



POLICY COMMITTEE MEETING OF THE BOARD OF TRUSTEES

November 14, 2018

5:00 PM

AGENDA

The Policy Committee is not a decision-making body and only makes recommendations to the Board.

Policy Committee Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting; or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact District Manager Chindi Peavey at least five working days before the meeting at (650) 344-8592. Notification in advance of the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it.

Public records that relate to any item on the open session agenda for a Policy Committee meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all Policy Committee members. The Policy Committee of the Board has designated the office of the San Mateo County Mosquito and Vector Control District, located at 1351 Rollins Road, Burlingame, for the purpose of making those public records available for inspection.

1. CALL TO ORDER.

2. PLEDGE OF ALLEGIANCE.

3. ROLL CALL.

- Chairperson Kati Martin will take roll call. _____
- Robert Riechel, City of San Bruno _____
- Ed Degliantoni, City of San Mateo _____
- Donna Rutherford, City of East Palo Alto _____
- Carolyn Parker, City of Brisbane _____
- Kat Lion, City of Redwood City _____



4. PUBLIC COMMENTS AND ANNOUNCEMENTS.

- This time is reserved for members of the public to address the Policy Committee of the Board relative to matters of the Committee not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person (ten minutes where a translator is being used).

5. REGULAR AGENDA

District Policy Manual

- A. **District Policy 6060 District Insurance** – *consider updates to the coverage amounts in this policy and language changes for clarity. Remove the sentence saying “We signed up all trustees and staff for Business Travel Accident Insurance from Section 6060.70*

Action Motion to recommend Board approval of changes in District Policy 6060

- B. **District Policy 6070 Investment of District Funds** – *consider adding Section 6070.31 relating the Capital Project Reserve Fund (account 02705 in the County Treasury) to the Equipment Replacement Reserve Fund and changing the name of the Equipment Replacement Reserve Fund to the Capital Project and Equipment Replacement Fund in sections 6070.32, 33, and 35*

Action Motion to recommend Board approval of changes to District Policy 6070

- C. **District Policy 6120 District Reserves** – *consider adding “buildings and structures” to the Equipment Replacement Reserve Fund and changing the name of the Equipment Replacement Reserve Fund to the Capital Projects and Equipment Replacement Reserve Fund.*

Action Motion to recommend Board approval of changes to District Policy 6120

- D. **District Policy 6100 Journal Entry Approval** – *consider adding the words “and include the following:” to Section 6100.31*

Action Motion to recommend Board approval of changes in District Policy 6100

- E. **District Policy 6110 Cash and Cash Management** – *consider changing the word “impress” to “imprest” in Section 6110.50*

Action Motion to recommend Board approval of changes in District Policy 6110

6. ADJOURNMENT



POLICIES AND PROCEDURES

TITLE: District Insurance Program

NUMBER: 6060

6060.10 The District approved the Vector Control Joint Powers Agency (VCJPA) Exercise of Powers Agreement, dated July 1, 1979, as amended on May 5, 1994.

6060.20 Bickmore ~~Risk Services (BRS)~~ is the administrator of the District ~~insurance coverage programs under a contract between VCJPA and Bickmore. Programs Coverage programs include general, auto, and employment practices liability, workers' compensation, business travel accident, and auto physical damage.~~

6060.30 The Pooled Liability Program offers general and auto liability coverage up to \$104 million. The District's retained limit is \$~~10,000 5,000.00~~. The amount from the District's retained limit to \$1 million is pooled within the VCJPA (primary layer). The amount in excess of \$1 million through \$~~14 10~~ million is pooled with other joint powers authorities through the California Affiliated Risk Management Authorities (CARMA) (excess layer). Within this program, are a Mid-Layer pool and an Aggregate pool in the primary layer, and a Mid-Layer pool in the excess layer.

6060.31 The purpose for the Mid-Layer Pool in the primary layer (Employee Risk Management Authority ERMA) is to reduce the effect of severe claims from impacting the primary pool of the Pooled Liability Program. The Mid-Layer Pool pays for the layer of coverage on each claim that falls between \$200,000 and \$1 million.s betweenover \$250,0001,000,000 and \$12 million. The (California Affiliated Risk Management Authority CARMA) Pooled Program provides coverage up to \$14,000,000. This is a mandatory feature of the Pooled Liability Program.

6060.32 The Aggregate Pool provides a limit to the amount of retrospective adjustment charges that can be applied to any one district. The Aggregate Pool is a separate, mandatory feature of the Pooled Liability Program.

6060.33 The Pooled Liability Program also provides employment practices liability coverage to the District of \$25,000 inclusive of the District's \$10,000.00 retained limit. Coverage above \$25,000 is provided by another joint powers authority, the Employment Risk Management Authority (ERMA). ERMA's limit of coverage is \$2 million per claim per member, \$2 million aggregate per member, with a \$10 million policy aggregate. ERMA also provides live and web-

based employment practices liability training workshops, one hour per month of legal advice regarding day-to-day employment matters, and an employee reporting line.

6060.40 The Pooled Workers Compensation Program offers workers' compensation coverage up to statutory limits. The District's retained limit is \$25,000. The amount from our retained limit to ~~\$250,000-\$500,000~~ is pooled within the VCJPA's primary layer. ~~The amount Coverage for claims from \$250,000 to \$350,000~~ above \$500,000 is pooled with other ~~joint powers agencies and~~ public entities through the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX). From ~~\$350,000~~ 5 million to statutory limits, LAWCX purchases excess coverage for its members through ~~Employer's Reinsurance Company~~ the California State Association of Counties Excess Insurance Authority (CSAC-EIA). Within this program's primary layer, are a Mid-Layer pool and an Aggregate pool.

6060.41 The purpose for the Mid-Layer Pool is to reduce the effect of severe claims from impacting the primary pool of the Pooled Workers' Compensation Program. The Mid-Layer Pool pays for the layer of coverage on each claim that falls between \$250,000 and \$500,000. This is a mandatory feature of the Pooled Workers' Compensation Program.

6060.42 The Aggregate Pool provides a limit to the amount of retrospective adjustment charges that can be applied to any one district. The Aggregate Pool is a separate, mandatory feature of the Pooled Workers' Compensation Program. This is a non-equity pool.

6060.50 The Pooled Auto Physical Damage Program was established to provide districts with protection against physical damage to their automobiles and ~~declared~~ watercraft. Districts also have the option to purchase Unmanned Aircraft hull coverage for unmanned aerial vehicles (aka drones) through the Auto Physical Damage Program. This Districts must participate in the Auto Physical Damage Program.

6060.51 The Auto Physical Damage Program covers the ~~d~~ District's² vehicles up to a maximum of ~~\$3035,000~~ per vehicle, unless otherwise declared. The current deductible is ~~\$51,000~~ per accident, per vehicle occurrence.

6060.52 Claims for the Auto Physical Damage Program are handled by ~~Bickmore Risk Services (BRS)~~. Claims must be submitted to ~~BickmoreRS~~ with the VCJPA claim form accompanied by ~~three~~ two estimates (unless the first estimate received states that it is a complete loss) for the cost of repairing the automobile.

6060.60 The VCJPA purchases property and boiler/machinery coverage through the ~~Alliant Property~~ Public Entity Property Insurance Program (APIPEPIP).

6060.61 In addition to purchasing property coverage, the VCJPA has pre-funded a non-equity pool to cover the layer from \$500 to the ~~APIPEPIP~~ deductible of \$5,000. Because of this, the district's² portion for any one loss is only \$500.

