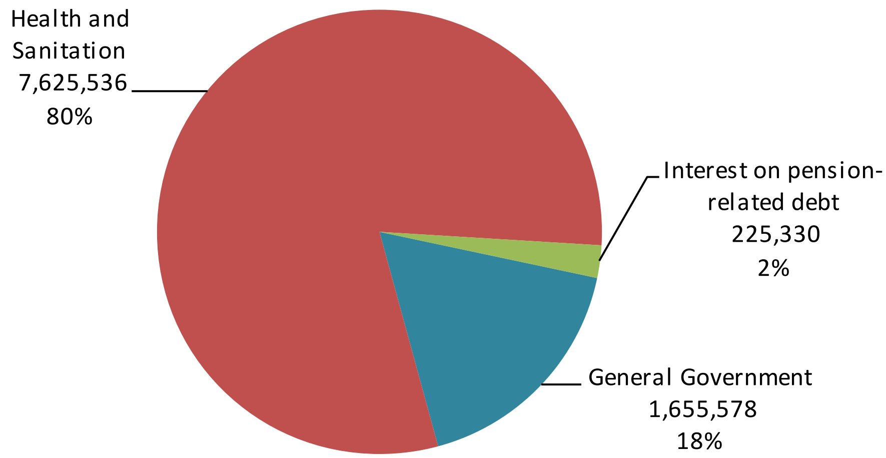
- A net decrease of $100,000 in property taxes resulting from a) an increase of $200,000 in ad valorem property taxes due to a rise in assessed value and b) a reduction of $300,000 in monies received as pass-through from the dissolution of redevelopment agencies.
- Overall expenses increased by $30,000. General government costs and health and sanitation activities decreased by $70,000 resulting from overall cost-control measures while interest on pension-related debt increased by $100,000.

Revenues by Source (Government-wide)



As identified in the graph of revenues by source, nearly all of the District's revenues (95 percent) come from the District's share of the ad valorem property tax and property tax assessments. Of the $10.6 million property tax revenue, 47 percent is from the District's share of the ad valorem property tax and the remaining 53 percent is from the District's property tax benefit assessments. The District's benefit assessment rates of $1.92 per parcel for Assessment District No. 1 and $5.02 per parcel for Assessment District No. 2 remains unchanged from the prior year.

Expenses by Function (Government-wide)



The District's expenses totaled $9.5 million in fiscal year 2013-14. Of that total, $7.6 million (80 percent) was spent for health and sanitation purposes. The remaining costs were for general administrative functions of the District.

During fiscal year 2013-14, the District's Health and Sanitation functional expense category had $131,000 of program revenues (charges for services) and the General Government functional expense category had $359,600 of program revenues (charges for services – rental income on District property).

Financial Analysis of the District's Funds

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $10.7 million, an increase of $1.5 million over the prior year. Revenues of $11.2 million exceeded expenditures of $9.7 million.

Approximately 65% ($6.9 million) of the combined ending fund balances constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the combined ending fund balances is categorized as nonspendable (1% of total fund balance) or committed (34% of total fund balance), indicating that it is not available for new spending because it has already been designated as:

<u>Nonspendable</u>	
Notes and loans	$11,050
Inventories	128,941
<u>Committed</u>	
Retiree medical insurance	250,148
Retirement contingency	48,831
Vehicle replacement	651,707
Liability reserve	429,561
Equipment replacement	354,613
Emergency vector control	887,522
Habitat remediation	194,424
Facilities improvement	820,016
Environmental issues	7,397

General Fund. The General Fund is the chief operating fund of the District and comprises 99% of the expenditures of the District. At the end of the current fiscal year the unassigned fund balance of the General Fund was $6,896,941 while the total fund balance was $9,861,135. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The General Fund's unassigned fund balance represents 72% of General Fund expenditures while the General Fund's total fund balance represents 103% of General Fund expenditures.

The General Fund's fund balance increased in fiscal year 2013-14 by $1.3 million in contrast to a $1.8 million increase in fiscal year 2012-13. The significant differences that resulted in this $500,000 total change are a) a decrease of $355,000 in property taxes resulting from the State's prior year repayment of Proposition 1A borrowings, b) an increase of $200,000 in ad valorem property taxes due to a rise in assessed value, and c) a reduction of $300,000 in monies received through property taxes as pass-through from the dissolution of redevelopment agencies.

Facilities Improvement Special Revenue Fund. This fund is used to account for monies set aside for future building needs and for rehabilitation of current facilities. For fiscal year 2013-14, revenues of $325,000 exceeded expenditures of $132,000, resulting in an increase of $193,000 to fund balance. The total fund balance at year end is $820,000 and it is all committed for facility improvements.

<u>Budgetary Highlights</u>

In preparing its budget, the District attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the Board of Trustees adopts budget adjustments during the fiscal year to reflect both changed priorities and availability of additional revenues. During the course of the year, the Board of Trustees amended the District's originally adopted expenditure budget by $60,705. This increase was in large part due to an emergency gas line repair that occurred at District Headquarters and Board approval in December 2013 of contracting with ADP for payroll processing and human resources management software. In addition, replacement of an ultra-low volume insecticide sprayer was necessary after an older existing model was no longer functional.

