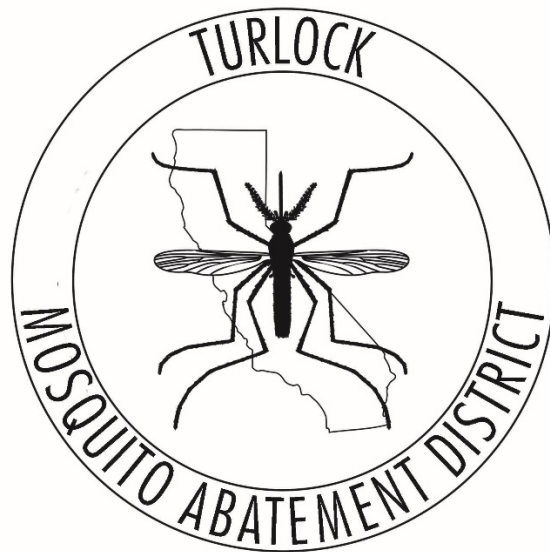


# Turlock Mosquito Abatement District

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## District Budget 2016/2017



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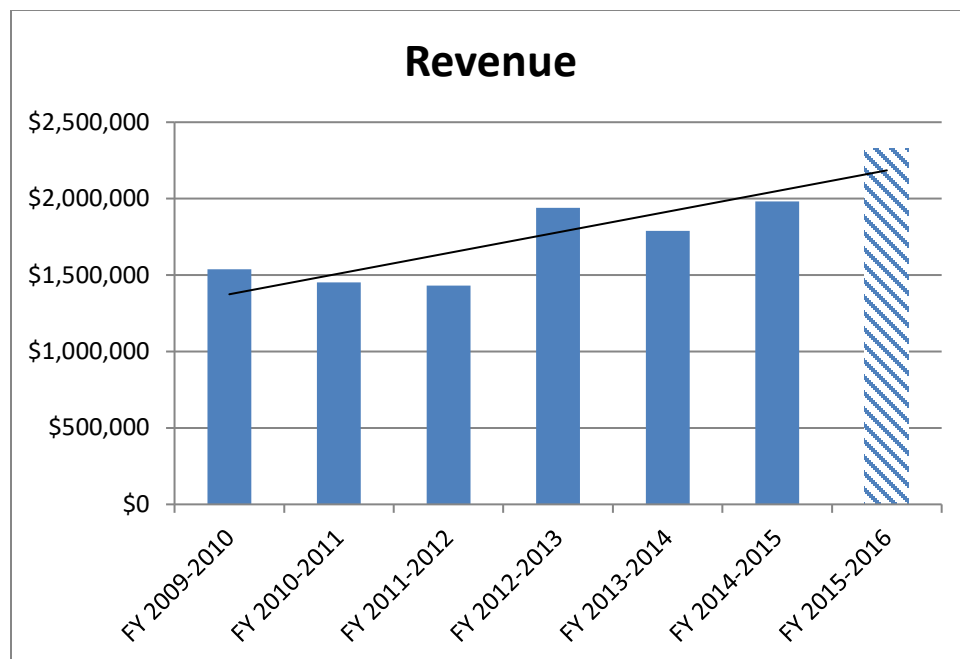
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# Budget Message

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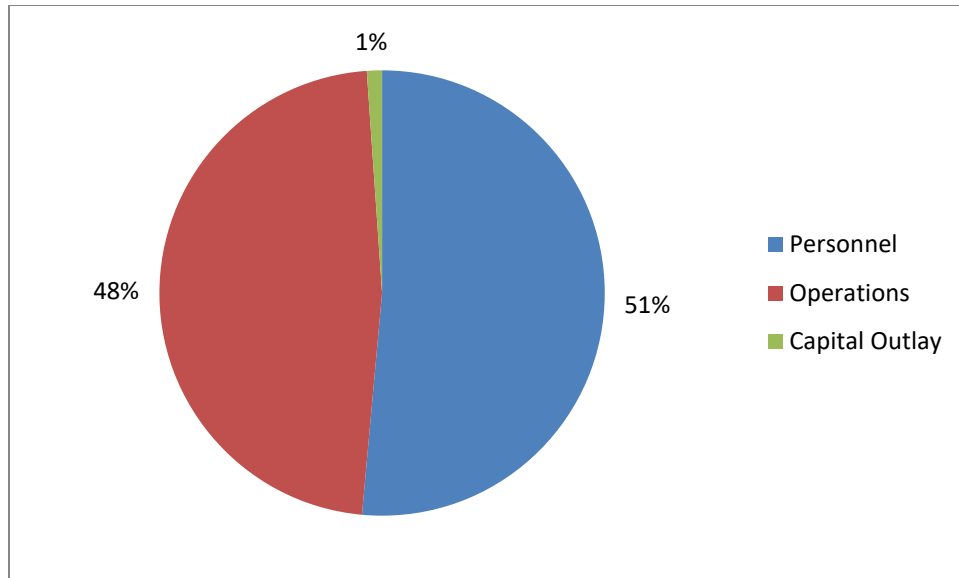
## *Introduction*