6060.70 The District is a member of the VCJPA Business Travel Accident Program. The limits of coverage are \$150,000 for life and accidental death and dismemberment for business

travel with an aggregate limit of \$750,000 per accident. We signed up all trustees and staff members.

6060.80 The District is a member of the Alliant Crime Insurance Program (ACIP) through the VCJPA-Group Fidelity Program. The limits of coverage are \$21,000,000 each loss with a \$25,000 deductible per loss. The insurance policy includes an endorsement expanding coverage to for faithful performance of duty.

6060.90 The District has coverage through the VCJPA under the Alliant Deadly Weapon Response Program (ADWRP). This coverage provides for third party liability, business interruption, crisis management, funeral expenses, counseling services, and first party property damage including demolition/clearance and memorialization when an event occurs on district property where a weapon has been used or brandished. The deductible is \$10,000 with a limit of \$500,000 per claim with a \$2,500,000 annual aggregate shared amongst the VCJPA members. Some sublimits also apply.

Issued: **September 11, 2002**

<u>Review by VCJPA</u>	<u>October 5, 2018</u>
<u>Review by Policy Committee</u>	<u>October 10, 2018, November 14, 2018</u>
<u>Board Approval</u>	<u>November 14, 2018</u>



POLICIES AND PROCEDURES

TITLE: District Insurance Program

NUMBER: 6060

6060.10 The District approved the Vector Control Joint Powers Agency (VCJPA) Exercise of Powers Agreement, dated July 1, 1979, as amended on May 5, 1994.

6060.20 Bickmore is the administrator of the District coverage programs under a contract between VCJPA and Bickmore. Coverage programs include general, auto, and employment practices liability; workers' compensation; property; business travel accident; and auto physical damage.

6060.30 The Pooled Liability Program offers general and auto liability coverage up to \$1 million. The District's retained limit is \$10,000. The amount from the District's retained limit to \$1 million is pooled within the VCJPA (primary layer). The amount in excess of \$1 million through \$14 million is pooled with other joint powers authorities through the California Affiliated Risk Management Authorities (CARMA) (excess layer). Within this program, are a Mid-Layer pool and an Aggregate pool in the primary layer, and a Mid-Layer pool in the excess layer.

6060.31 The purpose for the Mid-Layer Pool in the primary layer is to reduce the effect of severe claims from impacting the primary pool of the Pooled Liability Program. The Mid-Layer Pool pays for the layer of coverage on each claim that falls between \$200,000 and \$1 million. This is a mandatory feature of the Pooled Liability Program.

6060.32 The Aggregate Pool provides a limit to the amount of retrospective adjustment charges that can be applied to any one district. The Aggregate Pool is a separate, mandatory feature of the Pooled Liability Program.

6060.33 The Pooled Liability Program also provides employment practices liability coverage to the District of \$25,000 inclusive of the District's \$10,000.00 retained limit. Coverage above \$25,000 is provided by another joint powers authority, the Employment Risk Management Authority (ERMA). ERMA's limit of coverage is \$2 million per claim per member, \$2 million aggregate per member, with a \$10 million policy aggregate. ERMA also provides live and web-based employment practices liability training workshops, one hour per month of legal advice regarding day-to-day employment matters, and an employee reporting line.

6060.40 The Pooled Workers Compensation Program offers workers' compensation coverage up to statutory limits. The District's retained limit is \$25,000. The amount from our retained limit to \$500,000 is pooled within the VCJPA's primary layer. Coverage for claims above \$500,000 is pooled with other public entities through the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX). From \$5 million to statutory limits, LAWCX purchases excess coverage for its members through the California State Association of Counties Excess Insurance Authority (CSAC-EIA). Within this program's primary layer, are a Mid-Layer pool and an Aggregate pool.

6060.41 The purpose for the Mid-Layer Pool is to reduce the effect of severe claims from impacting the primary pool of the Pooled Workers' Compensation Program. The Mid-Layer Pool pays for the layer of coverage on each claim that falls between \$250,000 and \$500,000. This is a mandatory feature of the Pooled Workers' Compensation Program.

6060.42 The Aggregate Pool provides a limit to the amount of retrospective adjustment charges that can be applied to any one district. The Aggregate Pool is a separate, mandatory feature of the Pooled Workers' Compensation Program. This is a non-equity pool.

6060.50 The Pooled Auto Physical Damage Program was established to provide districts with protection against physical damage to their automobiles and watercraft. Districts also have the option to purchase hull coverage for unmanned aerial vehicles (aka drones) through the Auto Physical Damage Program. Districts must participate in the Auto Physical Damage Program.

6060.51 The Auto Physical Damage Program covers the District's vehicles up to a maximum of \$35,000 per vehicle, unless otherwise declared. The current deductible is \$1,000 per occurrence.

6060.52 Claims for the Auto Physical Damage Program are handled by Bickmore . Claims must be submitted to Bickmore with the VCJPA claim form accompanied by two estimates (unless the first estimate received states that it is a complete loss) for the cost of repairing the automobile.

6060.60 The VCJPA purchases property and boiler/machinery coverage through the Alliant Property Insurance Program (APIP).

6060.61 In addition to purchasing property coverage, the VCJPA has pre-funded a non-equity pool to cover the layer from \$500 to the APIP deductible of \$5,000. Because of this, the district's portion for any one loss is only \$500.

6060.70 The District is a member of the VCJPA Business Travel Accident Program. The limits of coverage are \$150,000 for life and accidental death and dismemberment for business travel with an aggregate limit of \$750,000 per accident.

6060.80 The District is a member of the Alliant Crime Insurance Program (ACIP) through the VCJPA. The limits of coverage are \$1,000,000 each loss with a \$25,000 deductible per loss. The insurance policy includes coverage for faithful performance of duty.

6060.90 The District has coverage through the VCJPA under the Alliant Deadly Weapon Response Program (ADWRP). This coverage provides for third party liability, business interruption, crisis management, funeral expenses, counseling services, and first party property damage including demolition/clearance and memorialization when an event occurs on district property where a weapon has been used or brandished. The deductible is \$10,000 with a limit of \$500,000 per claim with a \$2,500,000 annual aggregate shared amongst the VCJPA members. Some sublimits also apply.

Issued:

September 11, 2002

Review by VCJPA

October 5, 2018

Review by Policy Committee

October 10, 2018, November 14, 2018

Board Approval

November 14, 2018



POLICIES AND PROCEDURES

TITLE: Investment of District Funds

NUMBER: 6070

6070.10 The District participates in the “Pooled Fund Investment Program” of the San Mateo County, Office of the Treasurer. State and Federal Code regulate investment by the County Treasurer.

6070.20 The County Treasurer provides monthly investment reports to the Board of Trustees reviewing all pooled earnings, settled trades-realized gains and losses, portfolio appraisal, transaction summary on settlement dates, rolling year projected cash flow, and historical yield curves.

6070.30 The San Mateo County Controller’s Office on April 5, 1994 authorized the District to set up a Capital Project Reserve Fund.

6070.31 In 2018, the name of this fund was changed to the Capital Project and Equipment Replacement Reserve Fund to more particularly describe the purpose of the fund.

6070.3132 The Capital Project and& Equipment Replacement Reserve Fund bears interest quarterly.

6070.3233 The District maintains a Capital Improvement Plan (CIP), which lists projects; and equipment purchases from the Capital Project and Equipment Replacement Reserve Fund that are anticipated and scheduled over a period of ten years. The CIP allows the District to review, compare, and assign priorities to projects.

6070.3334 The District Manager proposes projects for inclusion into the CIP. The Board of Trustees reviews the CIP and adopts the plan at the July Board meeting. A second review occurs at the January Board meeting.

