



POLICY COMMITTEE MEETING OF THE BOARD OF TRUSTEES

September 11, 2019

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 _____
- Claudia Mazzetti, County at Large _____



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. Consider recommending the Board approve amending District Policy 6120 District Reserves** to establish a Reserve for Real Property

ACTION: Motion to approve recommending changes to District Policy 6120 District Reserves to add a Reserve for Real Property

- B. Consider recommending the Board approve amending District Policy 4040 Board President.** Consider changing the timing by which the Board President announces committee assignments to March of each year. Under District Policy 4040.20, the new president announces the chairs and members of the standing committees for the year at the January Board meeting. This is inconsistent with District Policy 4150.24 which says the new officers take office at the following February meeting. Therefore, committee appointments need to be announced in March.

ACTION: Motion to approve recommending amending District Policy 4040 Board President

6. ADJOURNMENT

Agenda Item #5A.0

**Staff Report on Amending District Policy 6120 to
Establish a Real Property Reserve**

SUMMARY:

During the spring of 2019, staff and the Board developed a Real Estate Needs Assessment which described the need for additional garage, office and parking space, especially at its headquarters in Burlingame. The report was discussed by the Ad Hoc Real Estate Committee and Finance Committee and the Board in May, June and July. A Reserve for Real Estate is a prudent means of managing District resources and would allow funds to be set aside for major real estate expenditures including repair or replacement of structures or other major expenses associated with property the District's owns.

It is suggested that the reserve level be set at a range from \$100,000 to a maximum of \$5,000,000 to fully utilize district resources at the best possible advantage.

RECOMMENDATION:

It is the recommendation of staff and the Finance Committee that the Policy Committee recommend the amendment of District Policy 6120 on District Reserves to add Real Property Reserve.

Materials Attached

1. District Policy 6120 District Reserves track changes
2. District Policy 6120 District Reserves clean copy



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.
- **Real Estate Reserve Fund** **Attachment 5.**
- **Pension Rate Stabilization Reserve Fund.** Attachment ~~5~~6.

* 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 summary~~ of the District's established target funds and the designated target levels for ~~designated each~~ 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
Board Approval	October 11, 2017
Board Approval	October 10, 2018
Board Approval	November 14, 2018
<u>Review and amendment</u>	<u>September 2019</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 6
SAN MATEO COUNTY
MOSQUITO AND VECTOR CONTROL DISTRICT
REAL PROPERTY RESERVE FUND

Fund Purpose:

The purpose of the Real Property Reserve Fund is to accumulate sufficient financial reserves necessary to ensure timely replacement and upgrades to the Districts real property (buildings and structures). Safe, reliable and up-to-date real estate assets, are essential for the District to meet its mission of providing services to protect public health and the safeguarding of District equipment from hazards including fire, flood, theft, earthquake and other loss. The Real Property Reserve Fund will allow the District to acquire real estate to meet the needs outlined in the on the District's Real Estate Needs Assessment, or to pay for major expenditures associated with repair or replacement of structures or environmental remediation expenses that may arise.

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 "Real Property Reserve."
- 2) The Real Property Reserve Fund shall be expended solely for the purpose of acquiring, improving, and maintaining District real estate as determined by the Board of Trustees
- 3) The Property Reserve Fund shall be designated as a **committed** reserve fund.
- 4) Authorization by the Board of Trustees is required prior to expenditure of Real Property Reserve Funds. .
- 5) All investment earnings from the Real Property Reserve Fund shall be credited to the District's General Fund.
- 6) The Real Property 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 District Board for long-term adequacy and use restriction.

Target Fund Level:

The target level for the Real Property Reserve shall be equal to a minimum of \$100,000 to a maximum of \$5,000,000 as of July 1 of each fiscal year unless otherwise directed by the Board of Trustees at a public meeting.

