

A G E N D A

993rd MEETING OF THE BOARD OF TRUSTEES OF THE ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT

JANUARY 9, 2013

TIME: 5:00 P.M.
PLACE: Office of the District, 23187 Connecticut Street, Hayward
TRUSTEES: Jan Washburn, President, City of Berkeley
Jim Prola, Vice President, City of San Leandro
Barbara Halliday, Secretary, City of Hayward
Abe Gupta, City of Dublin
Dennis Bray, County-at-large
City of Oakland, Vacant
City of Pleasanton, Vacant
James N. Doggett, City of Livermore
T. David Edwards, City of Alameda
Jim Golden, City of Emeryville
City of Fremont, Vacant
Denny McLeod, City of Piedmont
Ronald Quinn, City of Union City
William M. Spinola, City of Newark

1. **Call to order.**
2. **Roll call.**
3. **Public Comment.** President Washburn invites any member of the public to speak at this time on any issue relevant to the District. (Each individual is limited to five minutes)
4. **Approval of the Minutes** of the 992nd meeting December 12, 2012. (Board action required)
5. **Review of the Warrants** dated December 15, 2012 numbering 029513 through 031513 amounting to \$87,546.20 and warrants dated December 31 numbering 031613 through 034513 amounting to \$105,013.84. (Information only).
6. **Review of Account Balances** as of December 31, 2012. The handout for item 6 gives the Amount Budgeted for each category, Amount Expended to date, Balances, and Percent Expended. (Information Only)
7. **Review of Draft Audit** for the fiscal year ending June 30, 2012. A copy of the draft document is included in your packet. Manager Chindi Peavey will discuss it and answer questions. The Auditor, Michael O'Connor, will present the Final Audit at next Board Meeting on February 13th and answer questions from the Trustees. (Information only)
8. **Election of District Officers for 2013.** (Board action required.) Gavel transferred from President Washburn to newly elected President.
9. **Presentation of Monthly Operational Report** for December 2012. (Information only)

10. **Manager's Report** for December 2012. (Information only unless otherwise noted)

- a) **MVCAC - Annual Meeting February 3-6, Sacramento CA**
- b) **AMCA Annual Meeting February 24-28, Atlantic City, NJ**
- c) **LAFCo has posted the Municipal Service Review for the District**
- d) **VCJPA Insurance funds**
- e) **CalPERS**

11. Board President asks trustees for items to be added to the agenda for the next Board meeting. (Information only)

12. Reports on conferences and seminars attended by Trustees.

13. Announcements from members of the Board. (Information only)

14. Adjournment.

CITIZENS ATTENDING THE MEETING MAY SPEAK ON ANY AGENDA ITEM AT THEIR REQUEST!

Please Note: A copy of this agenda is also available at the District website, www.mosquitoes.org or via email by request. Alternative formats of this agenda can be made available for persons with disabilities. Please contact the district office at (510) 783-7744, via FAX (510) 783-3903 or email at acmad@mosquitoes.org to request an alternative format.

Manager's Report

January 9, 2013

- a) **Mosquito and Vector Control Association of California (MVCAC).** The Annual Conference will be held in Sacramento on February 3-6. Registration must be completed by January 15th. Trustees interested in attending should notify Manager Chindi Peavey. The Trustee Breakfast includes a talk on fraud by San Mateo County MVCD Manager Robert Gay.
- b) **American Mosquito Control Association.** The annual conference will be held in Atlantic City New Jersey on February 24-28. Manager Chindi Peavey and Entomologist Bruce Kirkpatrick will attend.
- c) **Local Agency Formation Commission.** LAFCo has completed its draft Municipal Services Review of the Mosquito Abatement District and the County Vector Control District.
1. The report notes that District lacks a capital replacement plan and has a rather large amount of unrestricted reserves. The District's reserves are used for capital replacement and to fund operations between the beginning of the fiscal year (July 1, and the receipt of property tax revenues (December). It is the Manager's recommendation that a written plan for reserves be prepared and that reserves be designated through official Board action.
- d) **VCJPA .** The District received two checks from the Vector Control Joint Powers Board. One was a dividend of \$16,374 from the Pooled Workers' Compensation Program, the second was a dividend of \$9,354 from the Pooled Liability Program. Both Checks were re-deposited in the District's member contingency fund. The attached documents give the by-laws governing the use of the member contingency fund and the current status of the district's portion of that fund.
- e) **CalPERS.** New legislation affecting the district's retirement system took effect on January 1.
1. The pension reform legislation does not require the board to make changes in the pension benefits for current employees.
 2. As of January 1, a second tier (2% @ 62) has been established for new employees. Any employees hired after this date will be placed in this tier, which has a lower normal cost. Current employees are in a tier with a 2% at 55 benefit formula. The cost of these benefits has fallen to 11% with the payment of the District's side fund.
 3. The new legislation prohibits providing a different vesting schedule for retiree health benefits to exempt employees than to other employees. This impacts the employment agreement between the Board and the Manager at the time of her hiring last June. Manager Chindi Peavey recommends that the agreement be changed to align it with this legislation. Going forward, the manager's retiree health benefit will be the same as that for all other employees (50% for the manager and spouse at 10 years, instead of 100% for the manager alone at 10 years).

MINUTES

AGENDA ITEM 4

992nd MEETING OF THE BOARD OF TRUSTEES
OF THE ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT

DECEMBER 12, 2012

TIME: 5:00 P.M.
 PLACE: Office of the District, 23187 Connecticut Street, Hayward
 TRUSTEES: Jan O. Washburn, President, City of Berkeley
 Jim Prola, Vice-President, City of San Leandro
 Barbara Halliday, Secretary, City of Hayward
 Dennis Bray, County-at-large
 City of Oakland, Vacant
 City of Pleasanton, Vacant
 James N. Doggett, City of Livermore
 T. David Edwards, City of Alameda
 Jim Golden, City of Emeryville
 Abe Gupta, City of Dublin
 John D. Hughes, City of Fremont
 Denny McLeod, City of Piedmont
 Ronald Quinn, City of Union City
 William M. Spinola, City of Newark

Board President Jan Washburn called the meeting to order at 5:00 PM

Trustee Dennis Bray was absent.

Board President Jan Washburn expressed his appreciation to the staff for their excellent presentations at Trustee Field Day. He proposed writing a letter to the staff and the rest of the board supported this idea.

The Board entered closed session to discuss the performance and salary of Manager Chindi Peavey at the completion of her six month probation period.

The Board came out of closed session. President Washburn reported that the Board had voted unanimously to move Manager Chindi Peavey to Step 2, with a concomitant salary increase of 5%, in accordance with the offer made to her at the time of selection for the position. Her position will be reviewed again at the June 2013 Board meeting, with advancement to Step 3 and an increase in salary of 5% if she passes her one year probation period. Thereafter, she will have two more annual evaluations and step increases of 5%, which will bring her salary to the same level as that of former manager John Rusmiser at the time of his retirement. This is also in accordance with the offer of employment made to her at the June 2012 Board meeting.

President Washburn invited members of the public to speak on issues relevant to the District. No members of the public were present.

The Board reviewed the minutes of the 991st meeting held on November 14, 2012. Board member David Edwards pointed out errors on the first page: the warrant number for the check to pay off the CalPERS side fund was missing. There was an extra word in the narrative about Resolution 991-001; he suggested removing the word "and" following his name. The Minutes were approved with those changes (Spinola/Golden, unanimous with trustees Washburn and Spinola abstaining)

The Board reviewed the warrants dated November 15, 2012 numbering 024113 through 026613 amounting to \$94,447.60 and warrants dated November 30 numbering 026713 through 029413 amounting to \$97,520.95. Warrant number 026413 to Rocky Mountain is a list of the charges on the District credit card for October.

The Board reviewed the Account Balances. Trustee Denny McLeod asked why the "District Special Expense" was only 14% expended. District Manager Chindi Peavey explained that many of the items in that account were large items which have not yet been purchased. Pesticides are purchased from this account and much of the acquisition of these materials is made in the spring, after January 1st.

President Jan Washburn reported that the nominating committee was recommending that the Board continue to follow past practices by elevating the Vice President to President, and the Secretary to Vice President. He further reported that the nominating committee nominated Abe Gupta to Secretary and Abe Gupta had expressed his willingness to serve if elected. The Board voted to confirm the nominations (Doggett/Halliday, unanimous)

District Manager Chindi Peavey presented the Monthly Operational Report for November 2012 (written report is in the attachment for Item 11).

District Manager Chindi Peavey presented the Manager's Report for November 2012.