6070.3435 The Capital Project and& Equipment Replacement -Reserve Fund is included in the District’s annual independent accounting audit.

6070.40 The District authorized the Vector Control Joint Powers Agency (VCJPA) to set up a Member Contingency Fund Account for the District, on July 1, 1979.

6070.41 The Member Contingency Fund covers worse-than expected losses covered by the VCJPA as well as fund losses not covered. Such uncovered losses might be indemnity payments for a wrongful termination claim, clean up mandated for pesticides found in the ground, pollution exposure, or general reserves for one year of insurance operating expenses.

6070.42 Annual premium payments for insurance coverage to the VCJPA may be funded from the Member Contingency Fund.

6070.43 The Member Contingency Fund is included in the District's annual independent accounting audit.

6070.44 VCJPA Investment Policy is on file in the District Manager's office.

6070.441 Investment policies and practices of the VCJPA are based on state law and prudent money management. All funds are invested in accordance with the VCJPA's Investment Policy and applicable California Government Code sections.

6070.442 Investments shall be made with sound judgment and care – under circumstances then prevailing – and in accordance with written procedures and policies. The standard to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio.

6070.443 The objectives are safety, liquidity, and return on investment.

Issued:	September 11, 2002
Reviewed By Finance Committee:	November 5, 2018
<u>Reviewed by Policy Committee</u>	<u>November 14, 2018</u>
<u>Board Approval</u>	



POLICIES AND PROCEDURES

TITLE: Investment of District Funds

NUMBER: 6070

6070.10 The District participates in the “Pooled Fund Investment Program” of the San Mateo County, Office of the Treasurer. State and Federal Code regulate investment by the County Treasurer.

6070.20 The County Treasurer provides monthly investment reports to the Board of Trustees reviewing all pooled earnings, settled trades-realized gains and losses, portfolio appraisal, transaction summary on settlement dates, rolling year projected cash flow, and historical yield curves.

6070.30 The San Mateo County Controller’s Office, on April 5, 1994, authorized the District to set up a Capital Project Reserve Fund.

6070.31 In 2018, the name of this fund was changed to the Capital Project and Equipment Replacement Reserve Fund to more particularly describe the purpose of the fund.

6070.31 The Capital Project and Equipment Replacement Reserve Fund bears interest quarterly.

6070.32 The District maintains a Capital Improvement Plan (CIP), which lists projects and equipment purchases from the Capital Project and Equipment Replacement Reserve Fund that are anticipated and scheduled over a period of ten years. The CIP allows the District to review, compare, and assign priorities to projects.

6070.33 The District Manager proposes projects for inclusion into the CIP. The Board of Trustees reviews the CIP and adopts the plan at the July Board meeting. A second review occurs at the January Board meeting.

6070.34 The Capital Project and Equipment Replacement Reserve Fund is included in the District’s annual independent accounting audit.

6070.40 The District authorized the Vector Control Joint Powers Agency (VCJPA) to set up a Member Contingency Fund Account for the District, on July 1, 1979.

6070.41 The Member Contingency Fund covers worse-than-expected losses covered by the VCJPA, as well as fund losses not covered. Such non-covered losses might be indemnity payments for a wrongful termination claim, cleanup mandated for pesticides found in the ground, pollution exposure, or general reserves for one year of insurance operating expenses.

6070.42 Annual premium payments to the VCJPA for insurance coverage may be funded from the Member Contingency Fund.

6070.43 The Member Contingency Fund is included in the District's annual independent accounting audit.

6070.44 VCJPA Investment Policy is on file in the District Manager's office.

6070.441 Investment policies and practices of the VCJPA are based on state law and prudent money management. All funds are invested in accordance with the VCJPA's Investment Policy and applicable California Government Code sections.

6070.442 Investments shall be made with sound judgment and care – under circumstances then prevailing – and in accordance with written procedures and policies. The standard to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio.

6070.443 The objectives are safety, liquidity, and return on investment.

Issued:
Reviewed By Finance Committee:
Reviewed by Policy Committee

September 11, 2002
October 1, 2018
November 14, 2018



POLICIES AND PROCEDURES

TITLE: **District Reserve Fund and Working Capital Policy**

NUMBER: **6120**

OVERVIEW

The District recognizes the importance of adopting policies for the management of its financial reserves. Formalizing written financial policies for designation of reserve funds is a critical element of sound fiscal management and a cornerstone of long-term financial planning.

This policy provides for the prudent accumulation and management of reserve funds to facilitate the attainment of long term program and financial goals. This Reserve Fund Policy was developed to identify how each of the reserve categories will be managed and that are consistent with the District's mission statement and philosophy of the Board of Trustees.

OBJECTIVES

- To assure continued operation and solvency of the District, allowing it to carry out its stated mission.
- To maintain and enhance the sound fiscal condition of the District, maintain its ability to obtain credit and maintain a high bond rating.
- To maintain sufficient financial flexibility to be able to adapt to change, and to permit an orderly adjustment to unanticipated events.
- To maintain a diversified and stable long-term financial plan.
- To accumulate and maintain an amount equal to the stated target fund level for each specific reserve fund created by the District.
- To provide for periodic review of financial reserve funds to make appropriate changes, additions and/or deletions.
- To clearly define how financial reserves will be accumulated and put to use.

RESERVE FUND POLICY

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

- ✓ Reserve 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.
- ✓ Reserve funds may be designated by the Board of Trustees as “restricted reserve funds” or “non-restricted reserve funds.”
- ✓ Restricted reserve funds shall be segregated, and limited in use to specific and designated purpose(s) as defined and established by the Board of Trustees. As of January 2011, under GASB Statement 54 under the Government Accounting Standards Board the restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. These constraints may be imposed by grantors, bondholders, or higher levels of government, through constitutional provisions, or by enabling legislation.
- ✓ “Nonrestricted” reserve funds may be classified as “Committed Reserve Funds” , “Assigned Reserve Funds” or ”Unassigned Reserve Funds” and thus shall have no reference to specific accounting assets. These funds do not require the physical segregation of funds, but maybe segregated if desirable.
- ✓ Committed Reserve Funds are subject to internal constraints. These constraints are imposed by the District itself, using its highest level of decision-making authority (i.e. Board of Trustees).
- ✓ Committed Reserve Funds cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- ✓ Assigned Reserve Funds are those that the District intends to use for a specific purpose. This intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority
- ✓ Unassigned fund balance includes all balances that have not been assigned to other funds and are not restricted, committed, or assigned to specific purposes.
- ✓ All investment earnings from restricted and non-restricted reserve funds shall be credited to the District General Fund, unless otherwise stated herein.
- ✓ The Board of Trustee approval shall be required prior to the expenditure of restricted and committed reserve funds.

- ✓ If the Board of Trustees finds that the funds in a committed reserve are no longer required for the purpose for which it was established, the Board of Trustees may, by a four-fifths vote of the total membership of the board of trustees, discontinue the committed reserve or transfer the funds that are no longer required from the committed reserve to the uncommitted balance in the District's general fund.

RESERVE FUNDS

The Board of Trustees hereby establishes and designates the following reserve funds:

- **Working Capital (Basic Liquidity).** Attachment 1. *
- **Public Health Emergency Reserve Fund.** Attachment 2.
- **Natural Disaster Emergency Reserve Fund.** Attachment 3.
- **Capital Project and Equipment Replacement Reserve Fund.** Attachment 4.
- **Pension Rate Stabilization Reserve Fund.** Attachment 5.

* Not a reserve pursuant to GAAP

TARGET FUND LEVELS

The Board of Trustees shall establish a stated target fund level for each designated reserve fund. See Attachment 6 for a compendium of established target fund levels for designated funds.

