

## **Alameda County Mosquito Abatement District**

### **§224 District Fund Policy**

**§224.10** The District recognizes the importance of adopting policies for financial reserves and reserve funds. Written, adopted financial policies regarding designated reserves are a critical element of sound fiscal management. The designation of funds for long term financial goals is an important element of prudent fiscal management and a cornerstone of long-term financial planning. A written and adopted policy on these funds facilitates the attainment of program goals. This policy was developed to clearly identify specific, designated funds. It is the intent of this policy to clearly identify funds, articulate the purpose of each fund, designate the way the funds are replenished and set target levels that are consistent with the District's mission, and the philosophy of its Board of Trustees. This policy shall be known, and may be cited as, the Alameda County Mosquito Abatement District Fund Policy.

**§224.11** Objectives: This Policy has been developed to provide for the following:

1. To assure continued operation and solvency of the District for carrying out its stated mission.
2. To maintain a financially-viable District that can preserve adequate levels of service
3. To maintain financial flexibility in order to continually adapt to change and permit orderly adjustment to unanticipated events
4. To maintain a diversified, financial flexibility and stable long-term financial plan.
5. To facilitate the accumulation and preservation of District funds in an amount equal to the stated target fund level for each specific fund created by the District.
6. To provide information to the citizens of Alameda County on how tax revenues are used and managed.

**§224.12** This policy will be reviewed on an annual basis in order to incorporate appropriate changes, additions and/or deletions.

## **Fund Policy**

**§224.20** This policy follows the guidelines set in the Governmental Accounting Standards Board (“GASB”) Statement No. 54, regarding Fund Balance Reporting and Governmental Fund Type Definitions

**§224.21** In order to achieve the objectives of this Policy, the Board of Trustees shall adhere to the following guidelines:

**§224.22** Funds may be established from time to time by the Board of Trustees as an important component of sound financial management to meet both short and long-term financial objectives, and to ensure prudent financial management practices.

**§224.23 Classification of Funds.** Funds may be designated by the Board of Trustees as a “restricted” or “non-restricted”. These classifications are defined under GASB 54 as follows:

**§224.24 Restricted** Funds shall be segregated, and limited in use to specific and designated purposes as defined and established by the Board of Trustees. According to GASB 54, Restricted Funds are those that are constrained to specific purposes by the constitution, external resource providers (such as grantors, bondholders, and higher levels of government), or through enabling legislation. The District currently has no Restricted Funds.

**§224.25 Non-restricted** Funds may be classified as “**Committed**” or “**Assigned**”. These funds do not require the physical segregation of funds, but maybe segregated if desirable.

**§224.26 Committed** Funds are defined by GASB 54 as those that are constrained to specific purposes by a formal action of the agency’s highest level decision-making authority (the District’s Board of Trustees). **Committed** Funds cannot be used for any other purpose, unless the District takes the same highest level action to remove or change the constraint. The District’s **Committed** Funds include the **Capital Improvement Fund** and the **Public Health Emergency Fund**.

**§224.27 Assigned** Funds are defined as those that are intended for a specific purpose, but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. The District’s **Assigned** Funds include the Working Capital Fund.

**§224.28** Investment earnings from restricted and non-restricted funds shall be credited to the District General Fund, unless otherwise stated herein.

**§224.29** Approval by the District’s The Board of Trustees shall be required prior to the expenditure of **Restricted** or **Committed** Funds. Approval shall be determined by action at a public meeting of the board.

**§224.30** The Board of Trustees shall maintain a written Fund Policy.

**§224.31** The Board of Trustees shall annually review the District Policy at a public meeting in order to determine appropriate changes, additions, and/or deletions.

**Funds**

**§224.40** The Board of Trustees hereby establishes and designates the following funds:

**§224.41** Public Health Emergency Fund. Attachment 1

**§224.42** Capital Improvement Fund. Attachment 2.

**§224.43** Working Capital Fund. Attachment 3.

**Target Fund Levels**

**§224.5** The Board of Trustees shall establish a stated target fund level for each designated fund. See Attachment 7 for a compendium of established target fund levels for designated funds.

**Annual Evaluation**

**§224.6** The District Manager shall perform a review and analysis of each designated funds for presentation to the Board of Trustees at a public meeting upon the occurrence of the following:

**§224.61** Upon consideration by the Board of Trustees of the annual budget.

**§224.62** Upon any significant change to and/or expenditure(s) from a designated fund.

**§224.63** Upon determination that a fund balance is less than the established target fund level for a designated fund.

**ATTACHMENT 1**

**ALAMEDA COUNTY**  
**MOSQUITO ABATEMENT DISTRICT**  
**PUBLIC HEALTH EMERGENCY FUND**

**Purpose of Fund:**

The purpose of the Public Health Emergency Fund is to mitigate the financial impact of unusually high levels of vector-borne disease activity or prevent a future threat to public health from a newly detected invasive mosquito species. The primary role of the District is to prevent and manage threats to public health as it relates to vectors and vector-borne diseases. Due to a wide range of dynamic biological and environmental factors, the abundance and disease levels of vectors and vector borne disease can vary from year to year. In addition, three new species of mosquitoes have entered California in recent years, and have brought with them the potential for the transmission of human disease not previously endemic to California. In either case, an increased threat to public health is possible, and the District has the duty to respond according to its Integrated Pest Management program and to guidance from the California Department of Public Health as stated in the “Invasive Aedes Response Plan in California” and the “California Mosquito-Borne Virus Response Plan”.