General Fund. The General Fund balance reflected a positive net budget variance of $1,376,000 when comparing actual amounts to the final budget for the current fiscal year. This amount reflects a positive variance of $247,000 in revenues and a positive variance of $1,129,000 in expenditures. The positive revenue variance resulted from actual revenues exceeding the budget for property taxes. The positive expenditure variance resulted from actual expenditures being less than the final budget in all divisions except for District Manager and Legal services.

The difference between the General Fund's original budget and the final amended budget for expenditures was an increase of 60,705.

Capital Asset and Debt Administration

Capital assets. The District's capital assets for governmental activities as of June 30, 2014, total $5,310,438, (net of accumulated depreciation). This is a net decrease of $51,444 from June 30, 2013. The capital assets include land, structure and improvements, equipment and furniture, and vehicles. Capital asset additions totaled $233,435 and depreciation expense totaled $284,879. All capital asset deletions during the year were fully depreciated.

Capital Assets (net of depreciation)

	Governmental Activities	
	30-Jun-13	30-Jun-14
Land	$ 2,010,329	$ 2,010,329
Structures and improvements	2,626,681	2,509,980
Equipment and furniture	149,644	144,348
Vehicles	575,228	645,781
Total	$ 5,361,882	$ 5,310,438

Additional information on the District's capital assets can be found in the Capital Assets Note (Note 4) of the notes to basic financial statements.

Long-term debt. At the end of the current fiscal year, the District had total debt outstanding of $3,179,591.

Outstanding Debt

	Governmental Activities	
	30-Jun-13	30-Jun-14
Employee compensated absences	$ 447,095	$ 405,156
Pension-related debt	3,474,682	2,774,435
Total	$ 3,921,777	$ 3,179,591

Information on employee compensated absences can be found in Note 1(k) of the notes to the basic financial statements. Information on the pension-related debt can be found in Note 7 of the notes to basic financial statements, under the heading of Terminated OCERS Defined Benefit Pension Plan.

Economic Factors and Next Year's Budget

The District's overall fiscal year 2014-15 revenues are budgeted to be $11.3 million while expenditures are budgeted to be $9.9 million. These budgetary expectations reflect:

- Local property values will increase by 3% growth resulting in estimated property tax revenues of nearly $4.8 million.
- The assessment for Assessment District No. 1 will remain at $1.92 per parcel and is projected to yield $1.5 million.
- The assessment for Assessment District No. 2 will remain at $5.02 per parcel and is projected to yield $4.1 million.
- Other revenues are expected to remain generally stable from the prior fiscal year.
- Personnel costs are anticipated to remain steady at $6.9 million and are estimated to account for 72 percent of the District's operating expenditures in fiscal year 2014-15.
- Capital outlay costs are proposed to be $248,000 in fiscal year 2014-15. The most significant proposed capital purchases include $165,000 for continued development of the District's new data management mapping system that began in fiscal year 2013-14.

The District's total fund balance is estimated to increase by $373,141 as of June 30, 2015.

Requests for Information

This financial report is designed to provide a general overview of the financial position of the Orange County Vector Control District for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, 13001 Garden Grove Boulevard, Garden Grove, CA 92843.

ORANGE COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities
ASSETS:	
Cash and investments	$ 10,906,628
Receivables:	
Accounts	17,801
Taxes	87,703
Loans	11,050
Accrued interest	5,159
Due from other governments	106,146
Inventory	128,941
Net OPEB asset	1,004,432
Capital assets, not being depreciated	2,010,329
Capital assets, net of depreciation	3,300,109
TOTAL ASSETS	17,578,298
LIABILITIES:	
Accounts payable	146,733
Accrued liabilities	309,656
Deposits payable	125,888
Compensated absences, due within one year	133,702
Noncurrent liabilities:	
Compensated absences, due in more than one year	271,454
Pension-related debt, due in more than one year	2,774,435
TOTAL LIABILITIES	3,761,868
NET POSITION:	
Net investment in capital assets	5,310,438
Unrestricted	8,505,992
TOTAL NET POSITION	$ 13,816,430

See independent auditors' report and notes to basic financial statements.

ORANGE COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/programs	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
Governmental activities:					
General government	$ 1,655,578	$ 359,599	$ -	$ -	$ (1,295,979)
Health and sanitation	7,625,536	131,117			(7,494,419)
Interest on pension-related debt	225,330	-	-	-	(225,330)
Total governmental activities	$ 9,506,444	$ 490,716	$ -	$ -	(9,015,728)

General revenues:	
Taxes:	
Property taxes, levied for general purpose	10,630,592
Investment income	23,882
Miscellaneous	14,885
Total general revenues	10,669,359
Change in net position before special item	1,653,631
Special item:	
Net gain resulting from differences in actual activity and actuarial assumptions related to pension-related debt (Note 7)	425,577
Change in net position	2,079,208
Net Position at Beginning of Year, as restated	11,737,222
Net Position at End of Year	$ 13,816,430

See independent auditors' report and notes to basic financial statements.