ANNUAL EVALUATIONS

The District Manager and Finance Director shall review and analyze each reserve fund balance and activity for presentation to the Board of Trustees (through the Finance Committee), as part of the annual budget. Upon any significant change to expenditures from a designated reserve fund, or for any other reason that it is determined that a reserve balance target needs to be revised, then a recommendation from the Finance Director and District Manager will be made.

Original Issue Date:	March 12, 2014
Review by Finance Committee	October 2, 2017
Board Approval	October 11, 2017
Review by Finance Committee	October 1, 2018
Board Approval	October 10, 2018
<u>Review by Policy Committee</u>	<u>November 14, 2018</u>
<u>Board Approval</u>	<u>November 14, 2018</u>

ATTACHMENT 1

SAN MATEO COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT WORKING CAPITAL (GENERAL LIQUIDITY)

Fund Purpose:

The Working Capital (General Liquidity) is necessary because the District receives the majority of its funding from the property taxes and benefit assessment collected by the County of San Mateo. These revenues are not transmitted to the District until January, six months into the fiscal year. Therefore, it is imperative that the District have an operating fund to fulfill its general operating costs. The Working General provides the District with funds to cover general operating costs from the beginning of the fiscal year on July 1 until the first receipt of tax revenue in January. The seasons for vector mosquitoes in San Mateo County extend throughout the year and the delay in receiving funding could inhibit the District's ability to provide services and protect public health. This liquidity will preserve 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 balance shall be known as the "Working Capital – General Liquidity."
2. This Working Capital /General Liquidity shall be designated as "unassigned fund balance".
3. The Working Capital/ General Liquidity may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.
4. This policy shall be reviewed on an annual basis by the Finance Committee and the Board for long-term adequacy and use restrictions.

Target Fund Level:

The target level for Working Capital (General Liquidity) is to maintain a minimum General Fund balance for operations equal to 60% of annual budgeted expenditures, as of July 1st of each fiscal year. This target fund level was established based upon the following general guidelines:

1. At the beginning of each fiscal year, the District shall have a balance in the Working General Fund equal to approximately sixty percent of 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 Employees Benefits
 - b. Services and Supplies

ATTACHMENT 2

SAN MATEO COUNTY

MOSQUITO AND VECTOR CONTROL DISTRICT

PUBLIC HEALTH EMERGENCY RESERVE FUND

Fund Purpose:

The purpose of the Public Health Emergency Reserve Funds is to accumulate sufficient financial reserves necessary to meet the requirements within the California Mosquito-Borne Virus Surveillance and Response Plan when we reach Level 2 (Emergency Planning) or Level 3 (Epidemic Conditions relative to the California Invasive Aedes Response Plan), or any other vector-borne disease response plan distributed by state or federal public health agencies that may apply to the District.. The California Health and Safety Code Section 2070 provide the Board of Trustees authorization to include a restricted reserve for public health emergencies. The District's Restricted Public Health Emergency Reserve Fund may only be spent when an increased threat to public health is threatened, as defined in one of the Response Plans described above.

Policy:

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

1. This reserve fund shall be known as the "Public Health Emergency Reserve Fund."
2. The Public Health Emergency Reserve Fund shall be designated as a committed reserve fund.
3. The Public Health Emergency Reserve Fund shall be expended solely for the purpose of responding to and maintaining District entomological operations during a public health emergency as defined within the California Mosquito-borne Virus Surveillance and Response Plan, the Invasive Aedes Response Plan, or any other vector-borne disease response plan distributed by state or federal public health agencies that may apply to the District.
4. Authorization by the Board of Trustees is required prior to expenditure of Public Health Emergency Reserve Funds. The Board of Trustees can hold a special Board Meeting to provide this authorization to the District Manager to approve the expenditure of these funds for required essential services in response to a public health emergency.
5. If expenditures from this designated reserve fund are subsequently recovered, either partially or fully, from FEMA, OES, State, insurance and/or any other sources, said revenue shall be utilized solely for the purpose of refunding the Public Health Emergency Reserve Fund.
6. All investment earnings from the Public Health Emergency Reserve Fund shall be credited to the District's General Fund.
7. The Public Health Emergency Reserve Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.
8. This policy shall be reviewed on an annual basis by the Finance Committee and District Board for long-term adequacy and use restriction.

Target Fund Level:

The target level for the Public Health Emergency Fund shall be equal to a minimum of \$500,000 to a maximum of \$1,000,000 as of July 1 of each fiscal year unless otherwise directed by the Board of Trustees at a public meeting.

ATTACHMENT 3

SAN MATEO COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT NATURAL DISASTER EMERGENCY RESERVE FUND

Fund Purpose:

The purpose of the Natural Disaster Emergency Reserve Funds is to accumulate sufficient financial reserves necessary to ensure a timely response by the District to natural disasters. A natural disaster is a major adverse event resulting from natural processes of the Earth; examples include but not limited to wildfires, floods, earthquakes, tsunamis, and other disasters. This reserve fund will facilitate rebuilding of the damaged structures due to the natural disasters. Immediate repair of the District's buildings and infrastructure will allow the District's essential services to be maintained after natural disasters, including fires, floods and earthquakes.

Policy:

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

1. This reserve fund shall be known as the "Natural Disaster Emergency Reserve Fund."
2. The Natural Disaster Emergency Reserve Fund shall be designated as an assigned reserve fund.
3. The Natural Disaster Emergency Reserve Fund shall be expended solely for the purpose of repairing damaged buildings and furnishings.
4. The District Manager is authorized to approve the expenditure of Natural Disaster Emergency Reserve Funds without prior approval of the Board of Trustees, for purposes of restoration and/or maintenance of essential service levels in response to a natural disaster. However, a detailed report of fund expenditures will be made to the Board of Trustees for ratification.
5. If expenditures from this designated reserve fund are subsequently recovered, either partially or fully, from FEMA, OES, State, insurance and/or any other sources, said revenue shall be utilized solely for the purpose of refunding the Natural Disaster Emergency Reserve Fund.
6. All investment earnings from the Natural Disaster Emergency Reserve Fund shall be credited to the District's General Fund.
7. Health and Safety Code 2071(d) states if the Board of Trustees finds that the funds in a restricted reserve are no longer required for the purpose for which the restricted reserve was established, the Board of Trustees may, by a four-fifths vote of the total membership of the Board of Trustees, discontinue the restricted reserve or transfer the funds that are no longer required from the restricted reserve to the District's General Fund.
8. The Natural Disaster Emergency Reserve Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.
9. This policy shall be reviewed on an annual basis by the Finance Committee and Board of Directors for long-term adequacy and use restriction.

Target Fund Level:

The target level for the Natural Disaster Emergency Reserve Fund shall be equal to a minimum of \$500,000 to a maximum of \$1,000,000 as of July 1 of each fiscal year unless otherwise directed by the Board of Trustees at a public meeting.

ATTACHMENT 4

SAN MATEO COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT CAPITAL PROJECT AND EQUIPMENT REPLACEMENT RESERVE FUND

Fund Purpose:

The purpose of the Capital Project and Equipment Replacement Reserve Funds is to accumulate sufficient financial reserves necessary to ensure a timely replacement and upgrade of the District's buildings, structures, -vehicles, mobile equipment, laboratory equipment, operational equipment, administrative equipment (CPU's, PC's, laptops, etc.) and appurtenances thereto. Safe, reliable and up-to-date vehicles and equipment, in good working order, are essential for the District to meet its mission of providing public health services in a timely and professional manner. The Capital Project and Equipment Replacement Reserve Fund will allow for replacing and upgrades to buildings, structures, vehicles, operational, administrative, and laboratory equipment if lost due to a disaster. In addition, due to the need for depreciation and replacement of buildings, structures, vehicles and other District equipment it is desirable for the District to set aside funds on an on-going basis for this purpose.