**Policy:**

In order to achieve the objectives of this policy the Board of Trustees shall adhere to the following guidelines:

1. This fund shall be known as the “Public Health Emergency Fund.”
2. The Public Health Emergency Fund shall be designated as a **committed** fund.
3. These funds will be used to replenish operating cash flow in the general fund should circumstances cause the District to incur greater than normal expenses to prevent or manage an imminent threat to public health from vectors of vector-borne disease.
4. Expenditure of Public Health Emergency Funds must be authorized by the Board of Trustees at a publicly noticed meeting
5. Expenditures from this designated fund which are subsequently recovered, either partially or fully, from State sources, shall be utilized solely for the purpose of refunding the Public Health Emergency Fund.
6. Investment earnings from the Public Health Emergency Fund may be credited to the District’s General Fund.
7. The Public Health Emergency Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.
8. Annual replenishment will vary, depending upon other designation requirements and current year expense requirements
9. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

**Target Fund Level:**

The target balance of this fund is \$500,000. This target is based on an estimate of likely operational needs should the most likely public health threat scenario become reality.

This target balance will be reviewed annually and adjusted as needed to remain current.

**ATTACHMENT 2**

**ALAMEDA COUNTY**  
**MOSQUITO ABATEMENT DISTRICT**  
**CAPITAL IMPROVEMENT FUND**

**Fund Purpose:**

The purpose of the Capital Improvement Funds is to set aside sufficient financial resources to ensure timely replacement and upgrade of the District's vehicles, mobile equipment, laboratory equipment, operational equipment, administrative equipment (CPU's, PC's, laptops, etc.) and facilities. Safe, reliable and up-to-date vehicles and equipment, which are in good working order, are essential for the District to meet our mission of providing public health services in a timely and professional manner. The Capital Improvement Fund will allow for the replacement of vehicles, and equipment if lost due to a disaster. In addition, this fund will allow for the renovation and/or Improvement of the District's Office and garage facilities as they age. The recommended maximum funding for this item is also an amount equal to the accumulated amount of depreciation for all capital items.

**Policy:**

In order to achieve the objectives of this policy the Board of Trustees shall adhere to the following guidelines:

1. This fund shall be known as the "Capital Improvement Fund."
2. The Capital Improvement Fund shall be designated as **committed** fund.
3. These funds will be used to pay for capital assets according to the District budget and purchasing policies.
4. Each year, funds can be transferred from the Capital Improvement Fund to the General Fund to cover the cost of capital purchases designated and approved during the annual budgeting process.
5. Funds transferred from the Capital Improvement Fund shall be expended solely for the purpose of replacement and upgrade of existing District vehicles and equipment, or for renovations or replacement of District facilities.
6. The Capital Improvement Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.
7. Investment earnings from the Capital Improvement Fund may be credited to the District's General Fund.
8. Annual replenishment will vary, depending upon other designation requirements and current year expense requirements
9. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

**Target Fund Level:**

The target balance for this fund will be the total cumulative depreciation for the District's capital assets as stated in the District's Basic Financial Statements prepared by the auditor each year. This target will be reviewed annually and adjusted as needed.

## ATTACHMENT 3

### ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT WORKING CAPITAL FUND

#### **Fund Purpose:**

The Working Capital Fund is necessary because the District receives the majority of its funding from the property taxes and a benefit assessment collected by the Alameda County Treasurer/Controller. These revenues are not transmitted to the District until December, six months after the beginning of the fiscal year. Therefore, it is imperative that the District have funds available to cover general operating costs from the beginning of the fiscal year (July 1) to the time that revenues are received in December. Mosquitoes develop in Alameda County throughout the year, and in the absence of working capital would inhibit the District's ability to provide service to the residents of Alameda County. This fund will preserve District's credit worthiness, ensure adequate financial resources are available for timely payment of District obligations, and provide liquidity throughout the fiscal year.

#### **Policy:**

In order to achieve the objectives of this policy the Board of Trustees shall adhere to the following guidelines:

1. The fund shall be known as the "Working Capital Fund."
2. The Working Capital Fund shall be designated as an **assigned** reserve fund.
3. The District Manager is authorized to approve the expenditure of Working Capital Funds, without prior approval of the Board of Trustees, in response to day-to-day cash flow requirements.
4. The Working Capital Fund will be held in the District's account in the County Treasury.
5. Investment earnings from the Working Fund may be credited to the District's General Fund.
6. Annual replenishment will vary, depending upon other designation requirements and current year expense requirements
7. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

#### **Target Fund Level:**

The target fund level for the Working Capital Fund is to maintain a minimum Capital Funds for Operations equal to 60% of discretionary General Fund revenues, as of July 1<sup>st</sup> of each fiscal year. This target fund level was established based upon the following general guidelines:

1. The District shall maintain a balance in the General Fund equal to approximately 60% budgeted expenditures for the fiscal year.
2. For the purpose of this policy, budgeted expenditures shall include all expenditures associated with the following:
  - a. Salaries and Employee Benefits
  - b. Services and Supplies