- a) The MVCAC Planning Session was held on December 6-7. District Manager Chindi Peavey attended. She reported that she is the new Regional Coordinator for Continuing Education and will serve as a member of the Continuing Education Committee of the MVCAC. Jan Washburn reported that he has been asked to continue to serve as Editor for the Proceedings of the MVCAC and has accepted the position.
- b) The Annual Conference of the American Mosquito Control Association will be held February 24-28. Manager Chindi Peavey and Entomologist Bruce Kirkpatrick will attend.
- c) District Financial Audit. Michael O'Connor of the auditing firm R.J. Ricciardi, Inc, came to the District on November 27th. Manager Chindi Peavey, retired manager John Rusmisl and trustee Barbara Halliday met with him on that day. The audit will be presented to the Board when it is completed. Presentation is expected to occur at the February Board meeting.
- d) The District is switching carriers for its cell phone service to Verizon due to problems with reception.
- e) District staff met with staff of the Don Edwards Wildlife Refuge.
- f) New Database. Contractor Jim Stifler of Zoa Consulting has been progressing with construction of the new database and migration of the data from the district's current database into the new system. Thus far the programming portion of the project has cost \$18,000. There are additional anticipated expenses for equipment and software. The entire project is budgeted at \$50,000.

President Jan Washburn reported on his experience at the Annual Conference of the Entomological Association of America, held in Knoxville Tennessee. His report included information on the resurgence of the yellow fever mosquito, Aedes aegypti, in the southeastern US. Until recently, Ae. aegypti was disappearing from the southeast and being replaced by the Asian tiger mosquito, Ae. albopictus. The disappearance of Ae. aegypti was caused by cross-species mating of Ae. albopictus males with Ae. aegypti females. This cross mating does not produce offspring and results in the sterilization of Ae. aegypti females. Recent research has shown that a growing portion of the Ae. aegypti population is resistant to cross mating and is not being sterilized. This is leading to a resurgence of Ae. aegypti in the US.

Trustee Ron Quinn announced that the Mayor and city council of Union City had asked him to pass along the city's appreciation for the excellent work the District is doing in controlling mosquitoes. Union City has had no mosquito problems as a result of the District's control of mosquito larvae in their area. The trustees from the other cities echoed this sentiment and said that the residents of their cities appreciated the District's thorough control program and were experiencing very few adult mosquitoes.

President Washburn asked if any trustees had requests for items to be added to the agenda for the next Board meeting. No agenda items were requested.

The meeting adjourned at 5:50 PM

Respectfully submitted,

Barbara Halliday, Secretary

Approved as written and/or corrected
at the 993rd meeting of the Board of
Trustees held January 9, 2013

Jan Washburn, President
BOARD OF TRUSTEES

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
LIST OF WARRANTS DATED DECEMBER 15, 2012.**

AGENDA ITEM 5

| WARRANT NO | PAYEE | | ACCT NO | AMT OF CHARGE | AMT OF WARRANT |
|-------------------|-------------------------------------|---|----------------|----------------------|-----------------------|
| 029513 | Dereje Alemayehu | Total salary less deduction for payroll | 1011 | 2,633.94 | |
| 029513 | John Busam | December 1 to December 15, 2012. | 1011 | 2,610.48 | |
| 029513 | Lyle C. Cain | " | 1011 | 1,952.52 | |
| 029513 | Neil Campbell | " | 1011 | 2,515.60 | |
| 029513 | Cardenas, Miguel | " | 1011 | 1,931.59 | |
| 029513 | Erika Castillo | " | 1011 | 2,217.84 | |
| 029513 | Joseph W. Huston | " | 1011 | 2,725.77 | |
| 029513 | Michelle Izumizaki | " | 1011 | 2,194.71 | |
| 029513 | Bruce A. Kirkpatrick | " | 1011 | 3,168.00 | |
| 029513 | Clarence C. Lam | " | 1011 | 2,308.08 | |
| 029513 | Gregory Leipzig | " | 1011 | 2,404.49 | |
| 029513 | Sharon S. Mead | " | 1011 | 2,710.47 | |
| 029513 | Chindi Peavey | " | 1011 | 3,255.47 | |
| 029513 | Gregory D. Wood | " | 1011 | 2,726.99 | |
| 029513 | IRS | Federal tax withheld (payroll) | 1011 | 5,742.29 | |
| | | Medicare Tax Withheld (payroll) | 1011 | 643.69 | |
| | | District Contribution to Medicare (payroll) | 1311 | 643.69 | |
| 029513 | State of California | State Tax withheld (payroll) | 1011 | 1,861.50 | 44,247.12 |
| 029613 | Public Employees' Retirement System | Employee Contributions | 1011 | 14.00 | |
| | | Employer Paid Member Contributions | 1211 | 3,595.34 | |
| | | Employer Contribution 11.040% | 1211 | 5,670.38 | 9,279.72 |
| 029713 | Aetna Life & Annuity | Employee Contributions | 1011 | | 150.00 |
| 029813 | CALPERS 457 Plan | Employee Contributions - PERS 457 | 1011 | | 3,502.00 |
| 029913 | Delta Dental Plan | Monthly Premium | 1411 | | 4,298.83 |
| 030013 | Vision Service Plan | Health premium | 1411 | | 788.84 |
| 030113 | Bayside | Janitorial services, December 2012 | 3051 | | 260.00 |
| 030213 | Cintas | Laundry service | 3071 | 105.29 | |
| | | Personal supplies | 3031 | 0.00 | 105.29 |
| 030313 | Corporate Park Landscaping | Landscape maintenance | 3211 | | 170.00 |
| 030413 | Entrix | CEQA apportionment | 3411 | | 2,653.39 |
| 030513 | Grainger | Safety supplies | 3391 | | 151.57 |
| 030613 | Hayward Water | Utilities | 3271 | | 411.25 |

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
LIST OF WARRANTS DATED DECEMBER 15, 2012.**

| WARRANT NO | PAYEE | | ACCT NO | AMT OF CHARGE | AMT OF WARRANT |
|-----------------------|----------------------|--|--------------------|--------------------------|---------------------------|
| 030713 | Light House | Flashing indicator light | 3231 | | 31.32 |
| 030813 | Leipzig, Greg | Reimbursement of boots | 3031 | | 190.00 |
| 030913 | Minolta | Service charges | 3111 | | 180.40 |
| 031013 | Minolta | Copier rental | 3111 | | 358.62 |
| 031113 | Namakan West | Mosquito fish | 3391 | | 482.63 |
| 031213 | PFM Asset Management | Investment advisory services | 3411 | | 915.80 |
| 031313 | Waste Management | Garbage service for November | 3271 | | 113.27 |
| 031413 | ZOA Consulting | VCMS replacement, partial | 5311 | | 10,000.00 |
| 031513 | Rocky Mountain | DOMS - machetes | 3031 | 58.64 | |
| | | DOMS - knee boots for WP | 3031 | 83.18 | |
| | | Target - cleaning supplies | 3051 | 71.03 | |
| | | Target - toilet paper | 3051 | 6.83 | |
| | | Godaddy - web site analysis | 3111 | 2.99 | |
| | | Comware - anti-virus software subscription | 3111 | 305.76 | |
| | | Amazon - Acer notebook | 3111 | 402.41 | |
| | | Eval of Software - MS Office Pro | 3111 | 960.00 | |
| | | Logmein - software network log in | 3111 | 69.95 | |
| | | Mytopo - aerial photo software | 3111 | 306.95 | |
| | | Office Depot - stationery | 3111 | 43.25 | |
| | | Best Buy - sleeves for laptop | 3111 | 49.12 | |
| | | Canon - copier rental | 3111 | 346.82 | |
| | | Home Depot - 25 watts bulbs | 3131 | 35.56 | |
| | | SQ Bay Area - oil injector | 3131 | 125.00 | |
| | | SQ On - sign renewal | 3211 | 870.00 | |
| | | SQ On - sign renewal | 3211 | 915.00 | |
| | | JAI - chainsaw repair | 3231 | 116.01 | |
| | | East Bay Lawn - safety helmet for chainsaw | 3231 | 71.76 | |
| | | Target - battery | 3231 | 7.46 | |
| | | East bay Lawn - chainsaw | 3231 | 358.86 | |
| | | Allied - ball mount, lock assy | 3231 | 100.56 | |
| | | VIC - credit reversal | 3231 | (57.86) | |
| | | Gobig - Argo grill cover | 3231 | 85.47 | |