Policy:

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

1. This reserve fund shall be known as the "Capital Project and Equipment Replacement Reserve Fund."
2. The Capital Project and Equipment Replacement Reserve Fund shall be designated as an assigned reserve fund.
3. The initial procurement for new vehicles and/or equipment (not replacement of existing) shall be paid for from the District's General Fund not by the Capital Project and Equipment Replacement Reserve Fund.
4. Each adopted budget of the District shall contain an allocation in the sum of \$50,000 for the replacement and/or upgrade of existing vehicles (outright purchase or lease) and District equipment.
5. In any one (1) fiscal year, whenever the total actual expenditures for replacement and/or upgrade of existing vehicles and District equipment is less than said \$50,000 allocation, the remaining balance shall be transferred to the Capital Project and Equipment Replacement Reserve Fund.
6. In any one (1) fiscal year, whenever the total actual expenditures for replacement and/or upgrade of existing vehicles and District equipment exceed said \$50,000 allocation, the necessary balance to accomplish the procurement(s) shall be provided by the Capital Project and Equipment Replacement Reserve Fund.
7. Funds transferred from the Capital Project and Equipment Replacement Reserve Fund shall be expended solely for the purpose of replacement and upgrade of existing District buildings, structures, vehicles and District equipment.
8. The District Manager is authorized to approve the expenditure of Capital Project and Equipment Replacement Reserve Funds, without prior approval of the Board of Trustees, in accordance with approved budget authorizations.

9. Upon expenditure of any Capital Project and Equipment Replacement Reserve Funds, the District Manager shall notify the Board of Directors at the earliest possible opportunity.
10. If expenditures from this designated reserve fund are subsequently recovered, either partially or fully, from FEMA, OES, State, insurance and/or any other sources, said revenue shall be utilized solely for the purpose of refunding the Capital Project and Equipment Replacement Reserve Fund.
11. All investment earnings from the Capital Project and Equipment Replacement Reserve Fund shall be credited to the District's General Fund.
12. The allocation amount shall be reviewed annually by the Finance Committee and Board of Trustees for appropriate vehicle and equipment retention schedules, depreciation schedules, and acquisition costs.
13. The Capital Project and Equipment Replacement Reserve Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.

Target Fund Level:

The target level for the Capital Project and Equipment Replacement Reserve Fund shall be equal to a minimum of \$500,000 to a maximum of \$1,000,000 as of July 1 of each fiscal year unless otherwise directed by the Board of Trustees at a public meeting.

ATTACHMENT 5

SAN MATEO COUNTY
MOSQUITO AND VECTOR CONTROL DISTRICT
PENSION RATE STABILIZATION RESERVE FUND

Fund Purpose:

This reserve provides funding for the District to protect against future fluctuations in the employer contribution toward employee pensions as witnessed in past years. Over the past few years the District's Employer Contribution for employee pensions has increased and additional increases may occur in the future as a result of changes in the assumed rate set by SamCERA, an economic downturn or other factors. This reserve is created to set aside funds, as available, to pay future pension costs if needed. Funding may be provided at the end of the year from budget surpluses from prior fiscal years.

Policy: The District Board created this reserve to address future increase in its District's Unfunded Actuarially Accrued Liability (UAAL) resulting in increases to the employer contribution rate. In order to achieve the purpose of this policy, the Board of Trustees shall adhere to the following guidelines:

1. This reserve fund shall be known as the "Pension Rate Stabilization Reserve Fund."
2. The Pension Rate Stabilization Reserve Fund shall be designated as a committed reserve fund.
3. The Pension Rate Stabilization Reserve Fund shall be expended solely for the purpose of paying the Employer share of contributions to the San Mateo County Employee Retirement Association.
4. Expenditure of the Pension Rate Stabilization Reserve Fund requires prior approval of the Board of Trustees.
5. All investment earnings from the Pension Rate Stabilization Reserve Fund shall be credited to the Fund itself.
6. The Pension Rate Stabilization Reserve Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.
7. This policy shall be reviewed on an annual basis by the Finance Committee and Board of Directors for long-term adequacy and use restriction.

-ATTACHMENT 5.6

**SAN MATEO COUNTY
MOSQUITO AND VECTOR CONTROL DISTRICT
SUMMARY OF RESERVE FUND
TARGET FUND LEVELS**

RESERVE FUND NAME	Type	TARGET LEVEL (As of July 1 of each year)
Working Capital General Liquidity *	Uncommitted	\$ 2,500,000 \$4,000,000 * (60% of annual Operational Expenditures not including capital)
Public Health Emergency Reserve Fund	Committed	\$ 500,000 to \$ 1,000,000
Natural Disaster Emergency Reserve Fund	Assigned	\$ 500,000 to \$1,000,000
<u>Capital Project and</u> Equipment Replacement Reserve Fund	Assigned	\$ 500,000 to \$1,000,000
Pension Rate Stabilization Reserve Fund	Assigned	\$ \$100,000



POLICIES AND PROCEDURES

TITLE: **District Reserve Fund and Working Capital Policy**

NUMBER: **6120**

OVERVIEW

The District recognizes the importance of adopting policies for the management of its financial reserves. Formalizing written financial policies for designation of reserve funds is a critical element of sound fiscal management and a cornerstone of long-term financial planning.

This policy provides for the prudent accumulation and management of reserve funds to facilitate the attainment of long term program and financial goals. This Reserve Fund Policy was developed to identify how each of the reserve categories will be managed and that are consistent with the District's mission statement and philosophy of the Board of Trustees.

OBJECTIVES

- To assure continued operation and solvency of the District, allowing it to carry out its stated mission.
- To maintain and enhance the sound fiscal condition of the District, maintain its ability to obtain credit and maintain a high bond rating.
- To maintain sufficient financial flexibility to be able to adapt to change, and to permit an orderly adjustment to unanticipated events.
- To maintain a diversified and stable long-term financial plan.
- To accumulate and maintain an amount equal to the stated target fund level for each specific reserve fund created by the District.
- To provide for periodic review of financial reserve funds to make appropriate changes, additions and/or deletions.
- To clearly define how financial reserves will be accumulated and put to use.

RESERVE FUND POLICY

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

- ✓ Reserve 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.
- ✓ Reserve funds may be designated by the Board of Trustees as “restricted reserve funds” or “non-restricted reserve funds.”
- ✓ Restricted reserve funds shall be segregated, and limited in use to specific and designated purpose(s) as defined and established by the Board of Trustees. As of January 2011, under GASB Statement 54 under the Government Accounting Standards Board the restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. These constraints may be imposed by grantors, bondholders, or higher levels of government, through constitutional provisions, or by enabling legislation.
- ✓ “Nonrestricted” reserve funds may be classified as “Committed Reserve Funds” , “Assigned Reserve Funds” or ”Unassigned Reserve Funds” and thus shall have no reference to specific accounting assets. These funds do not require the physical segregation of funds, but maybe segregated if desirable.
- ✓ Committed Reserve Funds are subject to internal constraints. These constraints are imposed by the District itself, using its highest level of decision-making authority (i.e. Board of Trustees).
- ✓ Committed Reserve Funds cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- ✓ Assigned Reserve Funds are those that the District intends to use for a specific purpose. This intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority
- ✓ Unassigned fund balance includes all balances that have not been assigned to other funds and are not restricted, committed, or assigned to specific purposes.
- ✓ All investment earnings from restricted and non-restricted reserve funds shall be credited to the District General Fund, unless otherwise stated herein.
- ✓ The Board of Trustee approval shall be required prior to the expenditure of restricted and committed reserve funds.