ORANGE COUNTY VECTOR CONTROL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2014

	General	Special Revenue Fund Facilities Improvement	Total Governmental Funds
ASSETS			
Cash and investments	$ 10,053,156	$ 853,472	$ 10,906,628
Receivables:			
Accounts	17,801	-	17,801
Taxes	87,703	-	87,703
Loans	11,050	-	11,050
Accrued interest	5,159	-	5,159
Due from other governments	106,146	-	106,146
Inventory	128,941	-	128,941
TOTAL ASSETS	$ 10,409,956	$ 853,472	$ 11,263,428
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ 146,237	$ 496	$ 146,733
Accrued liabilities	309,656	-	309,656
Deposits payable	92,928	32,960	125,888
TOTAL LIABILITIES	548,821	33,456	582,277
FUND BALANCES:			
Nonspendable:			
Loans	11,050	-	11,050
Inventory	128,941	-	128,941
Committed to:			
Retiree medical insurance	250,148	-	250,148
Retirement contingency	48,831	-	48,831
Vehicle replacement	651,707	-	651,707
Liability reserve	429,561	-	429,561
Equipment replacement	354,613	-	354,613
Emergency vector control	887,522	-	887,522
Habitat remediation	194,424	-	194,424
Facilities improvement	-	820,016	820,016
Environmental	7,397	-	7,397
Unassigned	6,896,941	-	6,896,941
TOTAL FUND BALANCES	9,861,135	820,016	10,681,151
TOTAL LIABILITIES AND FUND BALANCES	$ 10,409,956	$ 853,472	$ 11,263,428

See independent auditors' report and notes to basic financial statements.

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2014

Fund balances - total governmental funds	$ 10,681,151
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources in the governmental fund activity.	5,310,438
Long-term liabilities are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds. Long-term liabilities consist of the following:	
Compensated absences	(405,156)
Pension-related debt	(2,774,435)
Governmental funds report all OPEB contributions as expenditures, however, in the Statement of Net Position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.	1,004,432
Net position of governmental activities	$ 13,816,430

See independent auditors' report and notes to basic financial statements.

ORANGE COUNTY VECTOR CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2014

	General	Special Revenue Fund Facilities Improvement	Total Governmental Funds
REVENUES:			
Taxes	$ 10,630,592	$ -	$ 10,630,592
Intergovernmental	35,696	-	35,696
Charges for services	119,331	-	119,331
Investment income	22,172	1,710	23,882
Rental income	36,151	323,448	359,599
Miscellaneous	14,885	-	14,885
TOTAL REVENUES	10,858,827	325,158	11,183,985
EXPENDITURES:			
Current:			
General government	1,653,109	132,452	1,785,561
Health and sanitation	7,625,536	-	7,625,536
Capital outlay	304,500	-	304,500
TOTAL EXPENDITURES	9,583,145	132,452	9,715,597
EXCESS OF REVENUES OVER EXPENDITURES	1,275,682	192,706	1,468,388
FUND BALANCES AT BEGINNING OF YEAR	8,585,453	627,310	9,212,763
FUND BALANCES AT END OF YEAR	$ 9,861,135	$ 820,016	$ 10,681,151

See independent auditors' report and notes to basic financial statements.

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

June 30, 2014

Net change in fund balances - total governmental funds	$ 1,468,388
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:	
Capital outlay	233,435
Depreciation	(284,879)
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.	41,939
The repayment of pension related debt consumes the current financial resources of governmental funds and is reported as an expenditure in governmental funds.	500,000
Deletions to pension related debt (due to differences in actual activity as compared to actuarial assumptions) are reported as expenses in the Statement of Activities but do not require the use of current financial resources and, therefore, are excluded from governmental fund expenditures.	425,577
Interest expense for pension related debt is reported as an expense in the Statement of Activities but does not require the use of current financial resources and, therefore, is excluded from governmental fund expenditures.	(225,330)
Governmental funds report all contributions in relation to the Annual Required Contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is an expense.	(56,012)
Certain revenues in the governmental funds are deferred inflows of resources because they are not collected within the prescribed time period after year-end. However, these revenues are included in the government-wide statements.	(23,910)
Change in net position of governmental activities	$ 2,079,208

See independent auditors' report and notes to basic financial statements.