This Budget document represents the financial plan that meets the District's strategic goals of enhancing the quality of life for our community by providing effective and environmentally sound mosquito control and disease prevention programs for FY 2016-2017. This document meets the Board of Trustees' policy direction and the needs of the District's communities for mosquito abatement, disease prevention programs and fiscal responsibility. Since FY 2012-2013, the District has observed an increase in revenue due to the dissolution of Redevelopment Agencies (RDA), increase in property values, and the collection of the District's Special Tax.



The Budget expenditure summary is split into:

- Personnel
- Operations and Maintenance
- Capital Outlay



### *Mission Statement*

The Budget supports the District's Mission Statement:

*"The Turlock Mosquito Abatement District is dedicated to enhancing the quality of life for our community by providing effective and environmentally sound mosquito control and disease prevention through timely and efficient surveillance, control and public awareness programs."*

Dedication to providing mosquito control activities in a socially acceptable and fiscally responsible manner are the District's priorities. Public health protection using integrated pest management and ecologically friendly control products with economically efficient methods is the framework that this budget is based on.

### *Core Values*

These values represent the principles of the District's culture and Board's expectations:

- Protecting the public health;
- Professional delivery of services;
- High ethical standards;
- Open government and transparency;
- Environmentally conscientious;
- Fiscally responsible.

## *Policy Issues*

**Special tax:** In 1981, residents within the District passed Measure “C”, District Resolution 5-81, giving the District the authority to collect a “Special Tax” to augment District funds. Subsequent to Proposition 13, the District was not collecting adequate funds solely from property taxes to provide the level of mosquito control and service that the public wanted; so, Measure C was placed on the ballot to provide the District additional revenue needed for a more robust mosquito control program. Several years ago, the Board elected to stop collecting the “Special Tax” as revenues increased from inflated property values; however, now the District finds itself once again requiring this additional revenue to provide a basic mosquito control program and stay fiscally solvent.

The Special Tax itself is a tax based on “property use codes” assigned to each parcel by the County Assessor. According to the language of Resolution 5-81, passed by District residents, Special Tax rates are as follows:

- Vacant property: \$3.60
- Residential property: \$8.40
- Income property: \$18.00

Note that these tax rates are collected yearly and are the same amounts as originally approved by the voters in 1981, any adjustments to the values of the tax rates collected would require voter approval. Currently, the District’s Board of Trustees have set the Special Tax rate at the following amounts:

- Vacant property: \$2.15
- Residential property: \$4.96
- Income property: \$10.65

Using the above tax rates, it is estimated that the District will generate approximately \$376,226 in additional revenue.

**Short-term financial planning:** The District receives the majority of its funding from the property taxes collected by the County of Stanislaus. These funds do not reach the District until December, which is five to six months into the fiscal year resulting in an absence of funding. The District has an Operations Fund Balance (Assigned) to meet necessary operating expenses during this period (see Fund Balance Policy).

**Pesticide use:** As part of the 2015 employee evaluations, each operator’s chemical use was reviewed as well as the amount of money spent on pesticides within each zone. If an operator was over utilizing high priced products such as larvicidal oil, the operator was given a goal to reduce the “budget” in his/her zone by a specified amount. It is believed that increasing each employee’s knowledge and understanding, employees will be better equipped to make choices in the field that will result in direct savings to the District. Many times there are alternative products which can be used that may have longer residual and lowered application costs.

In 2014, each operator was asked to reduce their dependence on larvicidal oil by at least 25%. In 2014, most of the operators were successful; this success carried over into 2015! In addition, with the use of aerial applications of naled and the issue of pyrethrin resistance in *Culex* mosquitoes, the District is focused on reducing the use of pyrethrin-based adulticides.

**Long-term financial planning:** There are several policy issues currently affecting the District and mosquito control in California that may have long-term financial impacts for the District. The cost of providing mosquito control services is forecast to increase as regulatory burdens increase along with the methods of mosquito control and the price of chemicals. As such, the District will need a long-term plan to stay ahead of industry changes to minimize budgetary impacts and regulatory burdens. The following is a discussion of each policy issue with accompanying background information and expected impacts.

**Clean Water Act & NPDES permit:** The District's NPDES permit with the State Water Resource Control Board expired on February 29, 2016. Thankfully, the new NPDES permit required no new additional monitoring or reporting requirements. A Federal fix is still possible as H.R. 897 is currently being discussed in Congress which will clarify that mosquito control applications in accordance with label requirements are regulated by FIFRA and not the Clean Water Act Program. This new NPDES Permit will last 5-years unless a Federal fix comes from Washington, D.C.