- ✓ If the Board of Trustees finds that the funds in a committed reserve are no longer required for the purpose for which it was established, the Board of Trustees may, by a four-fifths vote of the total membership of the board of trustees, discontinue the committed reserve or transfer the funds that are no longer required from the committed reserve to the uncommitted balance in the District's general fund.

RESERVE FUNDS

The Board of Trustees hereby establishes and designates the following reserve funds:

- **Working Capital (Basic Liquidity).** Attachment 1. *
- **Public Health Emergency Reserve Fund.** Attachment 2.
- **Natural Disaster Emergency Reserve Fund.** Attachment 3.
- **Capital Project and Equipment Replacement Reserve Fund.** Attachment 4.
- **Pension Rate Stabilization Reserve Fund.** Attachment 5.

*** Not a reserve pursuant to GAAP**

TARGET FUND LEVELS

The Board of Trustees shall establish a stated target fund level for each designated reserve fund. See Attachment 6 for a compendium of established target fund levels for designated funds.

ANNUAL EVALUATIONS

The District Manager and Finance Director shall review and analyze each reserve fund balance and activity for presentation to the Board of Trustees (through the Finance Committee), as part of the annual budget. Upon any significant change to expenditures from a designated reserve fund, or for any other reason that it is determined that a reserve balance target needs to be revised, then a recommendation from the Finance Director and District Manager will be made.

Original Issue Date:	March 12, 2014
Review by Finance Committee	October 2, 2017
Board Approval	October 11, 2017
Review by Finance Committee	October 1, 2018
Board Approval	October 10, 2018
Review by Policy Committee	November 14, 2018
Board Approval	November 14, 2018

ATTACHMENT 1

SAN MATEO COUNTY MOSQUITO AND VECTOR CONTROL DISTRICT WORKING CAPITAL (GENERAL LIQUIDITY)

Fund Purpose:

The Working Capital (General Liquidity) is necessary because the District receives the majority of its funding from the property taxes and benefit assessment collected by the County of San Mateo. These revenues are not transmitted to the District until January, six months into the fiscal year. Therefore, it is imperative that the District have an operating fund to fulfill its general operating costs. The Working General provides the District with funds to cover general operating costs from the beginning of the fiscal year on July 1 until the first receipt of tax revenue in January. The seasons for vector mosquitoes in San Mateo County extend throughout the year and the delay in receiving funding could inhibit the District's ability to provide services and protect public health. This liquidity will preserve 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 balance shall be known as the "Working Capital – General Liquidity."
2. This Working Capital /General Liquidity shall be designated as "unassigned fund balance".
3. The Working Capital/ General Liquidity may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.
4. This policy shall be reviewed on an annual basis by the Finance Committee and the Board for long-term adequacy and use restrictions.

Target Fund Level:

The target level for Working Capital (General Liquidity) is to maintain a minimum General Fund balance for operations equal to 60% of annual budgeted expenditures, as of July 1st of each fiscal year. This target fund level was established based upon the following general guidelines:

1. At the beginning of each fiscal year, the District shall have a balance in the Working General Fund equal to approximately sixty percent of 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 Employees Benefits
 - b. Services and Supplies

ATTACHMENT 2

SAN MATEO COUNTY

MOSQUITO AND VECTOR CONTROL DISTRICT

PUBLIC HEALTH EMERGENCY RESERVE FUND

Fund Purpose:

The purpose of the Public Health Emergency Reserve Funds is to accumulate sufficient financial reserves necessary to meet the requirements within the California Mosquito-Borne Virus Surveillance and Response Plan when we reach Level 2 (Emergency Planning) or Level 3 (Epidemic Conditions relative to the California Invasive Aedes Response Plan), or any other vector-borne disease response plan distributed by state or federal public health agencies that may apply to the District.. The California Health and Safety Code Section 2070 provide the Board of Trustees authorization to include a restricted reserve for public health emergencies. The District's Restricted Public Health Emergency Reserve Fund may only be spent when an increased threat to public health is threatened, as defined in one of the Response Plans described above.

Policy:

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

1. This reserve fund shall be known as the "Public Health Emergency Reserve Fund."
2. The Public Health Emergency Reserve Fund shall be designated as a committed reserve fund.
3. The Public Health Emergency Reserve Fund shall be expended solely for the purpose of responding to and maintaining District entomological operations during a public health emergency as defined within the California Mosquito-borne Virus Surveillance and Response Plan, the Invasive Aedes Response Plan, or any other vector-borne disease response plan distributed by state or federal public health agencies that may apply to the District.
4. Authorization by the Board of Trustees is required prior to expenditure of Public Health Emergency Reserve Funds. The Board of Trustees can hold a special Board Meeting to provide this authorization to the District Manager to approve the expenditure of these funds for required essential services in response to a public health emergency.
5. If expenditures from this designated reserve fund are subsequently recovered, either partially or fully, from FEMA, OES, State, insurance and/or any other sources, said revenue shall be utilized solely for the purpose of refunding the Public Health Emergency Reserve Fund.
6. All investment earnings from the Public Health Emergency Reserve Fund shall be credited to the District's General Fund.
7. The Public Health Emergency Reserve Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.
8. This policy shall be reviewed on an annual basis by the Finance Committee and District Board for long-term adequacy and use restriction.

Target Fund Level:

The target level for the Public Health Emergency Fund shall be equal to a minimum of \$500,000 to a maximum of \$1,000,000 as of July 1 of each fiscal year unless otherwise directed by the Board of Trustees at a public meeting.

ATTACHMENT 3

SAN MATEO COUNTY
MOSQUITO AND VECTOR CONTROL DISTRICT
NATURAL DISASTER EMERGENCY RESERVE FUND

Fund Purpose:

The purpose of the Natural Disaster Emergency Reserve Funds is to accumulate sufficient financial reserves necessary to ensure a timely response by the District to natural disasters. A natural disaster is a major adverse event resulting from natural processes of the Earth; examples include but not limited to wildfires, floods, earthquakes, tsunamis, and other disasters. This reserve fund will facilitate rebuilding of the damaged structures due to the natural disasters. Immediate repair of the District's buildings and infrastructure will allow the District's essential services to be maintained after natural disasters, including fires, floods and earthquakes.

Policy:

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

1. This reserve fund shall be known as the "Natural Disaster Emergency Reserve Fund."
2. The Natural Disaster Emergency Reserve Fund shall be designated as an assigned reserve fund.
3. The Natural Disaster Emergency Reserve Fund shall be expended solely for the purpose of repairing damaged buildings and furnishings.
4. The District Manager is authorized to approve the expenditure of Natural Disaster Emergency Reserve Funds without prior approval of the Board of Trustees, for purposes of restoration and/or maintenance of essential service levels in response to a natural disaster. However, a detailed report of fund expenditures will be made to the Board of Trustees for ratification.
5. If expenditures from this designated reserve fund are subsequently recovered, either partially or fully, from FEMA, OES, State, insurance and/or any other sources, said revenue shall be utilized solely for the purpose of refunding the Natural Disaster Emergency Reserve Fund.
6. All investment earnings from the Natural Disaster Emergency Reserve Fund shall be credited to the District's General Fund.
7. Health and Safety Code 2071(d) states if the Board of Trustees finds that the funds in a restricted reserve are no longer required for the purpose for which the restricted reserve was established, the Board of Trustees may, by a four-fifths vote of the total membership of the Board of Trustees, discontinue the restricted reserve or transfer the funds that are no longer required from the restricted reserve to the District's General Fund.
8. The Natural Disaster Emergency Reserve Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.
9. This policy shall be reviewed on an annual basis by the Finance Committee and Board of Directors for long-term adequacy and use restriction.