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 <u>Committed</u>	\$ 100,000
<u>Real Property Reserve Fund</u>	<u>Committed</u>	<u>\$ 100,000 to \$5,000,000</u>



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.
- **Real Estate Reserve Fund** **Attachment 5.**
- **Pension Rate Stabilization Reserve Fund.** Attachment 6.

*** 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 summary of the District's established target funds and the designated target level for each fund.

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
Board Approval	October 11, 2017
Board Approval	October 10, 2018
Board Approval	November 14, 2018
Review and amendment	September 2019

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
REAL PROPERTY RESERVE FUND

Fund Purpose:

The purpose of the Real Property Reserve Fund is to accumulate sufficient financial reserves necessary to ensure timely replacement and upgrades to the Districts real property (buildings and structures). Safe, reliable and up-to-date real estate assets, are essential for the District to meet its mission of providing services to protect public health and the safeguarding of District equipment from hazards including fire, flood, theft, earthquake and other loss. The Real Property Reserve Fund will allow the District to acquire real estate to meet the needs outlined in the on the District's Real Estate Needs Assessment, or to pay for major expenditures associated with repair or replacement of structures or environmental remediation expenses that may arise.

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 "Real Property Reserve."
- 2) The Real Property Reserve Fund shall be expended solely for the purpose of acquiring, improving, and maintaining District real estate as determined by the Board of Trustees
- 3) The Property Reserve Fund shall be designated as a **committed** reserve fund.
- 4) Authorization by the Board of Trustees is required prior to expenditure of Real Property Reserve Funds. .
- 5) All investment earnings from the Real Property Reserve Fund shall be credited to the District's General Fund.
- 6) The Real Property 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 District Board for long-term adequacy and use restriction.

Target Fund Level:

The target level for the Real Property Reserve shall be equal to a minimum of \$100,000 to a maximum of \$5,000,000 as of July 1 of each fiscal year unless otherwise directed by the Board of Trustees at a public meeting.

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	Committed	\$ \$100,000
Real Property Reserve Fund	Committed	\$ 100,000 to \$5,000,000



POLICIES AND PROCEDURES

TITLE: Board President

NUMBER: 4040

4040.10 The President of the Board of Trustees shall serve as chairperson at all Board meetings. He/she shall have the same rights as the other members of the Board in voting; introducing motions, resolutions and ordinances, and any discussion of questions that follow these actions.

4040.20 The President shall appoint and publicly announce the chairs and members of the standing committees for the ensuing year at the ~~January-March~~ Board of Trustees meeting following the election of officers. The President shall participate, as necessary, at committee meetings as an ex-officio voting member.

4040.30 The President has authorization to sign checks approved by the Board for expenses incurred by the District in accordance with District Policy 6040, Signing of District Warrants.

4040.40 The President must be a trustee appointed by a city council or the Board of Supervisors to be a member of the Board and shall be a voter in that city or county and a resident of that portion of the city or county that is within the District.

4040.50 The President and the District Manager shall prepare an agenda for each regular and special meeting of the Board of Trustees.

4040.60 The President shall serve as the Chairperson and participate as a voting member at the meetings of the Executive Committee. The Executive Committee includes all Board Officers.

4040.70 The term of office for the President is two consecutive years. The President may stand for re-election.

4040.80 The President shall represent the District at the annual American Mosquito Control Association (AMCA), California Special District Association (CSDA), Mosquito and Vector Control Association of California (MVCAC), Local Agency Formation Commission (LAFCO),

Commented [C1]: Per Policy 4040.20 the new president announces the chairs and members of the standing committee for the year at the January meeting. So this is inconsistent with Policy 4150.24 which says the new officers take office at the following February meeting. We can put the committee appointments on in February.

We need to add this inconsistency to the cleanup items.

and any other local meetings whenever possible, or appoint another Board Officer or representative to attend and represent the District.