**Invasive species:** California currently has (2) new invasive species within its borders, the Yellow Fever mosquito (*Aedes aegypti*) and the Asian Tiger mosquito (*Aedes albopictus*). With these invasive species comes a potential for the transmission of disease such as: Zika, Yellow Fever, Dengue, and Chikungunya virus. At one time, these mosquitoes and the viruses they transmit were limited to more tropical environments but climate change has been a catalyst for major changes worldwide. West Nile virus was once a fairly stable disease in Northern Africa; however, in only 10-15 years it is now found globally. Diseases such as Dengue and Chikungunya are on the move and may follow the path of West Nile virus across the United States – this becomes much more possible if the vector mosquitoes become established in California.

In 2014, the District initiated surveillance activities for *Aedes aegypti*. Currently, *Aedes aegypti* is found in the following California counties: Alameda, Fresno, Imperial, Kern, Los Angeles, Madera, Orange, Riverside, San Bernardino, San Diego, San Mateo and Tulare. The appearance of this mosquito may have a large and fundamental impact on the District and its operations. It has been shown that the current control protocols we use against native mosquitoes will not be effective against a mosquito such as *Aedes aegypti* which breeds in very close association with humans in back yard sources. District personnel have seen firsthand the frustration in arranging access to properties to inspect and treat swimming pools, imagine if every house was a potential source of mosquitoes.

As part of the FY 2014-2015 Budget, the Board established an Invasive Species Fund Balance Account established at 8% (1-month) of the District's Adjusted Operating Expenses with a maximum balance set at 16% (2-months) of Adjusted Operating Expenses.

**Chemical resistance:** During 2014, the District closely examined chemical resistance in both larval and adult mosquitoes. A population of *Aedes nigromaculis* mosquitoes was found to be

resistant to methoprene. Adult *Culex pipiens* were tested from throughout the District and over 90% were found to be resistant to pyrethrin which is the main product available to mosquito abatement districts to control adult mosquitoes. The vast majority of these resistant mosquitoes were homozygous for the gene responsible for pyrethrin resistance (*kdr*), meaning potential mates and subsequent offspring would be homozygous as well. This provides very little room to breed susceptibility back into the native population.

Experts from the Centers for Disease Control (CDC) and the California Department of Health Services (CDHS) recommend the immediate use of an alternative chemical with different mode of action. Currently, the only other class of chemical labeled for adult mosquito control are "organophosphates". The organophosphate naled has been shown to be very effective against pyrethrin-resistant mosquitoes; however, this product may only be applied via aircraft.

Costs for the application of naled (chemical and aerial application costs) were added to the FY 2015-2016 Budget and included again in this budget. It is highly recommended that the Board continue to approve the funding for these applications so that we may continue to utilize an alternative chemical for adult mosquito control. Targeting areas with naled where we have conducted the most pyrethrin applications allows us to have a tool to manage the most resistant mosquito populations to halt, or at least slow down, pyrethrin-resistance within the District.

As was the case in 2015, 60,000 acres were selected as being the most active areas of adult mosquito activity based on historical data. These 60,000 acres were treated (3) times on a monthly basis (July-September) for a total of 180,000 acres. Based on 2015 records, these applications were successful in reducing mosquito populations over large areas and the District observed a significant drop in WNV activity.

*Capital outlay:* In terms of future Capital Outlay, the District is in good shape concerning field vehicles. The only items budgeted for in 2015-2016 will be two new London Fog Cold Foggers with SprayVision components for inclusion in the MapVision system. These two foggers will replace two old foggers we no longer can get parts for.

*Emergency mosquito control:* The State of California Mosquito-borne Virus Surveillance and Response Plan describes an enhanced surveillance and response program for the District dependent on the level of the risk of mosquito-borne virus transmission to humans and identifies response level as normal season, emergency planning, and epidemic. The District has an Emergency Mosquito Control Fund Balance to provide funds in case an epidemic were to occur within the District according to the District's Fund Balance Policy.

*Risk management:* The District is a member of the Vector Control Joint Powers Agency (VCJPA), which is a risk pooling self-insurance authority created under the provisions of California Government Code Section 990. Administered by the VCJPA, for general liability, the Pooled Liability Program (PLP) offers liability coverage up to \$25 million. The District has a retained limit of \$25,000 and the difference between the retained limit up to \$1 million is pooled with the VCJPA. The amount of \$24 million in excess of the

\$1 million is pooled with other joint power authorities through California Affiliated Risk Management Authorities (CARMA). Through the PLP, the District participates in the Employment Risk Management Authority (ERMA) program which offers coverage of \$1 million, limit per occurrence, for allegations of workplace wrongdoing. The Pooled Workers' Compensation Program (PWCP) offers workers compensation coverage up to \$300 million, the District retained limit is \$25,000. The District also participates in the Pooled Auto Physical Damage (APD) Program which covers vehicle damage up to \$30,000, with a \$500 deductible.