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
LIST OF WARRANTS DATED DECEMBER 15, 2012.**

| WARRANT NO | PAYEE | ACCT NO | AMT OF CHARGE | AMT OF WARRANT |
|-----------------------|--|--------------------|--------------------------|---------------------------|
| | TelePacific - communication expenses | 3291 | 568.21 | |
| | Sprint - communication expenses | 3291 | 524.96 | |
| | ESA - ESA membership | 3331 | 189.00 | |
| | Ra Sushi - dinner, MCACA, Santa Ana, BK | 3351 | 38.06 | |
| | Embassy - lunch, MVCAC, Santa Ana, BK/EC | 3351 | 51.10 | |
| | JT - dinner, MVCAC, Santa Ana, BK/EC | 3351 | 75.36 | |
| | SSTR - parking, MVCAC, Santa Ana, BK | 3351 | 66.00 | |
| | Embassy - lunch, MVCAC, Santa Ana, BK | 3351 | 22.90 | |
| | Embassy - lodging, MVCAC, Santa Ana, BK | 3351 | 286.48 | |
| | Embassy - lunch, MVCAC, Santa Ana, BK | 3351 | 15.93 | |
| | Embassy - lunch, MVCAC, Santa Ana, CP | 3351 | 18.16 | |
| | Embassy - lunch, MVCAC, Santa Ana, CP/EC | 3351 | 37.49 | |
| | Embassy - dinner, MVCAC, Santa Ana, CP | 3351 | 24.55 | |
| | Embassy - lodging, MVCAC, Santa Ana, CP | 3351 | 286.48 | |
| | Embassy - lunch, MVCAC, Santa Ana, CP | 3351 | 25.63 | |
| | Walgreen - Fastrack transponder | 3351 | 26.00 | |
| | Shell - gas for V 39 | 3351 | 75.00 | |
| | 24 Lucilles - dinner, MVCAC, Santa Ana, EC | 3351 | 26.00 | |
| | Embassy - lodging, MVCAC, Santa Ana, EC | 3351 | 286.48 | |
| | Ken's - parking, SFBJV, EC | 3351 | 10.00 | |
| | SQ Bay Area - oil treatment | 3351 | 194.53 | |
| | Walgreen - camera | 3391 | 141.20 | |
| | Orchard - tools for source reduction | 3391 | 108.71 | |
| | Orchard - tools for source reduction | 3391 | 8.68 | |
| | Davis St - dumping fee | 3391 | 101.70 | |
| | Orchard - shoves for ditching | 3391 | 45.65 | |
| | NNA - notary exam and fees | 3391 | 419.01 | |
| | Target - Wet Ones | 3391 | 14.34 | |
| | Target - camera, memory card | 3392 | 233.79 | |
| | Rocky Mountain Subtotal | | | 9,256.15 |
| TOTAL WARRANTS | | | | 87,546.20 |

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
LIST OF WARRANTS DATED DECEMBER 31, 2012.**

| WARRANT NO | PAYEE | DESCRIPTION | ACCT NO | AMT OF CHARGE | AMT OF WARRANT |
|-----------------------|--|---|--------------------|--------------------------|---------------------------|
| 031613 | Dereje Alemayehu | Total salary less deductions for payroll period | 1011 | 2,731.61 | |
| 031613 | John Busam | " | 1011 | 2,708.14 | |
| 031613 | Lyle C. Cain | " | 1011 | 1,952.52 | |
| 031613 | Cornelius Campbell | " | 1011 | 2,515.60 | |
| 031613 | Miguel Cardenas | " | 1011 | 1,931.59 | |
| 031613 | Erika B. Castillo | " | 1011 | 2,315.52 | |
| 031613 | Joseph W. Huston | " | 1011 | 2,725.76 | |
| 031613 | Michelle Izumizaki | " | 1011 | 2,292.38 | |
| 031613 | Bruce A. Kirkpatrick | " | 1011 | 3,265.68 | |
| 031613 | Clarence Lam | " | 1011 | 2,369.13 | |
| 031613 | Greg Leipzig | " | 1011 | 2,404.50 | |
| 031613 | Sharon S. Mead | " | 1011 | 2,771.51 | |
| 031613 | Chindi Peavey | " | 1011 | 3,457.49 | |
| 031613 | Gregory D. Wood | " | 1011 | 2,788.03 | |
| 031613 | IRS | Federal Tax Withheld | 1011 | 5,795.23 | |
| | | Medicare Tax Withheld | 1011 | 646.59 | |
| | | District Contribution to Medicare | 1311 | 646.61 | |
| 031613 | State of California | State Tax Withheld | 1011 | 1,882.07 | 45,199.96 |
| 031713 | Public Employees' Retirement System | Employees contributions | 1011 | 14.00 | |
| | | Employer paid member contributions | 1211 | 3,611.62 | |
| | | District contribution 11.040% | 1211 | 5,696.06 | 9,321.68 |
| 031813 | Aetna Life & Annuity | Employee contributions | 1011 | | 150.00 |
| 031913 | Calpers 457 Plan | Employees contributions - PERS 457 | 1011 | | 3,502.00 |
| 032013 | Calpers | Health insurance | 1411 | | 25,435.32 |
| 032113 | Jefferson Pilot Financial | Life insurance premium | 1411 | | 81.90 |
| 032213 | Dennis Bray | In lieu expenses - sign warrants d.d. 12-15-12 | 3351 | | 100.00 |
| 032313 | James Doggett | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 032413 | T. David Edwards | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 032513 | James Golden | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 032613 | Abe Gupta | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 032713 | Barbara Halliday | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 032813 | John Hughes | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 032913 | Denny McLeod | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 033013 | Jim Prola | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 033113 | Ronald Quinn | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 033213 | William Spinola | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 033313 | Jan Washburn | Trustee in lieu expenses - 992nd meeting | 3351 | | 100.00 |
| 033413 | Adapco | Vectobac 12 AS | 3391 | | 1,672.58 |
| 033513 | Big Sky | Disposal of tires, used oil | 3231 | | 81.50 |
| 033613 | Cintas Corp | Personal Supply | 3031 | 0.00 | |
| | | Laundry Service | 3071 | 263.41 | 263.41 |
| 033713 | Grainger | First aid supplies | 3391 | 79.00 | |
| | | Fan control | 3211 | 42.99 | 121.99 |

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
LIST OF WARRANTS DATED DECEMBER 31, 2012.**

| WARRANT NO | PAYEE | DESCRIPTION | ACCT NO | AMT OF CHARGE | AMT OF WARRANT |
|-----------------------|-----------------|--|--------------------|--------------------------|---------------------------|
| 033813 | Kimball Midwest | End KF, Nipple | 3231 | | 48.29 |
| 033913 | Macke Water | Rental 01-01-13 to 02-28-13, maintenance | 3551 | | 97.08 |
| 034013 | PG & E | Utilities | 3271 | | 1006.60 |
| 034113 | R J Ricciardi | Audit fee, progress billing | 3411 | | 4006.90 |
| 034213 | Sonitrol | Monitoring fee | 3551 | | 514.00 |
| 034313 | Washburn, Jan | Travel expenses, ESA, Knoxville | 3351 | | 1,477.23 |
| 034413 | Wright Express | Fuel expenses | 3351 | | 2,633.40 |
| 034513 | ZOA Consulting | VCMS replacement, software development | 5311 | | 8,200.00 |
| Total Warrants | | | | | 105,013.84 |

**Accounts Balance as of December 31, 2012.
Budget Year 2012-13**

AGENDA ITEM 6

| CATEGORY | BUDGETED | EXPENDED TO DATE | BALANCE | % Expended |
|--|---------------------|-----------------------------|---------------------|-----------------------|
| Salary and Wages | | | | |
| Salary and Wages | 1,166,514.33 | 642,536.13 | 523,978.20 | 55% |
| Contribution to Medicare | 15,702.06 | 8,132.95 | 7,569.11 | 52% |
| Contribution to Health Care | 397,189.86 | 181,845.80 | 215,344.06 | 46% |
| Contribution to retirement | 346,358.82 | 167,696.75 | 178,662.07 | 48% |
| Salaries and Wages Total | 1,925,765.07 | 1,000,211.63 | 925,553.44 | 52% |
| SERVICE AND SUPPLIES | | | | |
| Clothing and Personal Supplies | 8,480.00 | 3,252.17 | 5,227.83 | 38% |
| Household Expenses | 4,828.00 | 2,461.09 | 2,366.91 | 51% |
| Laundry Service and Supplies | 8,100.00 | 2,899.58 | 5,200.42 | 36% |
| Office Expenses | 22,929.92 | 10,530.89 | 12,399.03 | 46% |
| Laboratory Supplies | 17,548.90 | 9,793.03 | 7,755.87 | 56% |
| Small Tools and Instruments | 2,400.00 | 496.24 | 1,903.76 | 21% |
| Maintenance - Structures & Improvement | 9,303.00 | 3,633.94 | 5,669.06 | 39% |
| Maintenance Equipment | 38,294.00 | 10,621.97 | 27,672.03 | 28% |
| Utilities | 18,120.00 | 8,031.48 | 10,088.52 | 44% |
| Communications | 14,145.00 | 5,258.16 | 8,886.84 | 37% |
| Memberships, Dues, Subscriptions | 26,433.84 | 15,704.00 | 10,729.84 | 59% |
| Transportation and Travel | 73,900.00 | 35,894.66 | 38,005.34 | 49% |
| District Special Expenses | 237,420.10 | 37,972.52 | 199,447.58 | 16% |
| Community Education | 24,820.00 | 8,113.59 | 16,706.41 | 33% |
| Professional and Specialized Services | 178,680.00 | 45,778.40 | 132,901.60 | 26% |
| Insurance - Collision, Liability etc | 43,126.00 | 41,353.00 | 1,773.00 | 96% |
| Workers Compensation Insurance | 44,363.00 | 46,257.00 | -1,894.00 | 104% |
| Insurance Fund - SIRS | 25,000.00 | 0.00 | 25,000.00 | 0% |
| Rents, Leases - Equipment | 7,478.00 | 3,608.08 | 3,869.92 | 48% |
| Rents, Leases - Land and Structures | 0.00 | 0.00 | 0.00 | 0% |
| Services and Supplies Total | 805,369.76 | 291,659.80 | 513,709.96 | 36% |
| CAPITAL | | | | |
| Structures and Improvements | 53,500.00 | 0.00 | 53,500.00 | 0% |
| Equipment | 125,000.00 | 82,675.95 | 42,324.05 | 66% |
| Capital Total | 178,500.00 | 82,675.95 | 95,824.05 | 46% |
| Calpers Side Fund Lump Sum Payment | 852,916.00 | 825,406.00 | 27,510.00 | 97% |
| Post Employment Benefit Account | 500,000.00 | 0.00 | 500,000.00 | 0% |
| GRAND TOTAL | 4,262,550.83 | 2,199,953.38 | 2,062,597.45 | 52% |
| Reserve for Contingencies | 25,000.00 | | | |
| Dry Period Cash | 2,140,857.00 | | | |
| Debt Service | 0.00 | 0.00 | 0.00 | |
| Budget Total | 6,428,407.83 | 2,199,953.38 | 2,062,597.45 | 34% |