Issued:	November 13, 2002
Revised:	April 10, 2013
Reviewed and updated:	January 2016
Board Approval	April 2016



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Issued:	November 13, 2002
Revised:	April 10, 2013
Reviewed and updated:	January 2016
Board Approval	April 2016
<u>Revised</u>	<u>September 2019</u>



POLICIES AND PROCEDURES

TITLE: **Nomination and Election of Board Officers**

NUMBER: **4150**

4150.10 **Background** The Officers of the District Board of Trustees include the President, Vice President, Secretary, and Assistant Secretary. All officers are elected by the membership at large. The term of office is for two consecutive years. Each officer may stand for re-election.

4150.20 **Overview**

4150.21 Nominations for the officers will be accepted by the Board Secretary from the floor at the November Board meeting, or in writing prior to the November meeting.

4150.22 The Board Secretary will include the election notice and a list of candidates in the Pre-packet for the January Board Meeting.

4150.23 The election will be conducted by a roll call vote at the January Board meeting and the results will be announced at that meeting.

4150.24 The new Board Officers will take office at the following February Board meeting.

4150.30 **Criteria**

4150.31 Participation on the Board of Trustees as a Board Officer requires a substantial commitment of time. Policies #4040-4070 on the Duties of Board Officers and Policy #4150 on Nominations and Elections will be included in the packet for the November Board meeting that is sent to all Trustees.

4150.40 **Process**

4150.41 Nominations for the Board officers will occur at the November Board meeting as directed:



4150.411 Nominations can be submitted orally, at the November Board meeting, or in writing, to the Board Secretary, prior to the November Board meeting.

4150.412 Trustees who are present when nominated must immediately accept or decline. Nominated Trustees who are absent must accept or decline by writing to the Board Secretary prior to the mailing of the January Board packets. Nominees who fail to respond on time will be considered to have declined the nomination.

4150.413 After the closing of nominations at the November Board meeting, each candidate may make a brief acceptance statement.

4150.414 At the November Board meeting, the Board Secretary will announce the Slate of Candidates for Board Offices (Appendix # 4150-1). The Slate of Candidates for each office will be confirmed at the November meeting by a majority vote of the Board.

4150.415 Requests by nominees to have their names removed from the ballot must be submitted in writing and received by the Board Secretary prior to the mailing of the Pre-Packet for the January Board Meeting.

4150.42 Election of the Board Officers will be conducted at the January Board meeting as directed:

4150.421 The Board Secretary will provide a list of candidates for each Board Office (Appendix #4150-2) for inclusion in the packet for the January Board meeting.

4150.422 The list of candidates for each Board Offices will have each Trustee listed only once and for only one position. The list of candidates will include all nominees who have agreed to stand for election.

4150.424 A candidate must receive a majority of the votes cast in order to be elected to office.

4150.425 If no candidate receives a majority of the votes cast, then a runoff election will be held between the two candidates with the highest number of votes.



4150.426 In the event of a three way or more tie for the highest number of votes in the election, a drawing of straws will be used in order to eliminate all but two of the candidates. The remaining two candidates will participate in a runoff election.

4150.427 In the event of a tie in a runoff election, a coin flip will determine the winner.

4150.428 The election roll call votes will be tallied at the January Board meeting by the Board Secretary.

4150.429 The election tally sheet will be included in the record for the Board meeting.

4150.430 The Board Secretary will announce the elected Board Officers at the January Board meeting, after the votes have been tallied.

4150.431 If any office becomes vacant during the two-year term, nominations and a special election to fill the remaining term, will be held at the next appropriate Board of Trustees meetings. Time must be allowed to include the nominations and election announcement and documents in the packet for the Board meetings at which nominations are taken and the election will be held. Otherwise, the same nomination and election process described above (Policy #4150.20 to 4150.31) will be applied to the special election. Any qualified Trustee or qualified current Officer may be nominated to run for election. The election of a current Officer to the vacant position will create another vacancy and require an additional nomination and election to be held at the same meeting.

Issued: September 9, 2009

Revised: November 14, 2013

Revised by committee: June 2015

Board Approval: September 14, 2016