ORANGE COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON STATEMENT BY DEPARTMENT

GENERAL FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
FUND BALANCE				
AT BEGINNING OF YEAR	$ 8,585,453	$ 8,585,453	$ 8,585,453	$ -
RESOURCES (INFLOWS):				
Taxes	10,345,900	10,345,900	10,630,592	284,692
Intergovernmental	50,000	50,000	35,696	(14,304)
Charges for services	80,000	80,000	119,331	39,331
Investment income	14,550	14,550	22,172	7,622
Rental income	36,000	36,000	36,151	151
Miscellaneous	85,500	85,500	14,885	(70,615)
TOTAL RESOURCES (INFLOWS)	10,611,950	10,611,950	10,858,827	246,877
CHARGES TO APPROPRIATONS (OUTFLOWS):				
Current:				
General government:				
Trustees	50,600	50,600	41,670	8,930
District Manager	372,340	372,340	378,768	(6,428)
Legal services	83,000	83,000	96,773	(13,773)
Nondepartmental	216,900	209,900	151,356	58,544
Administrative services	566,920	592,120	578,633	13,487
Insurance	532,000	532,000	405,909	126,091
Health and sanitation:				
Technical services	1,257,710	1,267,510	1,235,246	32,264
Field operations	4,834,240	4,849,490	4,556,490	293,000
Vehicle maintenance	511,200	511,200	436,402	74,798
Building maintenance	148,600	168,055	161,936	6,119
Public information	378,010	376,010	233,524	142,486
Information technology	248,110	248,110	246,528	1,582
Public service	245,320	245,320	216,809	28,511
Medical insurance	60,000	60,000	33,025	26,975
Retirement contingency	500,000	500,000	500,000	-
Habitat Remediation	100,000	100,000	5,576	94,424
Environmental	30,000	30,000	-	30,000
Capital outlay	516,500	516,500	304,500	212,000
TOTAL CHARGES TO APPROPRIATIONS (OUTFLOWS)	10,651,450	10,712,155	9,583,145	1,129,010
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	(39,500)	(100,205)	1,275,682	1,375,887
FUND BALANCE				
AT END OF YEAR	$ 8,545,953	$ 8,485,248	$ 9,861,135	$ 1,375,887

See independent auditors' report and notes to basic financial statements.

ORANGE COUNTY VECTOR CONTROL DISTRICT

BUDGETARY COMPARISON STATEMENT

FACILITIES IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
FUND BALANCE				
AT BEGINNING OF YEAR	$ 627,310	$ 627,310	$ 627,310	$ -
RESOURCES (INFLOWS):				
Investment income	2,300	2,300	1,710	(590)
Rental income	324,000	324,000	323,448	(552)
TOTAL RESOURCES (INFLOWS)	326,300	326,300	325,158	(1,142)
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Current:				
General government	195,500	195,500	132,452	63,048
TOTAL CHARGES TO APPROPRIATIONS (OUTFLOWS)	195,500	195,500	132,452	63,048
EXCESS OF RESOURCES OVER CHARGES TO APPROPRIATIONS	130,800	130,800	192,706	61,906
FUND BALANCE				
AT END OF YEAR	$ 758,110	$ 758,110	$ 820,016	$ 61,906

See independent auditors' report and notes to basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

   a. Description of 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:

      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. 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.

      Fund Financial Statements:

      The underlying accounting system of the District is organized and operated on the basis of separate 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Government-wide and Fund Financial Statements (Continued):

Fund Financial Statements (Continued):

The fund financial statements provide information about the District's funds. Separate financial statements for the government's governmental funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually.

The District reports the following major governmental funds:

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.

The Facilities Improvement Special Revenue Fund was established to set aside amounts for future building needs for various facilities and rehabilitation of current facilities.

c. Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations are reported in the government-wide financial statements. Under 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. Under the current financial resources measurement focus, current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on the balance sheets. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund financial statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Measurement Focus and Basis of Accounting (Continued):

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Measurable means that amounts can be estimated, or otherwise determined. 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. 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, rental income, charges for services 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.

d. New Accounting Pronouncements:

Current Year Standards:

GASB 66 - *"Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62"*, required to be implemented in the current fiscal year did not impact the District.

GASB 70 - "*Accounting and Financial Reporting for Nonexchange Financial Guarantees"*, required to be implemented in the current fiscal year did not impact the District.

Pending Accounting Standards:

GASB has issued the following statements which may impact the District's financial reporting requirements in the future:

- GASB 68 - "*Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27"*, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - *"Government Combinations and Disposals of Government Operations"*, effective for periods beginning after December 15, 2013.
- GASB 71 - "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68"*, effective for periods beginning after June 15, 2014.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Investments:

Investments are reported at the fair market value, which represents the quoted or stated market value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

f. Receivables:

Management has determined that all receivables are collectible for the year ended June 30, 2014.

g. 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.

h. Capital Assets:

Capital assets that include land, structures and improvements, equipment and furniture, and vehicles, are reported in the government-wide financial statements. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Useful Life
Structures and improvements	30 years
Equipment and furniture	5 to 20 years
Vehicles	8 to 10 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for categorization under deferred outflows of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for categorization under deferred inflows of resources.

j. 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.

k. 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 Position since such obligation is not payable with currently available financial resources, and paid by resources in the District's General Fund.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

k. Compensated Absences (Continued):

The change in the District's compensated absences liability during the year ended June 30, 2013 consisted of the following:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014	Due Within One Year
Compensated absences	$ 447,095	$ 352,869	$ (394,808)	$ 405,156	$ 133,702

l. Net Position:

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets.

Restricted Net Position - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District has no restricted net position.