Turlock Mosquito Abatement District

FY 2016-2017

General Operating Budget

<b>Revenues</b>	<b>Budget 2016-2017</b>	Budget 2015-2016	Projected 2015-2016	Actual 2014-2015	Increase (Decrease)
<b>Property Related Taxes</b>					
Property Tax Related Revenue	1,900,000	1,750,000	1,764,527	1,605,547	8.6%
Intergovernmental Revenue	20,000	20,000	19,840	21,496	0%
Special Assessments	374,807	250,000	255,500	255,728	50.0%
<b>Total Property Related Taxes</b>	<b>2,294,807</b>	<b>2,020,000</b>	<b>2,039,867</b>	<b>1,882,771</b>	<b>13.6%</b>
<b>Interest</b>					
Interest Income	12,000	12,500	11,428	12,636	(4%)
<b>Total Interest</b>	<b>12,000</b>	<b>12,500</b>	<b>11,428</b>	<b>12,636</b>	<b>(4%)</b>
<b>Other Receipts</b>					
Weed Program Billings	25,000	20,000	25,000	26,136	25%
Retiree Insurance Premium	750	1,000	750	1,059	(25%)
Miscellaneous	15,000	25,000	15,000	59,776	(40%)
<b>Total Other Receipts</b>	<b>40,750</b>	<b>46,000</b>	<b>40,750</b>	<b>86,971</b>	<b>(11.4%)</b>
<b>Total Operating Revenue</b>	<b>2,347,557</b>	<b>2,078,500</b>	<b>2,092,045</b>	<b>1,982,378</b>	<b>12.9%</b>
<b>Transfers from Fund Balance</b>					
Transfer from Unassigned Reserve Fund Balance	26,938	39,318	39,318	217,055	*Surplus per Audit
Transfer from Member Contingency Fund	76,283	100,000	100,000		
<b>Total Fund Balance Deposit</b>	<b>103,221</b>	<b>139,318</b>	<b>139,318</b>	<b>217,055</b>	
<b>Total Revenues</b>	<b>2,450,778</b>	<b>2,217,818</b>	<b>2,324,979</b>	<b>2,199,433</b>	<b>10.5%</b>

<b>Expenses</b>	<b>Budget 2016-2017</b>	Budget 2015-2016	Projected 2015-2016	Actual 2014-2015	Increase (Decrease)
<b>Personnel</b>					
Wages	847,380	815,000	820,224	813,260	4.0%
Payroll Tax Expense	78,000	71,000	71,378	70,203	9.9%
PERS	127,813	80,000	62,719	75,357	59.8%
Deferred Compensation	0	0	0	0	0%
Health/Life Insurance	195,000	170,000	185,260	170,914	14.7%
<b>Total Wages</b>	<b>1,248,193</b>	<b>1,136,000</b>	<b>1,129,501</b>	<b>1,010,136</b>	<b>9.9%</b>
<b>Operations &amp; Maintenance</b>					
Operating Supplies	353,000	353,000	325,621	309,062	0%
Aerial Services	125,800	125,800	110,640	7,054	0%
Aerial Pesticide	265,000	218,992	251,669		21.0%
Public Outreach	25,000	25,000	22,781	15,336	0%
Uniforms	9,000	9,000	8,016	8,975	0%
Telephone/Communication	9,500	9,000	10,129	6,187	5.6%
Janitorial	1,000	1,000	667	693	0%
Insurance	75,000	68,510	70,216	64,437	9.5%
Equipment Maintenance	30,000	30,000	58,447	32,665	0%
Structure Maintenance	15,000	15,000	53,858	28,036	0%
Membership	13,000	11,000	13,080	16,826	18.2%
Miscellaneous	2,000	2,000	955	2,520	0%
Office Expense	10,000	10,000	8,953	7,785	0%
Professional Services	100,000	80,000	101,757	61,770	25%
Equipment Rental	1,000	1,000	0	34	0%
Small Tools	1,000	1,000	0	786	0%
District Special Expenses	500	500	477	673	0%
Other Employee Benefits	500	500	0	0	0%
Transportation	45,000	65,000	40,000	48,493	(30.8%)
Travel	9,000	6,500	8,200	7,483	38.5%
Utilities	4,500	4,500	4,651	3,775	0%
Judgments/Damages	500	500	0	0	0%
Contributions	3,000	8,000	8,000	3,000	(62.5%)
<b>Total Operations &amp; Maintenance</b>	<b>1,098,300</b>	<b>1,045,802</b>	<b>1,098,117</b>	<b>625,590</b>	<b>5%</b>
<b>Total Operating Expenses</b>	<b>2,346,493</b>	<b>2,181,802</b>	<b>2,227,618</b>	<b>1,635,726</b>	<b>7.5%</b>