Target Fund Level:

The target level for the Natural Disaster Emergency Reserve Fund shall be equal to a minimum of \$500,000 to a maximum of \$1,000,000 as of July 1 of each fiscal year unless otherwise directed by the Board of Trustees at a public meeting.

ATTACHMENT 4

SAN MATEO COUNTY

**MOSQUITO AND VECTOR CONTROL DISTRICT CAPITAL PROJECT
AND EQUIPMENT REPLACEMENT RESERVE FUND**

Fund Purpose:

The purpose of the Capital Project and Equipment Replacement Reserve Funds is to accumulate sufficient financial reserves necessary to ensure a timely replacement and upgrade of the District's buildings, structures, vehicles, mobile equipment, laboratory equipment, operational equipment, administrative equipment (CPU's, PC's, laptops, etc.) and appurtenances thereto. Safe, reliable and up-to-date vehicles and equipment, in good working order, are essential for the District to meet its mission of providing public health services in a timely and professional manner. The Capital Project and Equipment Replacement Reserve Fund will allow for replacing and upgrades to buildings, structures, vehicles, operational, administrative, and laboratory equipment if lost due to a disaster. In addition, due to the need for depreciation and replacement of buildings, structures, vehicles and other District equipment it is desirable for the District to set aside funds on an on-going basis for this purpose.

Policy:

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

1. This reserve fund shall be known as the "Capital Project and Equipment Replacement Reserve Fund."
2. The Capital Project and Equipment Replacement Reserve Fund shall be designated as an assigned reserve fund.
3. The initial procurement for new vehicles and/or equipment (not replacement of existing) shall be paid for from the District's General Fund not by the Capital Project and Equipment Replacement Reserve Fund.
4. Each adopted budget of the District shall contain an allocation in the sum of \$50,000 for the replacement and/or upgrade of existing vehicles (outright purchase or lease) and District equipment.
5. In any one (1) fiscal year, whenever the total actual expenditures for replacement and/or upgrade of existing vehicles and District equipment is less than said \$50,000 allocation, the remaining balance shall be transferred to the Capital Project and Equipment Replacement Reserve Fund.
6. In any one (1) fiscal year, whenever the total actual expenditures for replacement and/or upgrade of existing vehicles and District equipment exceed said \$50,000 allocation, the necessary balance to accomplish the procurement(s) shall be provided by the Capital Project and Equipment Replacement Reserve Fund.
7. Funds transferred from the Capital Project and Equipment Replacement Reserve Fund shall be expended solely for the purpose of replacement and upgrade of existing District buildings, structures, vehicles and District equipment.
8. The District Manager is authorized to approve the expenditure of Capital Project and Equipment Replacement Reserve Funds, without prior approval of the Board of Trustees, in accordance with approved budget authorizations.

9. Upon expenditure of any Capital Project and Equipment Replacement Reserve Funds, the District Manager shall notify the Board of Directors at the earliest possible opportunity.
10. If expenditures from this designated reserve fund are subsequently recovered, either partially or fully, from FEMA, OES, State, insurance and/or any other sources, said revenue shall be utilized solely for the purpose of refunding the Capital Project and Equipment Replacement Reserve Fund.
11. All investment earnings from the Capital Project and Equipment Replacement Reserve Fund shall be credited to the District's General Fund.
12. The allocation amount shall be reviewed annually by the Finance Committee and Board of Trustees for appropriate vehicle and equipment retention schedules, depreciation schedules, and acquisition costs.
13. The Capital Project and Equipment Replacement Reserve Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.

Target Fund Level:

The target level for the Capital Project and Equipment Replacement Reserve Fund shall be equal to a minimum of \$500,000 to a maximum of \$1,000,000 as of July 1 of each fiscal year unless otherwise directed by the Board of Trustees at a public meeting.

ATTACHMENT 5

SAN MATEO COUNTY
MOSQUITO AND VECTOR CONTROL DISTRICT
PENSION RATE STABILIZATION RESERVE FUND

Fund Purpose:

This reserve provides funding for the District to protect against future fluctuations in the employer contribution toward employee pensions as witnessed in past years. Over the past few years the District's Employer Contribution for employee pensions has increased and additional increases may occur in the future as a result of changes in the assumed rate set by SamCERA, an economic downturn or other factors. This reserve is created to set aside funds, as available, to pay future pension costs if needed. Funding may be provided at the end of the year from budget surpluses from prior fiscal years.

Policy: The District Board created this reserve to address future increase in its District's Unfunded Actuarially Accrued Liability (UAAL) resulting in increases to the employer contribution rate. In order to achieve the purpose of this policy, the Board of Trustees shall adhere to the following guidelines:

1. This reserve fund shall be known as the "Pension Rate Stabilization Reserve Fund."
2. The Pension Rate Stabilization Reserve Fund shall be designated as a committed reserve fund.
3. The Pension Rate Stabilization Reserve Fund shall be expended solely for the purpose of paying the Employer share of contributions to the San Mateo County Employee Retirement Association.
4. Expenditure of the Pension Rate Stabilization Reserve Fund requires prior approval of the Board of Trustees.
5. All investment earnings from the Pension Rate Stabilization Reserve Fund shall be credited to the Fund itself.
6. The Pension Rate Stabilization Reserve Fund may be invested in financial institutions and instruments which maintain the highest level of liquidity, such as checking, savings, and LAIF.
7. This policy shall be reviewed on an annual basis by the Finance Committee and Board of Directors for long-term adequacy and use restriction.

ATTACHMENT 6

SAN MATEO COUNTY
MOSQUITO AND VECTOR CONTROL DISTRICT
**SUMMARY OF RESERVE FUND
TARGET FUND LEVELS**

RESERVE FUND NAME	Type	TARGET LEVEL (As of July 1 of each year)
Working Capital General Liquidity *	Uncommitted	\$ 2,500,000 \$4,000,000 * (60% of annual Operational Expenditures not including capital)
Public Health Emergency Reserve Fund	Committed	\$ 500,000 to \$ 1,000,000
Natural Disaster Emergency Reserve Fund	Assigned	\$ 500,000 to \$1,000,000
Capital Project and Equipment Replacement Reserve Fund	Assigned	\$ 500,000 to \$1,000,000
Pension Rate Stabilization Reserve Fund	Assigned	\$ \$100,000



POLICIES AND PROCEDURES

TITLE: **Journal Entry Approval**

NUMBER: **6100**

6100.10 Journal entries record accounting information into the accounting system general ledger that are not typically processed through the cash receipts or cash disbursement cycle.

6100.20 Journal entries can be classified as recurring and non-recurring.

6100.21 Recurring journal entries are typically routine in nature and can be repeated weekly, monthly, or quarterly.

6100.22 Non-recurring journal entries are typically entries that record one-time transactions, correct mistakes into the accounting records or are considered unusual.

6100.23 Responsibility for the District's day-to-day accounting records, including journal entry processing, support, and posting, is a function of the District Accountant.

6100.24 This policy defines when additional approval is required for processing journal entries.

6100.25 All journal entries, recurring or non-recurring, shall be supported by appropriate supporting documentation maintained with the accounting records.

6100.30 **Recurring Journal Entries**

6100.31 These journal entries would not require explicit approval by the District Manager; however do require approval by the Finance Director and include the following:-

6100.311 Automatically reversing journal entries that reverse a previous months' journal entry, which activity typically occurs in July of a new fiscal year.