Unrestricted Net Position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Fund Equity:

In the fund financial statements, governmental funds report the following fund balance classifications:

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

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest authority, Board of Trustees. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

Assigned include amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District Manager is authorized to assign amounts to a specific purpose, which was established by the governing body in the Fund Balance Policy.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which the restricted fund balance is available. Committed, assigned, and unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District's policy is to apply restricted fund balance first. When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

n. Property Taxes:

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.

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.

o. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgetary Data:

The District adopts an itemized budget statement of anticipated revenues, estimated operating expenditures and reserve requirements for the General Fund and Facilities Improvement Special Revenue 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. The legal level of control is by department.

Excess of Expenditures Over Appropriations:

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

	Final Budget	Actual	Variance with Final Budget
Major Funds:			
General Fund:			
District Manager	$ 372,340	$ 378,768	$ (6,428)
Legal services	83,000	96,773	(13,773)

See independent auditors' report.

Cash and Investments:

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	$ 10,906,628

Cash and investments consist of deposits and investments, as noted below:

Deposits with financial institutions	$ 288,433
Investments	10,618,195
Total cash and investments	$ 10,906,628

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 governmental funds balance sheet as cash and investments. The District has adopted an investment policy which authorizes it to invest in various investments.

Investments Authorized by the California Government Code and the District's Investment Policy:

The District's Investment Policy is reviewed and adopted by the Board of Trustees each year. Investment vehicles not specifically mentioned in the District's investment policy, are not authorized unless the policy is amended by the Board of Trustees. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

3. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by the California Government Code and the District's Investment Policy (Continued):

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Issues	5 years	None	None
Federal Agency Issues	5 years	None	50%
Banker's Acceptances	180 days	40%	30%
Certificates of Deposit	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	N/A
Passbook Savings Account	None	None	None
Orange County Investment Pool (OCIP)	N/A	None	None
Money Market Mutual Fund	N/A	20%	10%

N/A - Not Applicable

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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, or Federal Agency Issue.
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.

3. CASH AND INVESTMENTS (CONTINUED):

Interest Rate Risk (Continued):

As of June 30, 2014, the District had the following investments and original maturities:

Investment Type	Fair Value	Remaining Maturity 6 Months or Less
California Local Agency Investment Fund	$ 9,010,616	$ 9,010,616
Orange County Investment Pool (OCIP)	1,607,579	1,607,579
	$ 10,618,195	$ 10,618,195

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the California Local Agency Investment Fund and Orange County Investment Pool are not rated.

Concentration of Credit Risk:

The District's investment policy imposes restrictions for certain types of investments with any one issuer beyond that stipulated by the California Government Code; however, external investment pools are excluded from this requirement. At June 30, 2014, the District's investments consisted entirely of investments in external investment pools.

Custodial Credit Risk:

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 its 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 (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

3. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk (Continued):

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state 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. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. At June 30, 2014, the District deposits (bank balances) were insured by the Federal Deposit Insurance Corporation up to $250,000 or collateralized as required under California Law.

District Investments in State Investment Pool and County 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 District is also a voluntary participant in the Orange County Investment Pool (OCIP) that is regulated by California Government Code and the Orange County Board of Supervisors under the oversight of the County of Orange Treasury Oversight Committee. The fair value of the District's investments in these pools is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF and OCIP for each respective portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCIP, which are recorded on an amortized cost basis.

4. CAPITAL ASSETS:

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

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets, not being depreciated:				
Land	$ 2,010,329	$ -	$ -	$ 2,010,329
Total capital assets, not being depreciated	2,010,329	-	-	2,010,329
Capital assets, being depreciated:				
Structures and improvements	4,548,177	-	-	4,548,177
Equipment and furniture	574,816	44,448	-	619,264
Vehicles	1,701,942	188,987	(104,852)	1,786,077
Total capital assets, being depreciated	6,824,935	233,435	(104,852)	6,953,518
Less accumulated depreciation for:				
Structures and improvements	(1,921,496)	(116,701)	-	(2,038,197)
Equipment and furniture	(425,172)	(49,744)	-	(474,916)
Vehicles	(1,126,714)	(118,434)	104,852	(1,140,296)
Total accumulated depreciation	(3,473,382)	(284,879)	104,852	(3,653,409)
Total capital assets, being depreciated, net	3,351,553	(51,444)	-	3,300,109
Governmental Activity capital assets, net	$ 5,361,882	$ (51,444)	$ -	$ 5,310,438

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

Governmental Activities:	
General government	$ 284,879

5. DEFERRED COMPENSATION PLAN:

The District offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457 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 Section 457, the District established trusts in which all assets are held by ICMA Retirement Corporation and Nationwide Retirement Solutions. All assets are held for the exclusive benefit of the plan participants and their beneficiaries and the assets shall not be diverted for any other purpose. Each participant directs the investments of their respective accounts and the District has no liability for any losses that may be incurred. Pursuant to federal legislation, the Section 457 plan assets were placed in trust for the exclusive benefit of all employees and their beneficiaries and are not available to the creditors of the District. For this reason, the assets and related liabilities of the plan are not included in the financial records of the District and are not included in the accompanying financial statements.