	<b>Budget 2016-2017</b>	Budget 2015-2016	Projected 2015-2016	Actual 2014-2015	Increase (Decrease)
<b>Fund Balance Transfers</b>					
Replenish Public Health Emergency Fund	7,232	0	0	21,562	
Replenish Compensated Absences Fund	0	0	0	0	
Replenish Operations Fund	16,451	0	0	54,105	
Replenish Capital Replacement Fund Balance	64,220	78,951	78,951	67,434	
Replenish Invasive Species Fund Balance	15,981	16,445	16,445	50,000	
<b>Total Transfers</b>	<b>103,884</b>	<b>95,396</b>	<b>95,396</b>	<b>193,101</b>	8.9%
<b>Total Expenses &amp; Transfers</b>	<b>2,450,377</b>	<b>2,277,198</b>	<b>2,323,014</b>	<b>1,828,827</b>	7.6%

	<b>Budget 2016-2017</b>	Budget 2015-2016	Projected 2015-2016	Actual 2014-2015	Increase (Decrease)
<b>Capital Outlay</b>					
Structural Improvements	0	0	0	0	
Motor Vehicles	0	13,000	13,581	21,694	
Office & Lab Equipment	0	68,535	65,515	83,080	
Spray Equipment	25,401	0	0	0	
Safety Equipment	0	0	0	0	
<b>Total</b>	<b>25,401</b>	<b>81,535</b>	<b>79,096</b>	<b>104,774</b>	<b>(68.8%)</b>
<b>Fund Balances</b>					
Public Health Emergency	292,705	285,473	285,473	263,911	2.5%
Invasive Species	82,426	66,445	66,445	50,000	24.0%
Compensated Absences	56,530	56,530	56,530	56,530	0%
Operations	870,556	854,105	854,105	854,105	1.9%
Capital Replacement	119,224	77,966	80,405	80,550	52.9%
VCJPA – Member Contingency Fund	197,716	269,264	273,999	379,878	(26.6%)
<b>Total</b>	<b>1,619,157</b>	<b>1,609,783</b>	<b>1,616,957</b>	<b>1,684,974</b>	<b>0.6%</b>

Turlock Mosquito Abatement District  
 FY 2016-2017  
 Fund Balance Worksheet

**GENERAL FUND**

1. RESTRICTED RESERVES (FUND BALANCE)

a) **Public Health Emergency (General Fund)**

Current Reserve Level	\$292,705
Replenishment	\$7,232
Prior Reserve Level	\$285,473
Maximum Level	\$585,409
Minimum Level	\$292,705

2. COMMITTED RESERVES (FUND BALANCE)

a) **Invasive Species (General Fund)**

Current Reserve Level	\$82,426
Replenishment	\$15,981
Prior Reserve Level	\$66,445
Maximum Level	\$292,705
Minimum Level	\$146,352

3. ASSIGNED RESERVES (FUND BALANCE)

a) **Operations (General Fund)**

Current Reserve Level	\$870,556
Replenishment	\$16,451
Prior Reserve Level	\$854,105
Maximum Level	\$1,097,642
Minimum Level	\$936,362

b) **Compensated Absences (General Fund)**

Current Reserve Level	\$56,530
Replenishment	\$0
Prior Reserve Level	\$56,530
Maximum Level	\$56,530

**d) Capital Replacement (General Fund)**

Current Reserve Level	\$119,224
Replenishment (5-years)	\$64,220
FY2016-2017 Capital Outlay	(\$25,401)
Prior Reserve Level	\$80,405
Maximum Level	\$401,506

**3. UNASSIGNED RESERVES (FUND BALANCE)**

**a) Unassigned (General Fund)**

Excess of Revenues & Expenses FY 2014-2015 Audit	\$26,938
Transfer Amount	\$26,938

**VCJPA-MEMBER CONTINGENCY FUND**

**1. ASSIGNED RESERVES (FUND BALANCE)**

**a) Self-Insured Assigned Reserve (VCJPA-Member Contingency Fund)**

Current Reserve Level	\$197,716
FY 2016-2017 Transfer General Fund	(\$76,283)
Minimum Level	\$197,716
Maximum Level	\$421,478

## *Revenue*

The fiscal year runs from July 1, 2016 to June 30, 2017. The District receives revenues from property taxes collected by the County of Stanislaus through property tax bills. To generate additional revenue the District may also implement a Special Tax, approved through a 2/3 vote in 1981, which is also collected by the County of Stanislaus. The District's three main sources of revenue are property taxes, pass-thru revenues, and its special tax. Revenue from property taxes are deposited directly to the County of Stanislaus Investment Pool until required. Pass-thru income can be deposited directly to the County of Stanislaus Investment Pool, as well, or may come directly from redevelopment agencies.