Does not include 11/12 expenses paid in 12/13

DRAFT

1/4/2013

To be used only for management discussion purposes; engagement is incomplete; this draft is subject to final review and possible revision. ****Report/Letter date is TENTATIVE-TBD****

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT

HAYWARD, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2012

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 2-6 |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 7 |
| Statement of Activities | 8 |
| Fund Financial Statements: | |
| Governmental Fund - Balance Sheet | 9 |
| Reconciliation of the Governmental Fund - Balance Sheet with the Governmental Activities Statement of Net Assets | 10 |
| Governmental Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances | 11 |
| Reconciliation of the Governmental Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances with the Governmental Activities Statement of Activities | 12 |
| Fiduciary Activities – Statement of Fiduciary Net Assets Other Post-employment Benefits (OPEB) Trust Fund | 13 |
| OPEB Trust Fund – Statement of Changes in Fiduciary Net Assets | 14 |
| Notes to the Basic Financial Statements | 15-26 |
| Required Supplementary Information: | |
| Governmental Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual | 27 |

INDEPENDENT AUDITORS' REPORT

Board of Directors
Alameda County Mosquito Abatement District
Hayward, California

We have audited the accompanying basic financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Alameda County Mosquito Abatement District as of June 30, 2012, and for the fiscal year then ended, as listed in the table of contents. These basic financial statements are the responsibility of Alameda County Mosquito Abatement District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alameda County Mosquito Abatement District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund, and the aggregate remaining fund information of Alameda County Mosquito Abatement District as of June 30, 2012, and the respective changes in financial position for the fiscal year then ended in conformity with U.S. generally accepted accounting principles, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 2-6) and the Required Supplementary Information (page 27), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
December XX, 2012

Alameda County Mosquito Abatement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012
(Unaudited)

This section of Alameda County Mosquito Abatement District's (the District's) basic financial statements presents management's overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. We encourage the reader to consider the information presented here in conjunction with the District's basic financial statements, including notes and supplementary information that immediately follow this section, as a whole.

Introduction to the Basic Financial Statements

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

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

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

The Basic Financial Statements

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

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

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

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

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

Alameda County Mosquito Abatement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012
(Unaudited)

The Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

In the District's case, the General Fund is the only Major Governmental Fund.

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

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

Analyses of Major Funds

Governmental Funds

General Fund revenues increased by \$147,793 this fiscal year due primarily to increases in property taxes and special assessments. Actual revenues were greater than budgeted revenues by \$202,931 (actual \$3,611,731 vs. budget \$3,408,800).

General Fund expenditures were \$2,972,393, a decrease of \$1,037,952 from the prior year mainly due to a large contribution to the OPEB Trust Fund in the prior period and the District no longer is servicing any long-term debt. The last principal payment was made in the 2011 fiscal year. Expenditures were greater than budgeted by \$65,900.

Alameda County Mosquito Abatement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2012
 (Unaudited)

Governmental Activities

Table 1
Governmental Net Assets

| | Governmental Activities | |
|---|-------------------------|--------------|
| | 2012 | 2011 |
| <u>Assets</u> | | |
| Current and other assets | \$ 3,585,757 | \$ 2,961,263 |
| Capital assets | 2,819,684 | 2,890,813 |
| Total assets | 6,405,441 | 5,852,076 |
| <u>Liabilities</u> | | |
| Current liabilities | 14,764 | 25,403 |
| Long-term liabilities | 102,255 | 106,460 |
| Total liabilities | 117,019 | 131,863 |
| <u>Net Assets</u> | | |
| Invested in capital assets, net of debt | 2,819,684 | 2,829,407 |
| Unrestricted | 3,468,738 | 2,890,806 |
| Total net assets | \$ 6,288,422 | \$ 5,720,213 |

The District's governmental net assets amounted to \$6,288,422 as of June 30, 2012, an increase of \$568,209 from 2011. The increase is the Change in Net Assets reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The District's net assets as of June 30, 2012 comprised the following:

- Cash and investments of \$3,458,686.
- Accounts receivable of \$127,071.
- Capital assets of \$2,819,684 net of depreciation charges, which includes all the District's capital assets used in governmental activities.
- Liabilities, including accounts payable of \$14,764 and compensated absences of \$102,255.
- Net assets invested in capital assets, net of related debt, of \$2,819,684, representing the District's investment in capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.
- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The District had \$3,468,738 of unrestricted net assets as of June 30, 2012.

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

Alameda County Mosquito Abatement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2012
 (Unaudited)

Table 2
Changes in Governmental Net Assets

| | <u>Governmental Activities</u> | |
|----------------------------------|--------------------------------|-------------------------|
| | <u>2012</u> | <u>2011</u> |
| <u>Expenses</u> | | |
| Mosquito abatement | \$ 3,043,522 | \$ 3,766,418 |
| Total expenses | <u>3,043,522</u> | <u>3,766,418</u> |
| <u>General Revenues</u> | | |
| Property taxes | 1,664,394 | 1,556,812 |
| Special assessments | 1,914,785 | 1,884,298 |
| Miscellaneous | 18,632 | 8,210 |
| Interest and investment earnings | <u>13,920</u> | <u>14,618</u> |
| Total revenues | <u>3,611,731</u> | <u>3,463,938</u> |
| Change in net assets | \$ <u>568,209</u> | \$ <u>(302,480)</u> |

As Table 2 above shows, all of the District's fiscal year 2012 governmental revenue of \$3,611,731 came from general revenues such as taxes and interest.

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

Capital Assets

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

Debt Administration

In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. In the Fund Financial Statements, the face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses. The balance of the District's long-term debt as of June 30, 2012 was \$0. Additionally, the District carries a defined benefit post-employment healthcare plan.

Economic Outlook and Major Initiatives

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

The District paid off a 5 year \$1,000,000 loan to remodel the Administration building and Laboratory in the 2011 fiscal year and will have additional funds available for future needs. The OPEB Trust has been completed. The District plans to fund the trust at a rate of \$500,000 per fiscal year until the actuary determines that it is adequate to fund future OPEB liability. This should be accomplished within several years.

Alameda County Mosquito Abatement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012
(Unaudited)

The District continues to face increases in salaries, benefits, fuel, pesticides and insurance. There are also calls for changes in property tax allocation from State control to more local control and talk of initiatives to eliminate *ad valorem* property tax funds from special district revenues. The District should have the necessary revenue stream available from the Special Tax passed in 1982 and the Benefit Assessment in 2008 to continue to provide mosquito control to the citizens of Alameda County. The Local Agency Formation Commission (LAFCO) will be conducting another Municipal Service Review soon and the subject of providing mosquito control to the city of Albany will again be raised. Should the District add the City of Albany to its service area we would anticipate funding comparable to the Special Tax and Benefit Assessment to be approved prior to the initiation of service.

Contacting the District Financial Management

This comprehensive Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the District's finances. Questions regarding this report should be directed to: General Manager of Alameda County Mosquito Abatement District, 23187 Connecticut Street, Hayward, CA, 94545.