6. SELF-INSURANCE PROGRAM:

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

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.

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 $17,000,000 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.

7. RETIREMENT PLANS:

CalPERS Defined Benefit Pension Plan:

Plan Description:

The District participates in the 2% at 55 (Tier I), 2% at 60 (Tier II) and 2% at 62 (Tier III) Risk Pools of the California Public Employees Retirement System (CalPERS). As part of a cost-sharing multiple-employer defined benefit plan, CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS 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 District ordinance. Copies of CalPERS' annual financial report may be obtained from its executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy:

Active plan members of Tier I are required to contribute 7.0% of their annual covered salary. This plan was closed to new members as of July 13, 2012. Tier I contains only classic members (employees hired before January 1, 2013, the date of implementation of California Employees' Pension Reform Act (PEPRA)) for which the District paid the entire 7% of the employee contribution on behalf of the employee until July 13, 2012. As of July 13, 2012, represented employees, which exclude management, will pay 3.5% of the required 7.0% contribution. The District will continue to contribute the full 7.0% of the employee contribution on behalf of the management group.

As of July 13, 2012, Tier II is open to qualified employees (employees hired before January 1, 2013 or employees hired after January 1, 2013 and have been in the CalPERS System). Active plan members of Tier II are required to contribute 7.0% of their annual covered salaries. Represented employees, which exclude management, pay the full 7.0% of the required contribution. The District will continue to contribute the full 7% of the employee contribution on behalf of the management group.

Tier III was created by PEPRA as of January 1, 2013 and is open to all new employees who do not qualify for Tier II. Active plan members of Tier III are required to contribute 6.25% of their annual covered salary. PEPRA does not allow the District to pay any portion of the employee required contribution on behalf of the employee.

The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members under the California Employees' Pension Reform Act (PEPRA) provisions. The required employer contribution rate of annual covered payroll for the fiscal years ended June 30, 2014, 2013 and 2012 for Tier I were 10.781%, 10.238%, and 10.059%, respectively.

7. RETIREMENT PLANS (CONTINUED):

CalPERS Defined Benefit Pension Plan (Continued):

Funding Policy (Continued):

The required employer contribution rate for the fiscal year ended June 30, 2014 and 2013 for Tier II was 8.049% and 7.846%, respectively. The required employer contribution rate of the fiscal year ended June 30, 2014 and 2013 for Tier III was 6.25%. The actuarial methods and assumptions are those adopted by the CalPERS Board of Administration. The District's annual pension cost for all Tiers for the years ended June 30, 2014, 2013 and 2012 was $444,156, $439,437, and $448,864, respectively, which were equal to the required contributions each year.

Terminated OCERS Defined Benefit Pension Plan:

Plan Description:

The Orange County Vector Control District participated in the Orange County Employees' Retirement System (OCERS), a cost-sharing multiple employer, defined benefit pension plan, for all employees prior to January 5, 2007. The participating entities in OCERS share proportionally in all risks and costs, including benefit costs. The District's withdrawal as of January 4, 2007, precludes the District from sharing risks and costs with other participating entities. Only the District will be held responsible for costs of its plan. OCERS was established in 1945, under the provisions of the County Employees Retirement Law of 1937, and provides members with retirement, death, disability and cost-of-living benefits. Members employed prior to September 21, 1979, are designated as Tier I members. For Tier II members employed after September 20, 1979, the County Board of Supervisors adopted certain sections of the Government code which established formulas producing reduce allowances. OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans that are administered by OCERS. The report can be obtained from OCERS at 2223 Wellington Avenue, Santa Ana, California 92701.

Funding Policy:

The District was a contracting employer with the Orange County Employees Retirement System (OCERS) before it withdrew from OCERS and contracted with CalPERS to provide retirement benefits for its members with respect to service after January 4, 2007. Effective from the date of withdrawal, OCERS is only responsible for providing benefits to employees or retirees of Orange County Vector Control District who were members of OCERS before January 5, 2007.

7. RETIREMENT PLANS (CONTINUED):

Terminated OCERS Defined Benefit Pension Plan (Continued):

Funding Policy (Continued):

Per the termination and continuing contribution agreement entered into on June 1, 2008 with OCERS and Orange County Vector Control District, commencing as of December 31, 2010 and at least every three years thereafter OCERS will hire an actuary to recalculate the District's Unfunded Actuarial Accrued Liability (UAAL) obligation, based on accumulated assets and liabilities attributable to the District. All District members with OCERS will be considered a "closed group" for purposes of recalculating the UAAL. Based on the recalculation, in the event that there is any new UAAL obligation required of the District, it will be satisfied within 3 years following the effective date of each recalculation, including any accrued interest. In the event there is a surplus or negative UAAL, the surplus will remain in the retirement system as a credit against any future UAAL, unless the surplus exceeds 115%, which then it may be transferred to CalPERS.