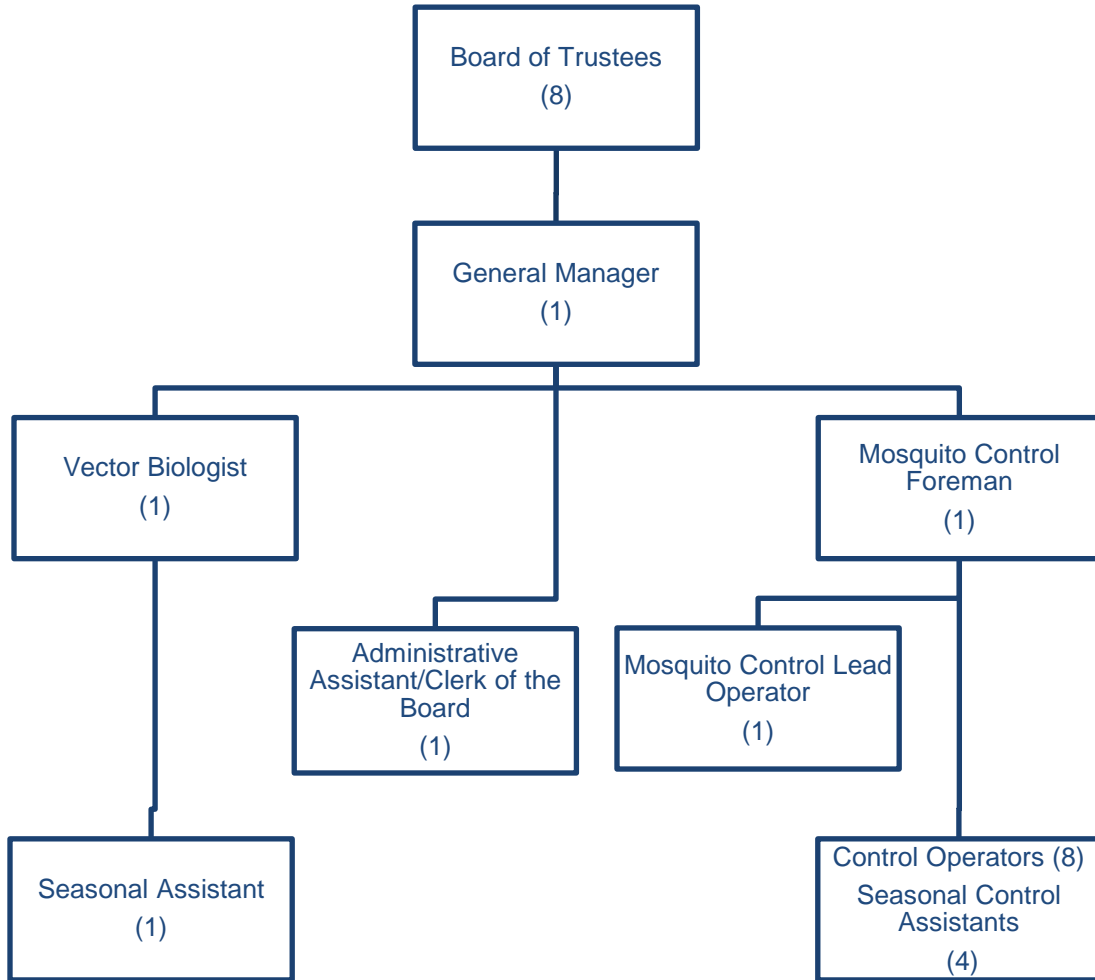
### *Primary Sources of Revenue*

**Property Tax:** The largest source of the District. Property taxes have generally increased in the last several years due to the improvement of property taxes following the housing market collapse.

**Redevelopment Agency Pass-Thru:** Revenue received by the District is based on the contractual and legislated agreements with the various redevelopment agencies in Stanislaus County. A portion of their tax revenue is returned to the District which was reserved for redevelopment purposes. In 2013, Redevelopment Agencies were dissolved and were ordered to pay any remaining debt and to return all other excess money to the local governments. This revenue source should continue to steadily decrease as RDA's are completely dissolved.

**Special Tax:** Covered above in the Policy Issues section.

*Organizational Chart*





## *Capital Budget*

### **Spray Equipment**

(2) London Fog 18-20 ULV Cold Fogger w/Map Vision Mobile ULV Flow Control – \$25,401

**Total: \$25,401**

Total Capital Outlay comes to \$25,401 – note that this doesn't come out of the General Budget but is financed by the assigned funds in the Capital Replacement Fund Balance account. Those funds used will be placed back into the account in future years according to a repayment plan approved by the Board.