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Alameda County Mosquito Abatement District

STATEMENT OF NET ASSETS

June 30, 2012

ASSETS

| | |
|-------------------------|------------------|
| Cash and investments | \$ 3,458,686 |
| Accounts receivable | 127,071 |
| Capital assets: | |
| Non-depreciable assets | 61,406 |
| Depreciable assets, net | <u>2,758,278</u> |
| Total assets | <u>6,405,441</u> |

LIABILITIES

| | |
|----------------------|----------------|
| Accounts payable | 14,764 |
| Compensated absences | <u>102,255</u> |
| Total liabilities | <u>117,019</u> |

NET ASSETS

| | |
|---|---------------------|
| Invested in capital assets, net of related debt | 2,819,684 |
| Unrestricted | <u>3,468,738</u> |
| Total net assets | <u>\$ 6,288,422</u> |

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The accompanying notes are an integral part of these financial statements

Alameda County Mosquito Abatement District
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

| <u>Functions/Programs</u> | <u>Expenditures</u> | <u>Program Revenues</u> Charges for Services | <u>Net (Expense) Revenue and Changes in Net Assets</u> Total Governmental Activities |
|--------------------------------------|---------------------|--|---|
| Governmental Activities: | | | |
| Mosquito abatement | \$ 3,043,522 | \$ - | \$ (3,043,522) |
| Total governmental activities | <u>\$ 3,043,522</u> | <u>\$ -</u> | <u>\$ (3,043,522)</u> |
| General revenues: | | | |
| Property taxes | | | 1,664,394 |
| Special taxes and benefit assessment | | | 1,914,785 |
| Miscellaneous | | | 18,632 |
| Interest and investment earnings | | | <u>13,920</u> |
| Total general revenues | | | <u>3,611,731</u> |
| Change in net assets | | | <u>568,209</u> |
| Net assets, beginning of period | | | <u>5,720,213</u> |
| Net assets, end of period | | | <u>\$ 6,288,422</u> |

The accompanying notes are an integral part of these financial statements

Alameda County Mosquito Abatement District
 GOVERNMENTAL FUND
BALANCE SHEET
 June 30, 2012

| <u>ASSETS</u> | <u>General Fund</u> |
|--|-------------------------|
| Cash and investments available for operation | \$ 3,458,686 |
| Accounts receivable | <u>127,071</u> |
| Total assets | <u>\$ 3,585,757</u> |
| | |
| <u>LIABILITIES</u> | |
| Accounts payable | \$ 14,764 |
| Compensated absences | <u>102,255</u> |
| Total liabilities | <u>117,019</u> |
| | |
| <u>FUND BALANCES</u> | |
| Unassigned | 3,273,107 |
| Assigned for insurance | <u>195,631</u> |
| Total fund balances | <u>3,468,738</u> |
| Total liabilities and fund balances | <u>\$ 3,585,757</u> |

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The accompanying notes are an integral part of these financial statements

Alameda County Mosquito Abatement District
Reconciliation of the
GOVERNMENTAL FUND - BALANCE SHEET
with the Governmental Activities
STATEMENT OF NET ASSETS
For the Year Ended June 30, 2012

| | |
|---|--------------|
| TOTAL FUND BALANCES - GOVERNMENTAL FUND | \$ 3,468,738 |
|---|--------------|

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Fund above because of the following:

CAPITAL ASSETS

Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Fund. The actual or estimated historical acquisition cost of the assets is \$4,883,193 and the accumulated depreciation is \$2,063,509:

2,819,684

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 6,288,422

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The accompanying notes are an integral part of these financial statements

Alameda County Mosquito Abatement District
GOVERNMENTAL FUND
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2012

| | General Fund |
|------------------------------------|--------------|
| Revenues: | |
| Property taxes | \$ 1,664,394 |
| Special assessments | 1,874,350 |
| Governmental aid | 40,435 |
| Interest | 13,920 |
| Miscellaneous | 18,632 |
| Total revenues | 3,611,731 |
| Expenditures: | |
| Salaries and fringe benefits | 2,398,153 |
| Materials, supplies and services | 491,167 |
| Capital outlay | 83,073 |
| Total expenditures | 2,972,393 |
| Net change in fund balances | 639,338 |
| Fund balances, beginning of period | 2,829,400 |
| Fund balances, end of period | \$ 3,468,738 |

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The accompanying notes are an integral part of these financial statements

Alameda County Mosquito Abatement District
 Reconciliation of the
GOVERNMENTAL FUND - STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
 with the Governmental Activities
STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2012

| | | |
|---|----|---------|
| NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND | \$ | 639,338 |
|---|----|---------|

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay, \$83,073, was exceeded by depreciation, (\$154,202), in the current period.

| | | |
|--|--|-----------------|
| | | <u>(71,129)</u> |
|--|--|-----------------|

| | | |
|--|----|-----------------------|
| Changes in net assets of governmental activities | \$ | <u><u>568,209</u></u> |
|--|----|-----------------------|

The accompanying notes are an integral part of these financial statements

Alameda County Mosquito Abatement District
 FIDUCIARY ACTIVITIES
STATEMENT OF FIDUCIARY NET ASSETS
 OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST FUND
 June 30, 2012

| | OPEB Trust Fund |
|---|--------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 1,819 |
| Accounts receivable | 1,286 |
| Investments, at fair value: | |
| Equity mutual funds | 1,103,564 |
| Fixed income mutual funds | 956,569 |
| Total assets | 2,063,238 |
| <u>NET ASSETS</u> | |
| Net assets held in trust for Other Post-Employment Benefits | 2,063,238 |
| Total net assets | \$ 2,063,238 |

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The accompanying notes are an integral part of these financial statements

Alameda County Mosquito Abatement District
OPEB TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended June 30, 2012

| | OPEB Trust Fund |
|--|--------------------|
| <u>ADDITIONS</u> | |
| Contributions: | |
| Employer | \$ 500,000 |
| Total contributions | 500,000 |
| Investment income: | |
| Interest and dividends | 47,982 |
| Net decrease in fair value of investments | (24,717) |
| Total investment income | 23,265 |
| Total additions | 523,265 |
| <u>DEDUCTIONS</u> | |
| Benefits | - |
| Administrative expense | 2,583 |
| Total deductions | 2,583 |
| Net change in plan assets | 520,682 |
| <u>NET ASSETS HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS</u> | |
| Beginning of period | 1,542,556 |
| End of period | \$ 2,063,238 |

The accompanying notes are an integral part of these financial statements

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 1 - GENERAL

The Alameda County Mosquito Abatement District (the District) is a special district established in 1930 and empowered to take all necessary and proper steps for the control of mosquitoes within the District's service area.

The District is an independent special district within the County of Alameda (the County) and the accompanying basic financial statements are included as a component unit of the general purpose financial statements prepared by the County. The County performs certain administrative services such as maintenance of accounting records and investment of cash for the District. The District is not charged for these services.

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

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

Based upon the above criteria, the District determined that it had no component units as of June 30, 2012, or during the fiscal year then ended.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounts and Records

The District maintains a cash receipts journal for recording fees collected at 23187 Connecticut Street, Hayward, CA 94545. The assessment of property, collection of taxes, disbursement of cash, and the maintenance of the general ledger for all funds are provided by the County. Custodianship of the District's accounts and records is vested with the Auditor Controller of Alameda County.

B. Accounting Principles

The District accounts for its financial transactions in accordance with the policies and procedures recommended by the State of California. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Accounting Principles (continued)

(1) Government-wide and Fund Financial Statements:

The Government-wide Financial Statements (the Statement of Net Assets and the Statement of Activities) report on the District as a whole. The Statement of Activities demonstrates the degree to which the direct expenses of the District's functions are offset by program revenues.

Direct expenses are those that are clearly identifiable with the District's functions. *Program revenues* include charges for services, which are mainly from park and recreation fees. Other items not properly included among program revenues are reported instead as *general revenues*. The District's General Fund is presented as a separate financial statement (Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance).

(2) Measurement Focus, Basis of Accounting and Financial Statement Presentation:

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities are prepared 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 the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *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. For this purpose, the District 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.

The District reports the following major governmental fund:

General Fund: This is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. There are no other funds of the District.

Fiduciary Fund Types

Other Post Employment Benefit Trust (the Trust) is used to report resources that are required to be held in trust to accumulate resources for post employment benefit payments to qualified employees. These funds are not incorporated into the government wide financial statements.

The Trust financial statements are prepared using the *economic resources* measurement focus and the *accrual* basis of accounting. Cost of third party administrators, actuarial reports, audits and similar costs incurred exclusively for the Trust are paid from resources from the Trust. Routine administrative costs of administering the benefit plans, accounting services and other costs are absorbed by the District.

Benefits: Benefit expense and benefits payable are recognized when payments for benefits of members are made by the employer.

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Accounting Principles (concluded)

(3) Use of Estimates:

The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures/expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the basic financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

C. Budget and Budgetary Accounting

The District annually adopts a budget for its General Fund to be effective July 1 for the ensuing fiscal year. The District's Board may amend the budget by resolution during the fiscal year and approves all budgetary transfers. Expenditures were under appropriations by \$434,100.

D. Capital Assets

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

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

| <u>Class</u> | <u>Estimated Useful Life in Years</u> |
|-----------------------------|---------------------------------------|
| Land | Not Depreciable |
| Structures and Improvements | 5 - 39 |
| Machinery and Equipment | 5 - 7 |

E. Compensated Absences

All vacation pay is accrued when incurred. The District's accrued vacation was \$102,255 as of June 30, 2012.

F. Fund Equity

The accompanying basic financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

F. Fund Equity (concluded)

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision-making authority. The Board of Directors serves as the District's highest level of decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the District for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District specifies that restricted revenues will be applied first. When expenditures are 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.