Accounting and Reporting:

As a result of the withdrawal from OCERS and the terms of the termination and continuing contribution agreement, the related UAAL is considered to be a pension-related debt and, as such, is accounted for as a long-term liability of the District. The outstanding liability is reported as a noncurrent liability on the government-wide financial statements. Contributions are reported as debt service payments when made.

Interest accrues on the outstanding liability at the interest rate assumption utilized in the most recent actuarial valuation.

Changes to the UAAL for the year ended June 30, 2014 were as follows:

Unfunded actuarial accrued liability as of June 30, 2013	$ 3,474,682
Interest for the period July 1, 2013 through December 31, 2013 at a rate of 7.25%	121,551
Net decrease due to differences in actual activity as compared to actuarial assumptions (1)	(425,577)
Interest for the period January 1, 2014 through February 28, 2014 at a rate of 7.25%	38,312
Contributions made	(500,000)
Interest for the period March 1, 2014 through June 30, 2014	65,467
Unfunded actuarial accrued liability as of June 30, 2014	$ 2,774,435

See independent auditors' report.

7. RETIREMENT PLANS (CONTINUED):

Terminated OCERS Defined Benefit Pension Plan (Continued):

Accounting and Reporting (Continued):

(1) The net decrease in the UAAL was due to the following differences in actual activity as compared to actuarial assumptions utilized in the most recent actuarial valuation as of December 31, 2013:

Gain due to favorable investment returns	$	(436,357)
Gain due to lower-than-expected salary increases		(372,417)
Loss due to retirement experience		212,057
Loss due to turnover experience		266,520
Net gain due to other actuarial experience		(95,380)
	$	(425,577)

As a result of the significant decrease in the UAAL balance, this change in the estimate has been reported as a special item in the government-wide financial statements so as not to distort the net (expense) revenue and changes in net position of the vector control activities.

Summary of Principal Actuarial Assumptions and Methods:

The unfunded actuarial accrued liability was determined using assumptions as part of the December 31, 2013 valuation using the entry age normal actuarial cost method. These assumptions included (a) 7.25% investment rate of return (net of both investment and administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 3.0% cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.25%. The actuarial value of OCERS assets was determined by using the market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a five-year period. The valuation value of assets is the actuarial value of assets reduced by the value of the non-valuation reserves. It should be noted that the District has previously withdrawn from OCERS, the liabilities for the District have been determined using frozen service previously accrued while at OCERS but with projected salaries at retirement for current active employees.

Beginning with the December 31, 2013 valuation, all existing UAAL layers were combined into a single layer and are being amortized over 20 years. Any increases or decreases in the UAAL that arise in future years due to actuarial gains or losses or due to changes in actuarial assumptions will be amortized over separate 20 year closed (declining) periods. It should be noted that the above amortization policy is only applicable in determining the UAAL contribution for an on-going employer. For an employer like the District that has already withdrawn from OCERS, the rate of payment to fund the UAAL is governed by its termination agreement with OCERS.

7. RETIREMENT PLANS (CONTINUED):

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 contributions from the employees. The contribution rate is 7.50% of gross earnings for employees. Total payroll for employees covered by this plan at June 30, 2014, was $575,960. The amount of employee contributions at June 30, 2014, was $43,196.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN:

Plan Description:

The District sponsors the California PERS (CalPERS) Health Plan (PEMHCA). The plan is administered by CalPERS and the assets are held in a trust account held by the Public Agency Retirement Services (PARS) that was created in July 2008. The program provides comprehensive health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. Participation in PEMHCA is financed in part by the District. District members become eligible to retire and receive District-paid healthcare benefits upon attainment of age 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 basic contribution on behalf of retirees is determined under the "Unequal Contribution Method" as described in Government Code Section 22892(c), as applied to the statutory minimum contribution for active employees of $112/month (2012), $115/month (2013), and $119/month (2014). The contribution on behalf of retirees is 30% of $112 ($33.60) for 2012, 35% of $115 ($40.25) for 2013, and 40% of $119 ($47.60) for 2014. The percentage increases each year by 5% until it reaches 100% of the statutory minimum contribution for years 2026 and later.

In addition to the generally applicable rules described above, there are two grandfathering provisions which apply as follows:

(1) Employees hired prior to July 1, 2009 have an additional allowance of $234.05 added to their statutory minimum as described above. The $234.05 represents the medical allowance as of the date the new CalPERS resolution was adopted, and is frozen for all future years.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

Plan Description (Continued):

(2) There are a number of grandfathered retirees who transferred from the Orange County Employees' Retirement System (OCERS) Health Plan to PEMHCA in April, 2006, which is administered by CalPERS. 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 as determined under the rules described in paragraph (1) 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. Plan assets in the trust account held by PARS have an actuarial value of $2,576,408 as of a July 1, 2012 actuarial report. The District made premium payments of $129,105 during the 2013-2014 fiscal year, which were entirely reimbursed by funds in the PARS Trust and required retiree contributions. The purpose of the contributions was to cover the pay-as-you-go financing requirement.