## **TURLOCK MOSQUITO ABATEMENT DISTRICT STATEMENT OF FUND BALANCE POLICY**

### **I. Background & Purpose.**

It is the Turlock Mosquito Abatement District's ("District") policy to maintain an adequate fund balance for public health emergency, contingencies, operating cash flow, future liabilities, replacement of equipment, and for future construction. It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks and to ensure stable tax rates. The Fund Balance Policy follows the guidelines set in the Governmental Accounting Standards Board ("GASB") Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

### **II. Fund Balance Classifications.**

GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB 54 provides for classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

- *RESTRICTED FUND BALANCE:*

GASB 54 states that the restricted fund balance category includes amounts that can only be spent for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

- *COMMITTED FUND BALANCE:*

GASB 54 states that the committed fund balance classification includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

- *ASSIGNED FUND BALANCE:*

GASB 54 states that the amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

- *UNASSIGNED FUND BALANCE:*

GASB 54 states that the unassigned fund balance is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

**III. Fund Structuring.**

The fund structure includes the General Fund and the VCJPA Member Contingency Fund.

- *GENERAL FUND:*

The General Fund is the primary operating fund of the District. It accounts for all activities of the District, except those required to be accounted for in another fund.

- *VCJPA MEMBER CONTINGENCY FUND:*

The VCJPA Member Contingency Fund is a side fund managed by the Vector Control Joint Powers Association designed to cover the District for liabilities resulting from a claim(s) that go beyond the District’s self-insured insurance limits.

The District’s Adjusted Operating Expenses shall be determined by including the following budget categories:

Wages	Operating Supplies	Aerial Services
Aerial Pesticides	Uniforms	Public Education
Office Expense	Professional Services	Transportation

**IV. General Fund**

- *RESTRICTED FUND BALANCE:*

- **Public Health Emergency Fund (Restricted)**

The *California Health and Safety Code Section 2070* provides that the Board of Trustees can divide the annual budget into categories including a restricted reserve for public health emergencies. The Public Health Emergency Fund may only be spent to respond to public health emergencies. Public Health Emergencies are defined using the *California Mosquito-Borne Virus Surveillance and Response Plan* and the *California Operational Plan for Emergency Response to Mosquito-Borne Disease Outbreaks* prepared by the California Department of Health Services. These plans include necessary actions in situations of Emergency Response

Planning and Epidemic Response Planning, summarized below, and they will be paid for from the Restricted Reserve for Public Health Emergency.

*Emergency Response Planning* includes the following actions:

- Securing the necessary labor needed for additional mosquito surveillance/trapping for 3 months.
- Broadening geographic coverage of mosquito sample testing.
- Increasing the number of mosquito samples tested.
- Increasing frequency and geographic coverage of mosquito larvae surveillance.
- Increasing frequency and geographic coverage of mosquito larvae control measures.
- Securing additional products for aerial and ground-based adult/larvae mosquito control.
- Contracting for increased aviation service on a “stand-by” basis.

*Epidemic Response Planning* includes the following actions:

- In addition to actions listed above, *Epidemic Response Planning* includes a contract with aviation companies that use twin turbine aircraft available for routine spray operations over urban/populated areas.
- The contract would include:
  - The cost of a control product per acre
  - The cost of application per acre
  - The size of the application area(s)
  - The number of flights required

The recommended minimum funding amount for the Public Health Emergency Fund is 16% (2-months) of the District’s Adjusted Operating Expenses. The recommended maximum funding amount is 32% (4-months) of the District’s Adjusted Operating Expenses. This funding is based on the estimated cost to implement the above actions for several months during a public health emergency event.

- COMMITTED FUND BALANCE

- **Compensated Absences Fund (Committed)**

The District shall maintain a Compensated Absences Fund to cover the District’s liability should an employee(s) separate from the District and be owed money for accumulated vacation and overtime.

The recommended minimum level for this fund balance should be set to cover the District's current compensated absences liability; while the maximum level should not exceed the highest compensated absences liability observed over the previous 5-year period.

- **Invasive Species Fund (Committed)**

The District shall maintain a fund balance account in preparation for the arrival of invasive mosquito species, such as the Yellow Fever mosquito (*Aedes aegypti*) or the Asian Tiger mosquito (*Aedes albopictus*). The finding of either of these species within the District would have a large impact on the District as current operation procedures would not be effective against these mosquitoes. The control of these mosquitoes would require much more surveillance and is very labor intensive – house-to-house, backyard-to-backyard. In addition, public education and outreach becomes even more critical to recruit public support and assistance in controlling these mosquitoes in their own backyards.