6100.322 Recording the monthly amount of cash used or received by the District (from Union Bank statements or San Mateo County statements).

6100.323 Recording quarterly interest earnings from San Mateo County or VCJPA.

6100.324 Payroll and benefits related journal entries. (Note: the actual payroll register is approved by the District Manager.)

6100.325 Recording transfers of expenditures between funds (Transfer in & Transfer out Accounts).

6100.40 Non-recurring Journal Entries.

6100.41 Journal entries which correct errors in posting to accounts in excess of \$5,000 would require explicit approval by the District Manager.

6100.42 Journal entries below \$5,000 will require approval from the Finance Director.

6100.421 Journal entries which reflect transfers of cash between funds.

6100.422 Recording of other non-standard Journal Entries

6100.50 The District Manager shall review all recurring journal entries made by the District Accountant and approved by the Finance Director on a quarterly basis and document such review by noting any comments on and signing the journal entries reviewed.

Issued: _____ **November 13, 2013**

Legal Review: _____ **November 13, 2013**

Finance Committee Review _____ **November 5, 2018**



POLICIES AND PROCEDURES

TITLE: **Journal Entry Approval**

NUMBER: **6100**

6100.10 Journal entries record accounting information into the accounting system general ledger that are not typically processed through the cash receipts or cash disbursement cycle.

6100.20 Journal entries can be classified as recurring and non-recurring.

6100.21 Recurring journal entries are typically routine in nature and can be repeated weekly, monthly, or quarterly.

6100.22 Non-recurring journal entries are typically entries that record one-time transactions, correct mistakes into the accounting records or are considered unusual.

6100.23 Responsibility for the District's day-to-day accounting records, including journal entry processing, support, and posting, is a function of the District Accountant.

6100.24 This policy defines when additional approval is required for processing journal entries.

6100.25 All journal entries, recurring or non-recurring, shall be supported by appropriate supporting documentation maintained with the accounting records.

6100.30 **Recurring Journal Entries**

6100.31 These journal entries would not require explicit approval by the District Manager; however do require approval by the Finance Director and include the following:

6100.311 Automatically reversing journal entries that reverse a previous months' journal entry, which activity typically occurs in July of a new fiscal year.

6100.322 Recording the monthly amount of cash used or received by the District (from Union Bank statements or San Mateo County statements).

6100.323 Recording quarterly interest earnings from San Mateo County or VCJPA.

6100.324 Payroll and benefits related journal entries. (Note: the actual payroll register is approved by the District Manager.)

6100.325 Recording transfers of expenditures between funds (Transfer in & Transfer out Accounts).

6100.40 Non-recurring Journal Entries.

6100.41 Journal entries which correct errors in posting to accounts in excess of \$5,000 would require explicit approval by the District Manager.

6100.42 Journal entries below \$5,000 will require approval from the Finance Director.

6100.421 Journal entries which reflect transfers of cash between funds.

6100.422 Recording of other non-standard Journal Entries

6100.50 The District Manager shall review all recurring journal entries made by the District Accountant and approved by the Finance Director on a quarterly basis and document such review by noting any comments on and signing the journal entries reviewed.

Issued:	November 13, 2013
Legal Review:	November 13, 2013
Finance Committee Review	November 5, 2018



POLICIES AND PROCEDURES

TITLE: **Cash and Cash Management**

NUMBER: **6110**

6110.10 The General Fund is the primary operating account that provides for routine business check disbursements. All cash or checks, and credit card deposits are made into the General Fund.

6110.11 Cash transfers are done on an as needed basis to cover disbursements. Reserves in this account are invested by the County Treasurer's Office and governed by the County Investment Policy.

6110.20 The payroll account is separate from the General Fund (primary operating account).

6110.21 The payroll account is a zero-balance account.

6110.22 The District has contracted with ADP Payroll Service Center to provide payroll services.

6110.23 Only the amount needed to cover each payroll is transferred into the payroll account from the General Fund, based on the amount calculated and communicated by the ADP Payroll Service Center.

6110.231 Transfers from the General Fund into the payroll account are initiated by the Accountant and Finance Director.

6110.232 The District's agreement limits wire transfers from the General Fund to those transfers into payroll only.

6110.24 The District Internal Control Procedures Manual, Administrative and Financial, provides detailed internal controls for the processing of the Bi-Weekly Payroll.

6110.30 Cash reconciliation to County statements for the General Fund and Capital Fund are completed by the Finance Department.

6110.31 The Accountant reconciles the District cash balance on a monthly basis with the County Statement received from the County Controller's Office.

6110.311 The Accountant is not an authorized check signer.

6110.32 The Finance Director verifies the reconciliation is accurate, including any adjusting journal entries resulting from preparing County reconciliation.

6110.321 The Finance Director is not an authorized check signer.

6110.33 The District Manager reviews the reconciled balances and signs the Financial Statements that are presented to the Board of Trustees.

6110.34 The District Manager with the Finance Director reviews the bank account statements on a monthly basis to verify all checks and wire transfers.

6110.40 Petty cash fund shall be maintained in the District office in accordance with Section 2312 of the State Health and Safety Code.

6110.41 The Petty Cash Policy #6030.50 outlines the procedures and restrictions for this ~~impress-impres~~ funds.

6110.50 The District Manager is the only employee authorized to initiate a wire transfer with the County Treasurers and Controllers Offices.

Issued: November 13, 2013

Legal Review: November 13, 2013



POLICIES AND PROCEDURES

TITLE: **Cash and Cash Management**

NUMBER: **6110**

6110.10 The General Fund is the primary operating account that provides for routine business check disbursements. All cash or checks, and credit card deposits are made into the General Fund.

6110.11 Cash transfers are done on an as needed basis to cover disbursements. Reserves in this account are invested by the County Treasurer's Office and governed by the County Investment Policy.

6110.20 The payroll account is separate from the General Fund (primary operating account).

6110.21 The payroll account is a zero-balance account.

6110.22 The District has contracted with ADP Payroll Service Center to provide payroll services.

6110.23 Only the amount needed to cover each payroll is transferred into the payroll account from the General Fund, based on the amount calculated and communicated by the ADP Payroll Service Center.

6110.231 Transfers from the General Fund into the payroll account are initiated by the Accountant and Finance Director.

6110.232 The District's agreement limits wire transfers from the General Fund to those transfers into payroll only.

6110.24 The District Internal Control Procedures Manual, Administrative and Financial, provides detailed internal controls for the processing of the Bi-Weekly Payroll.

6110.30 Cash reconciliation to County statements for the General Fund and Capital Fund are completed by the Finance Department.

6110.31 The Accountant reconciles the District cash balance on a monthly basis with the County Statement received from the County Controller's Office.

6110.311 The Accountant is not an authorized check signer.

6110.32 The Finance Director verifies the reconciliation is accurate, including any adjusting journal entries resulting from preparing County reconciliation.

6110.321 The Finance Director is not an authorized check signer.

6110.33 The District Manager reviews the reconciled balances and signs the Financial Statements that are presented to the Board of Trustees.

6110.34 The District Manager with the Finance Director reviews the bank account statements on a monthly basis to verify all checks and wire transfers.

6110.40 Petty cash fund shall be maintained in the District office in accordance with Section 2312 of the State Health and Safety Code.

6110.41 The Petty Cash Policy #6030.50 outlines the procedures and restrictions for this imprest fund.

6110.50 The District Manager is the only employee authorized to initiate a wire transfer with the County Treasurers and Controllers Offices.

Issued: November 13, 2013

Legal Review: November 13, 2013