Annual OPEB Costs and Net OPEB Asset:

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		$ 44,786
Interest on net OPEB obligation		(74,231)
Adjustment to annual required contribution		85,457
Annual OPEB cost		56,012
Premium payments made by the District	$ 129,105	
Less: Reimbursement from OPEB trust	(129,105)	
Actual contributions made to OPEB trust		-
Decrease in net OPEB asset		56,012
Net OPEB Asset - beginning of year, as restated		(1,060,444)
Net OPEB Asset - end of year		$ (1,004,432)

The ARC of $44,786, is 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 an open thirty year period.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

Three-Year Trend Information:

The District's annual OPEB cost, the actual contributions, percentage of annual OPEB cost contributed to the plan and the net OPEB asset for the year ended June 30, 2014 and the previous two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset (as restated)
06/30/2012	$ 410,501	$ 283,689	69.11 %	$ (1,117,055)
06/30/2013	56,611	-	0.00%	(1,060,444)
06/30/2014	56,012	-	0.00%	(1,004,432)

Funded Status and Funding Progress:

As of July 1, 2012, the most recent actuarial valuation date, the plan was 131.84% funded (actuarial value of assets as a percentage of the actuarial accrued liability). The actuarial accrued liability for benefits was $1,954,178 and the actuarial value of assets was $2,576,408, resulting in a surplus of $622,230. The covered payroll (annual payroll of active employees covered by the plan) was $4,120,718, and the ratio of the UAAL to the covered payroll was (15.10)%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the basic 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.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

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.

The unfunded actuarial accrued liability was determined using assumptions as part of the July 1, 2012 valuation using the projected unit credit actuarial cost method. These assumptions included (a) 7.00% investment rate of return (net of administrative expenses), (b) healthcare trend rates of 8% decreasing to an ultimate rate of 5% over a period of 3 years, and (c) Medical CPI of 4%. These assumptions all include an implicit inflation component of 2.5%. The actuarial value of plan assets was determined by using the market value of the PARS account as of June 30, 2012, without adjustment. The District's unfunded actuarial accrued liability is being amortized as a level dollar amount over an open period of 30 years. Any increases or decreases in UAAL that arise in future years due to actuarial gains or losses and/or changes in actuarial assumptions will be combined with the outstanding balance of the UAAL from the previous valuation and amortized over a new 30 year period.

Several factors have caused the actuarial accrued liability to decrease from $3,377,688 as calculated in the July 1, 2009 actuarial valuation to $1,954,178 in the July 1, 2012 actuarial accrued liability. One of the most significant changes to the factors included in the actuarial valuation includes that the District adopted the CalPERS statutory minimum benefit as of July 1, 2009 that caused a decrease to the actuarial accrued liability of $1,568,770. In addition, the assumed future rates of retirement were lowered by 20% at all ages to reflect emerging plan experience, which caused a decrease of $94,583 to the actuarial accrued liability. Also, there was a net census gain (a decrease in the actuarial accrued liability) of $176,476, primarily as a result of fewer retirements than expected. Other actuarial valuation factors in the July 1, 2012 valuation were changed due to differences from actual results to expectations and updated information available at the time the valuation was performed, but did not have a significant impact on the actuarial accrued liability.

9. OPERATING LEASES:

Operating leases arise from renting the District's property on Haster Street in Garden Grove, California. Initial lease terms generally range from 12 to 60 months. Future minimum rental payments to be received on non-cancelable operating leases are contractually due as follows as of June 30, 2014:

Year Ending June 30	Amounts
2015	$ 177,105
2016	36,175
2017	14,004
	$ 227,284

Total rent revenue for the year ended June 30, 2014 was $316,033.

10. 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.

11. RESTATEMENT OF NET POSITION:

Net position for the government-wide financial statements as of July 1, 2013 was restated as follows:

	Governmental Activities
Net position as previously reported as of June 30, 2013	$ 11,881,895
Decrease in net position to correct the calculation of the net OPEB asset	(144,673)
Net position as restated July 1, 2013	$ 11,737,222

See independent auditors' report.

12. SUBSEQUENT EVENTS:

Events occurring after June 30, 2014 have been evaluated for possible adjustments to the financial statements or disclosure as of December 22, 2014, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ORANGE COUNTY VECTOR CONTROL DISTRICT

SCHEDULE OF FUNDING PROGRESS

For the fiscal year ended June 30, 2014

OTHER POST-EMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Accrued Liability (Surplus) (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	(Surplus) UAAL as a % of Covered Payroll [(a)-(b)]/c]
07/01/2009	$ 3,377,688	$ 1,445,996	$ 1,931,692	42.81%	$ 4,120,718	46.88%
07/01/2012	$ 1,954,178	$ 2,576,408	$ (622,230)	131.84%	$ 4,120,718	-15.10%

See independent auditors' report.

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Certified Public Accountants & Consultants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Orange County Vector Control District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control over Financial Reporting

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

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

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

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Offices located in Orange and San Diego Counties

Compliance and Other Matters

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

Purpose of this Report

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

White Nelson Diehl Evans LLP

Irvine, California
December 22, 2014