G. Net Assets

GASB Statement No. 34 added the concept of Net Assets. The Statement of Net Assets reports the difference between the District's total assets and the District's total liabilities, including all the District's long-term assets and debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the District's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets breaks out net assets as follows:

Restricted describes the portion of net assets that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that the District cannot unilaterally alter.

Unrestricted describes the portion of net assets that is not restricted from use.

Invested in Capital, net of related debt, describes the portion of net assets that is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS

Cash and investments consisted of the following as of June 30, 2012:

| | Carrying Value | Investment Risk |
|-----------------------------|-------------------|--------------------|
| Governmental Activities: | | |
| Pooled cash and investments | \$ 3,055,149 | AA |
| Cash with VCJPA | 195,631 | N/A |
| Cash in LAIF | 148,155 | N/A |
| Cash in City National Bank | 59,751 | N/A |
| Total cash and investments | \$ 3,458,686 | |
| Fiduciary Funds: | | |
| Money market mutual funds | \$ 1,819 | |
| Equity mutual funds | 1,103,564 | |
| Bond mutual funds | 956,569 | |
| Total cash and investments | \$ 2,061,952 | |

Investments are reported at fair value. The District adjusts the carrying value of its investments, if material, to reflect their fair value at the fiscal year end, and includes the effect of these adjustments in income for that fiscal year. Investments in equity securities, corporate bonds and issues of the U.S. Government are valued at the last reported sales price of the fiscal year end. International securities reflect current exchange rates in effect at the fiscal year end. Purchases and sales of securities are recorded on a trade date basis.

A. Custodial Credit Risk - Deposits

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 deposits and 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.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the District's name and places the District ahead of general creditors of the institution.

B. Investments

The District's cash and investments with the County Treasurer are invested under policy guidelines established by the County. Credit risk information regarding the cash held by the Treasurer is included in the Comprehensive Annual Financial Report of the County of Alameda.

The credit risk regarding the investment in the Vector Control Joint Powers Agency (VCJPA) is included in the financial statements of the Vector Control Joint Powers Agency.

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (continued)

B. Investments (concluded)

The District voluntarily participates in LAIF (Local Agency Investment Fund), regulated under Section 16429 of the State Government Code. LAIF allows local agencies such as the District to participate in a Pooled Money Investment Account managed by the State Treasurer Office and overseen by the Pooled Money Investment Board and the State Treasurer Investment Committee. A Local Agency Investment Advisory Board oversees LAIF. The fair value of the District's position in the pool is the same as the value of its pool shares. The total amount invested by all public agencies in LAIF, as of June 30, 2012 was approximately \$60.6 billion. The District had a contractual withdrawal value of \$148,155 in LAIF. LAIF's pro-rata share of fair value was estimated by the State Treasurer to be \$148,336.

C. Investments of the Fiduciary-Type Activities

Permitted Deposits and Investments – The District's Board of Directors has appointed the Trust Board to oversee policies and procedures related to the operation and administration of the Other Post Employment Benefit Trust (the Trust). The Trust's Investment Policy is authorized to make deposit/ investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, and commercial paper rated A or higher by one of the three standard rating services. The Trust may also invest in certain non U.S. obligations, LAIF, mutual funds, real estate investment trusts and equity securities.

D. Custodial Credit Risk - Investments

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The Trust's investment policy requires all securities to be held by a third party custodian designated by the Trust's Board. The investment policy also provides that this risk be mitigated by investing in investment grade securities and by diversifying the investment portfolio. As of June 30, 2012, no investments were exposed to custodial credit risk.

E. Concentration of Credit Risk

The Trust's investment policy requires diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer or maturity. As of June 30, 2012, 53% of the funds' assets were held in equity mutual funds and 46% in fixed income mutual funds.

F. 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 Trust's investment policy provides that the exposure to interest rate risk be mitigated by purchasing a diverse combination of shorter term and longer term investments. Information about the sensitivity of the fair value of investments, held by the trustee, to market interest rate fluctuations is provided in the table below.

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (concluded)

F. Interest Rate Risk (concluded)

| Other Post Employment Benefit Trust: | Investment Maturity (In Years) | | | Rating at June 30, 2012 |
|---|--------------------------------|-----------------|---------------------|----------------------------|
| | Fair Value | Less than 1 | 1-5 | |
| Money Markets | \$ 1,819 | \$ 1,819 | \$ - | AAA |
| Mutual Funds - Fixed Income | 956,569 | | 956,569 | Not Rated |
| Mutual Funds - Equity | <u>1,103,564</u> | <u>-</u> | <u>1,103,564</u> | Not Rated |
| Total cash and investments | <u>\$ 2,061,952</u> | <u>\$ 1,819</u> | <u>\$ 2,060,133</u> | |

NOTE 4 - CAPITAL ASSETS

An analysis of fixed assets at June 30, 2012, is as follows:

| <u>Governmental Activities</u> | Balance 6/30/11 | Additions | Retirements | Balance 6/30/12 |
|---|---------------------|--------------------|-------------|---------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 61,406 | \$ - | \$ - | \$ 61,406 |
| Total capital assets, not being depreciated | <u>61,406</u> | <u>-</u> | <u>-</u> | <u>61,406</u> |
| Capital assets, being depreciated: | | | | |
| Structures and improvements | 3,899,983 | 17,074 | - | 3,917,057 |
| Machinery and equipment | <u>838,731</u> | <u>65,999</u> | <u>-</u> | <u>904,730</u> |
| Total capital assets, being depreciated | <u>4,738,714</u> | <u>83,073</u> | <u>-</u> | <u>4,821,787</u> |
| Less accumulated depreciation for: | | | | |
| Structures and improvements | (1,179,524) | (112,103) | - | (1,291,627) |
| Machinery and equipment | <u>(729,783)</u> | <u>(42,099)</u> | <u>-</u> | <u>(771,882)</u> |
| Total accumulated depreciation | <u>(1,909,307)</u> | <u>(154,202)</u> | <u>-</u> | <u>(2,063,509)</u> |
| Total capital assets being depreciated – net | <u>2,829,407</u> | <u>(71,129)</u> | <u>-</u> | <u>2,758,278</u> |
| Capital assets – net depreciation | <u>\$ 2,890,813</u> | <u>\$ (71,129)</u> | <u>\$ -</u> | <u>\$ 2,819,684</u> |

NOTE 5 - LONG-TERM DEBT

Currently, the District's only long-term debt is related to compensated absences. A schedule of changes in long-term liability for the year ended June 30, 2012 is as follows:

| | Balance July 1, 2011 | Additions | Payments | Balance June 30, 2012 | Current Portion |
|----------------------|-------------------------|-------------|-----------------|--------------------------|--------------------|
| Compensated absences | <u>\$ 106,460</u> | <u>\$ -</u> | <u>\$ 4,205</u> | <u>\$ 102,255</u> | <u>\$ -</u> |

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2012

NOTE 6 - PROPERTY TAX LEVY, COLLECTION AND MAXIMUM RATES

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

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

| | <u>Secured</u> | <u>Unsecured</u> |
|------------------|---|-------------------------|
| Valuation dates | March 1 | March 1 |
| Lien/levy dates | July 1 | July 1 |
| Due dates | 50% on November 1 50% on February 1 | Upon receipt of billing |
| Delinquent as of | December 10 (for November) April 10 (for February) | August 31 |

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

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the “alternate method” of property tax distribution, known as the Teeter Plan, by the District and the County. The Teeter Plan authorizes the auditor/controller of the County to allocate 100% of the secured property taxes billed, but not yet paid. The County remits tax monies to the District in three installments as follows:

- 50% remitted on December 15
- 40% remitted on April 15
- 10% remitted on June 30

NOTE 7 - SELF-INSURANCE AND JOINT POWERS AGENCY

The District participates with other districts in the Vector Control Joint Powers agency (“VCJPA”) The VCJPA was established under the provisions of California Government Code Section 6500 et seq.

The program covers the District’s individual workers’ compensation claims from \$25,000 to \$350,000; excess insurance is obtained to cover individual claims from \$350,000 to \$500,000 (the statutory limit). The District is self-insured for claims under \$25,000.

Annual premiums, based on the District’s total payroll, are deposited in the District’s separate Pooled Workers’ Compensation Account (the Account) at the VCJPA. The Account is reduced by the District’s share of all program claim settlements, excess insurance premiums and related administrative expenses. Three years after the end of each fiscal year, the VCJPA is to make a retroactive adjustment to refund/collect any remaining balance/deficit in the District’s account. While the District’s ultimate share of workers’ compensation claim settlements and related administrative expenses is uncertain, the District’s management does not believe it will have a material impact on the District’s basic financial statements.

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

NOTE 7 - SELF-INSURANCE AND JOINT POWERS AGENCY (concluded)

The District also participates in a pool for general liability coverage. The program covers comprehensive, general, errors and omissions, and automobile liability. The program covers individual claims for the first \$1,000,000 to \$2,000,000 and purchases excess insurance from \$2,000,000 to \$14,000,000.