It is recommended that the District establish this fund so that if and when an invasive mosquito species, such as these, are found, it has minimal impact on the District's current control operations and WNV disease prevention program. As a Committed Fund Balance account, the funds would be committed towards activities specific to controlling an invasive mosquito species found within the District; unless an action approved by a majority of the Board approved otherwise.

The recommended minimum funding amount for the Invasive Species Fund is 8% (1-month) of the District's Adjusted Operating Expenses. The recommended maximum funding amount is 16% (2-months) of the District's Adjusted Operating Expenses. This funding is based on the estimated cost of control and public outreach efforts aimed at eradicating an invasive species found in a specific area or areas within the District.

- ***ASSIGNED FUND BALANCE:***

- **Operations Fund (Assigned)**

The District shall maintain an Operations Fund equal to 50-60% of Adjusted Operating Expenses. These funds are set-aside because the District receives the majority of its funding from property taxes collected by the County of Stanislaus. These funds are typically not transmitted to the District until December, five months into the fiscal year. Therefore, it is

important that the District have an operating fund to fulfill its general operating costs. The delay in receiving funding and not having reserves could inhibit the District's ability to provide services for the benefit of public health.

The recommended minimum level for the Operations Fund is equal to 40% of District Total Operating Expenses. The recommended maximum level for the Operations Fund is equal to 60% of the District Total Operating Expenses.

- **Capital Replacement Fund (Assigned)**

The District will maintain a fund for replacing District vehicles, spray equipment, IT equipment, structural improvements and other capital assets in a uniform fashion. By establishing a fund for capital asset replacement, it is hoped that District finance and operations become more stabilized during economic upswings and downturns. The District's replacement policy shall be based on the useful life determination of equipment contained in the Turlock Mosquito Abatement District's By-laws and Administrative Policies Manual.

The District shall maintain a fund amount that reflects the District's future capital replacement needs projected at least 5-10 years into the future. Replacement costs shall be calculated using the original purchase price adjusted for regional inflation using the Consumer Price Index (CPI).

## V. VCJPA-Member Contingency Fund

- *ASSIGNED FUND BALANCE:*

- **Self-Insured Assigned Reserve (VCJPA-Member Contingency Fund)**

The Vector Control Joint Powers Agency (VCJPA) manages a side fund in which members may invest to cover potential claims over and above a district's insurance limits or to cover potential liabilities not covered under the VCJPA's pooled programs. The VCJPA has determined that a prudent fund balance to be \$197,716.

## VI. Use and Replenishment of Reserves

- *RANGE STRUCTURE*

Ranges are established based on the percentage (%) of the subsequent year's Budgeted Expenditures or Revenue to allow for stability over time. This policy will require additional funding of reserves as Budgeted Expenditures or Revenues increase.

- *MINIMUM/MAXIMUM RANGE*

The goal of this Policy is to maintain reserves above the minimum range level and never above the maximum range, when listed. If fund balances fall below the minimum range listed, a plan shall be developed to increase the fund balance amount until it is at least at, or higher than, the minimum fund balance range (see "Replenishment of Reserves" below). The Government Financial Officer Association recommends, at absolute minimum, that government entities, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues.

- *USE OF RESERVES TO ADDRESS STRUCTURAL IMBALANCE*

To the extent that there is an imbalance between revenues and Budgeted Expenditures, it is important that reserves are utilized carefully and judiciously, since reserves are a one-time, nonrecurring funding source. Just as reserves are built up over a series of years, drawing down on reserves should also be done in measured amounts. The long-term health of the fund requires that a structural imbalance must be addressed promptly. If an imbalance occurs, a multi-year plan shall be developed to address the imbalance concurrently with the planned reserve draw down. The implementation of the replenishment plan will be done in accordance with the guidelines below (see 6 "Replenishment of Reserves"). A planned draw down of a fund's reserves should not reduce the reserve below the midpoint of the range.

- *REPLENISHMENT OF RESERVES*

The following criteria should be used to restore reserves based upon the remaining reserve compared to the respective maximum reserve guideline:

- If the reserves are drawn down below the minimum fund balance range, then a budgetary plan shall be implemented to return the reserve level to the minimum fund balance range over a 5-year maximum period.

- *ANNUAL STATUS REPORTING AND PERIODIC REVIEW*

Annually, as part of the budgetary process, the District's Board of Trustees will be presented an updated Fund Balance Worksheet showing the fund balance of each account and any associated minimum and maximum fund balance ranges. Any recommended changes to funding levels will be included with accompanying reasons for recommending the changes. For any funds drawn down below the minimum fund balance range, then a budgetary plan shall be developed and approved by the Board to restore the reserve according to the criteria stated in the Replenishment of Reserves section listed above.