Annual premiums are deposited in the District's separate Liability Account at the VCJPA. The account is reduced by the District's share of all program claim settlements, excess insurance premiums and related administrative expenses. Five years after the end of each fiscal year, the VCJPA will make a retroactive adjustment to refund/collect any remaining balance/deficit in the District's account. While the District's ultimate share of liability claim settlements and related administrative expenses is uncertain, the District's management does not believe it will have a material impact on the District's basic financial statements. The \$195,631 in deposit with the VCJPA as of June 30, 2012, represents additional monies, under the District's control, which the District may use for future self-insurance related expenditures or any other purpose.

Deposits at the VCJPA bear interest based on the average daily balance maintained by each district. These deposits are managed by Bickmore Risk Services.

NOTE 8 - CalPERS PENSION PLAN

A. Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee retirement system. 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 agency for participating public entities within the State of California. Benefit provisions and all other requirements are established by the state statute and the District's ordinance. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained from the Executive Office, 400 P Street, Sacramento, CA, 95814.

B. Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The District makes the entire contribution on behalf of the employees. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration.

The District's required employer contribution rate for fiscal year 2011-2012 was 22.127% of annual payroll. The contribution requirements to CalPERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$362,623, \$357,673, and \$333,296, respectively, and equal to 100% of the required contributions for each year.

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2012

NOTE 8 - CalPERS PENSION PLAN (concluded)

C. Annual Pension Cost

The District's annual pension cost for the CalPERS Fund was equal to the District's required and actual contributions which were determined as part of the June 30, 2010 actuarial valuation using the Entry Age Normal Actuarial Cost Method. The actuarial assumptions included: a) a 7.75% expected long-term investment rate of return (net of administrative expenses) and b) projected salary increases of 3.55% to 14.45%. Both a) and b) include an inflation component of 3.0%. The actuarial value of the District's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The CalPERS Fund's Unfunded Actuarial Accrued Liability (or excess assets) is being amortized over a closed period equal to the average amortization period at the plan's date of entry into the CalPERS risk pool. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the risk pool are amortized over a rolling 30-year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Required Supplementary Information – Miscellaneous Plan

| | (A) | (B) | (C) | (D) | (E) | (F) |
|----------------|--------------------------|---------------------------|-------------------------------------|------------------|-----------------|--------------------------------------|
| | Entry Age | Unfunded | Funded | Annual | UAAL as a % | |
| Valuation Date | Normal Accrued Liability | Actuarial Value of Assets | Liability (Excess Assets) [(A)-(B)] | Status [(B)/(A)] | Covered Payroll | of Payroll $\frac{\{(A)-(B)\}}{(E)}$ |
| 6/30/08 | \$2,780,280,768 | \$2,547,323,278 | \$232,957,490 | 91.6% | \$688,606,681 | 33.8% |
| 6/30/09 | \$3,104,798,222 | \$2,758,511,101 | \$346,287,121 | 88.9% | \$742,981,488 | 46.6% |
| 6/30/10 | \$3,309,064,934 | \$2,946,408,106 | \$362,656,828 | 89.0% | \$748,401,352 | 48.5% |

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT

Plan Description. As authorized by the District's Board of Directors, the District administers a single employer defined benefit health care plan. The defined benefit post-employment healthcare plan provides medical benefits to eligible District employees and elected officials who retire from the District at age 50 or older and are eligible for a CalPERS pension. The District's OPEB Trust is shown as a fiduciary fund in this financial report.

The District provides health care for employees and dependents (and also for retirees and their dependents) in accordance with the California Public Employees Medical and Hospital Care Act (PEMHCA), more commonly referred to as PERS Health. Employees may choose one of five medical options: Blue Shield HMO, Kaiser HMO, PERSCare PPO, Blue Shield Net Value HMO, or PERSChoice PPO. The District has a cap on employer contributions set each year at 100% of the Kaiser one-party rate for the Bay Area/Sacramento region for individual coverage and 90% of the corresponding two-party rate for second and third tier coverages. Employees and retirees may choose a more expensive coverage but they must pay any premiums in excess of the cap. The District also pays for vision and dental for employees and retirees, in addition to the medical cap. There is a small group of retirees (pre-1980 retirees) who are reimbursed up to \$1,200 per year for dental coverage for the retiree and spouse (each). All others are covered by Delta Dental. The District also pays a 0.45% of premium administrative charge for all retirees.

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2012

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

Funding Policy. There is no statutory requirement for the District to prefund its OPEB obligation. The District currently pays for retiree healthcare benefits on a pay-as-you-go basis. There are no employee contributions. For the fiscal year ending June 30, 2012, the District paid approximately \$71,756 for retiree healthcare plan benefits. As of July 1, 2011, the plan membership consisted of 14 active participants and 9 retirees and beneficiaries currently receiving benefits.

The District is required to contribute or accrue the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Obligation/(Asset). The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2012, the amount actually contributed to the plan (including implicit subsidy, if any), and changes in the District's Net OPEB Obligation/(Asset):

| <u>Item</u> | <u>June 30, 2012</u> |
|---|-----------------------|
| Annual Required Contributions | \$ 170,578 |
| Interest on Net OPEB Obligation/(Asset) | (64,771) |
| Adjustment to Annual Required Contributions | <u>78,426</u> |
| Annual OPEB cost (expense) | 184,233 |
| Contributions made | <u>(571,756)</u> |
| Increase in Net OPEB Obligation/(Asset) | (387,523) |
| Net OPEB Obligation/(Asset) – beginning of year | <u>(1,079,522)</u> |
| Net OPEB Obligation/(Asset) – end of year | <u>\$ (1,467,045)</u> |

The District's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal year ended June 30, 2012 and June 30, 2011 are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Actual Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation/ (Asset) |
|-------------------------|---------------------|------------------------|--|------------------------------------|
| 6/30/11 | \$296,665 | \$1,586,061 | 534% | \$(1,079,522) |
| 6/30/12 | \$184,233 | \$571,756 | 310% | \$(1,467,045) |

Funded Status and Funding Progress. The funded status of the plan as of the most recent actuarial valuation was as follows:

| Actuarial Valuation Date | Actuarial Value of Assets | Projected Unit Credit Actuarial Accrued Liability | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|---|---------------------------|-----------------|--------------------|--|
| July 1, 2009 | \$ -0- | \$2,623,086 | \$2,623,086 | 00.0% | \$884,452 | 296.6% |
| July 1, 2011 | \$1,552,693 | \$2,336,840 | \$784,147 | 66.4% | \$1,204,307 | 65.1% |

Alameda County Mosquito Abatement District
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the District 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 financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The plan's most recent actuarial valuation was performed as of July 1, 2011. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses). The medical trend rate was increased to 8 percent due to expected spike in medical trend, as well as uncertain effects of recently enacted federal healthcare legislation. The dental and vision trend rates were 4 percent per year for all years. These assumptions reflect an implicit 3 percent general inflation assumption. The District's Unfunded Actuarial Accrued Liability is being amortized as a level dollar amount on an open basis over 30 years.

Alameda County Mosquito Abatement District
 GOVERNMENTAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Schedule 1

Budget and Actual
 For the Year Ended June 30, 2012
 (Unaudited)

| | General Fund | | | |
|---|------------------|------------------|---------------------|-------------------------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget |
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 1,503,800 | \$ 1,503,800 | \$ 1,664,394 | \$ 160,594 |
| Special assessments | 1,880,000 | 1,880,000 | 1,874,350 | (5,650) |
| Governmental aid | - | - | 40,435 | 40,435 |
| Interest | 20,000 | 20,000 | 13,920 | (6,080) |
| Miscellaneous | 5,000 | 5,000 | 18,632 | 13,632 |
| Total revenues | <u>3,408,800</u> | <u>3,408,800</u> | <u>3,611,731</u> | <u>202,931</u> |
| Expenditures: | | | | |
| Salaries and fringe benefits | 2,027,762 | 2,027,762 | 1,898,153 | 129,609 |
| Materials, supplies and services | 761,731 | 761,731 | 491,167 | 270,564 |
| OPEB Trust contribution | 500,000 | 500,000 | 500,000 | - |
| Capital outlay | 117,000 | 117,000 | 83,073 | 33,927 |
| Total expenditures | <u>3,406,493</u> | <u>3,406,493</u> | <u>2,972,393</u> | <u>434,100</u> |
| Excess (deficit) of revenues over (under) expenditures | <u>\$ 2,307</u> | <u>\$ 2,307</u> | 639,338 | <u>\$ 637,031</u> |
| Fund balances, beginning of period | | | <u>2,829,400</u> | |
| Fund balances, end of period | | | <u>\$ 3,468,738</u> | |

DRAFT

12/19/2012

To be used only for management discussion purposes; engagement is incomplete; this draft is subject to final review and possible revision.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT REPORT**

**For The Year Ended
JUNE 30, 2012**

TABLE OF CONTENTS

| | <u>PAGE</u> |
|-------------------------|-------------|
| Introduction | 1 |
| Required Communications | 2-3 |
| Management Observations | 4-5 |

DRAFT

To the Board of Directors
Alameda County Mosquito Abatement District
Hayward, California

In planning and performing our audit of the basic financial statements of Alameda County Mosquito Abatement District for the fiscal year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Alameda County Mosquito Abatement District's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist Alameda County Mosquito Abatement District in implementing the recommendations.

This report is intended solely for the information and use of management of Alameda County Mosquito Abatement District and others within the organization, and is not to be and should not be used by anyone other than these specified parties.

We thank Alameda County Mosquito Abatement District's staff for its cooperation during our audit.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
December 10, 2012

Alameda County Mosquito Abatement District
MANAGEMENT REPORT
For the Year Ended June 30, 2012

We have audited the basic financial statements of Alameda County Mosquito Abatement District for the year ended June 30, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 21, 2012, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the basic financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Alameda County Mosquito Abatement District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Alameda County Mosquito Abatement District are described in Note 2 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Alameda County Mosquito Abatement District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the basic financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole. The most sensitive estimates affecting the basic financial statements were:

- Accrual and disclosure of compensated absences
- Capital asset lives and depreciation expense
- Actuarial assumptions for pension and other post-employment benefit plans.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Of the misstatements detected as a result of audit procedures and corrected by management, most were material, either individually or in the aggregate, to the financial statements taken as a whole.

Alameda County Mosquito Abatement District
MANAGEMENT REPORT
For the Year Ended June 30, 2012

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Alameda County Mosquito Abatement District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Alameda County Mosquito Abatement District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Alameda County Mosquito Abatement District
MANAGEMENT REPORT
For the Year Ended June 30, 2012

Current Year Observations

1) Review of Bank Statements and Reconciliations

Observation:

During the course of our audit it was noted that Alameda County Mosquito Abatement District's (the District's) monthly bank and County statements and related reconciliations were not reviewed by someone other than the District's accountant.

Recommendation:

We recommend the District's General Manager or a Board member review the monthly bank and County statements and related reconciliations for any unusual or unapproved electronic transactions. The review should be documented by initialing or signing the statement and reconciliation.

Prior Year Observations

1) Employee Dishonesty Insurance

Observation:

The District now operates and administrates an other post employment benefit trust fund. The assets of this new fund are significant and must be insured against loss and human error.

Recommendation:

We recommended the District consult with their insurance carrier to ensure the trust funds assets are properly insured against employee dishonesty.

Status:

This recommendation has not been implemented.

2) District Financial Statements

Observation:

The District's Board does not receive a periodic financial statement, consisting of a Balance Sheet and a reconciling statement of revenues, expenditures and changes in fund balance, with comparisons to the prior year, on a periodic basis. The County Auditor Controllers Office does not provide timely information to the District which impacts the financial information reported to the District's Governing Board.

Alameda County Mosquito Abatement District
MANAGEMENT REPORT
For the Year Ended June 30, 2012

Recommendation:

The District does provide the auditor a Balance Sheet and profit and loss statement at the start of the audit process. This statement, with comparisons to the prior year, could also be provided to the District's Governing Board for review. We recommended the District consider reporting to the Governing Board the preliminary financial statement, with comparisons to the prior year, which is also provided to the District's audit firm.

Status:

This recommendation has not been implemented.

DRAFT

Alameda County Mosquito Abatement District

AGENDA ITEM 9

BOARD OF TRUSTEES

Jan O. Washburn, President
Jim Prola, Vice-President
Dennis Bray
Barbara Halliday, Secretary
Dennis Bray
James N. Doggett
T. David Edwards
Jim Golden
Abe Gupta
John D. Hughes
Denny McLeod
Ronald E. Quinn
William M. Spinola

Chindi Peavey Ph.D

District Manager
cpeavey@mosquitoes.org

MONTHLY OPERATIONAL REPORT – DECEMBER 2012

Dear Trustees:

I. NARRATIVE

The District received a total of 11 requests for service during December. There were 4 mosquito-biting reports. The ten-year average for adult mosquito service requests in December is 4.9. In addition, 4 requests for mosquitofish were received and 3 requests for inspection of potential mosquito sources.

Larval control efforts in December were focused primarily on three species of mosquitoes: *Aedes squamiger*, the winter salt marsh mosquito, *Culisets inornata* the winter marsh mosquito and *Culiseta incidens*, the fish pond mosquito.

Aedes squamiger, the winter salt marsh mosquito, is found in salt marshes as soon as water begins to collect. The eggs were laid on the soil and plant stems in a previous season. The larvae from this species will continue to develop, and additional eggs will hatch as the water levels rise after each rain until around the middle of March when adults emerge synchronously (unless control measures are taken). The adults are vicious day biters that are capable of flights of over 10 miles. No service requests were attributed to *Ae. squamiger* during the month. However failure to control these mosquitoes in the larval stage at this time of year would lead to hundreds of service requests from flying adults in March and April. Therefore, this mosquito is always a major focus of control work throughout the winter months.

The fish pond mosquito, *Culiseta incidens*, is found throughout the year in Alameda County. This mosquito can utilize many different types of sources found around homes including fish ponds, fountains, bird baths, untreated swimming pools and pool covers, boats, spas, and many more. A total of 213 mosquitofish were planted during the month. *Cs. incidens* was found at 2 service requests during the month.

Culiseta inornata, the winter marsh mosquito, is also found after the first rains in fall and occurs in some of the same habitats that harbor the larvae of *Ae. squamiger*. The females of *Cs. inornata* remain inactive over the summer in protected sites that range from culvert pipes to gopher holes. After the first fall rains, these mosquitoes emerge and lay eggs in a wide range of sources from rain water pools to brackish marshes. They produce multiple generations during the winter before becoming inactive again when the temperature warms in the spring. *Culiseta inornata* are large brown mosquitoes with no banding or stripes (hence the name "inornata"). The adult females are usually seek blood meals at dusk or on overcast days. One service request was attributed to *Cs. inornata* in December.

District employees continued to work on source reduction projects on the salt marshes in December. Vegetation is removed from ditches to improve water flow and reduce the need for pesticide use in these areas. A total of 650 linear feet of ditches were cleared during the month.

II. STATEMENT OF OPERATIONS – DECEMBER 2012

PROGRAM EVALUATION MEASUREMENTS

Mosquito service requests = 4
 Ten-year average = 4.9
 Five-year average = 4.8
 Last year = 4
 Range = 2-11
 Number of all injuries during 2012 = 3

TOTAL SERVICE REQUESTS

Fish requests 4
 Mosquito biting 4
 Request for inspection 3
 Total Service Requests = 11

SPECIES IMPLICATED IN SERVICE REQUESTS

| Species | Fish | Mosquitoes | Inspect | Total |
|--------------------------|------|------------|---------|-------|
| <i>Culiseta incidens</i> | 2 | 1 | 1 | 4 |
| <i>Culiseta inornata</i> | 0 | 1 | 0 | 1 |
| No mosquitoes | 2 | 3 | 2 | 7 |

Distribution of Work Hours

| | | | |
|-----------------------|----------------|--------------------|-----------------|
| Administration | 1,041.0 | Regular Hours | 1,720.25 |
| Biorational Control | 47.4 | Overtime hours | 3.75 |
| Disease monitoring | 74.1 | Total Work | 1,724.0 |
| Equipment Maintenance | 112.0 | Workers Comp | 0.00 |
| Facility Maintenance | 84.4 | Vacation | 314.5 |
| Larval Surveillance | 276.0 | Sick hours | 58.5 |
| Physical Control | 38.2 | Leave (Jury) | 32 |
| Public Education | 28.3 | ETO | 16 |
| Safety | 22.6 | Total Leave | 375.75 |
| Total | 1,724.0 | Total Hours | 2,245.05 |

MATERIAL USAGE

| Material | Number of Applications | Amount Applied (Concentrate) | Area Treated |
|---------------------------|------------------------|------------------------------|---------------------------|
| Altosid Liquid Conc | 2 | 4.94 fl oz | 5 acres |
| Altosid Pellets | 3 | 352 oz (22 lbs) | 4.3 acres |
| Altosid WSP | 3 | 30.55 oz | 0.23 acre (10,019 sq ft) |
| Altosid XR Briquets | 1 | 10.31 ounces | 0.01 acre (400 sq ft) |
| BVA Larvicide Oil | 5 | 3.18 gallons | 1.03 acres |
| Natular G30 | 1 | 5 pounds | 0.25 acres (10,890 sq ft) |
| Natular XRT | 9 | 7.61 pounds | 0.108 acres (4700 sq ft) |
| Vectobac 12AS | 3 | 1.23 gallons | 10 acres |
| Vectobac Granules | 19 | 539 pounds | 56.8 acres |
| Vectolex WSP | 3 | 4.55 ounces | 0.014 acres (605 sq ft) |
| Total Applications | 28 applications | | 77.7 acres |

PHYSICAL/BIOLOGICAL CONTROL ACTIVITIES

Ditching = 650 linear feet