

AGENDA
1053rd MEETING OF THE BOARD OF TRUSTEES
OF THE ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT

FEBRUARY 14TH, 2018

TIME: 5:00 P.M.
PLACE: Office of the District, 23187 Connecticut Street, Hayward
TRUSTEES: Elisa Marquez, President, City of Hayward
Wendi Poulson, Vice-President, City of Alameda
Eric Hentschke, Secretary, City of Newark
Humberto Izquierdo, County-at-Large
P. Robert Beatty, City of Berkeley
Alan Brown, City of Dublin
Betsy Cooley, City of Emeryville
George Young, City of Fremont
James N. Doggett, City of Livermore
Jan O. Washburn, City of Oakland
Robert Dickinson, City of Piedmont
Kathy Narum, City of Pleasanton
Ed Hernandez, City of San Leandro
Subru Bhat, City of Union City

1. Call to order.
2. Roll call.
3. President Marquez invites any member of the public to speak at this time on any issue relevant to the District. (Each individual is limited to five minutes).
4. Introduction of new Board Members Mr. Subru Bhat, representing the City of Union City, and Mr. Alan Brown representing the City of Dublin (Information only)
5. Approval of the minutes of the 1052th meeting held January 10th, 2018 (**Board action required**)
6. Presentation by Andrew Brown of Highmark Capital Management regarding ACMAD's Pension Rate Stabilization Fund Investment Strategy (**Board Action Required**).
 - a. Memo from Andrew Brown of Highmark Capital Management (Information only)
 - b. Projected growth of pension rate stabilization fund (Information only)
 - c. Highmark Diversified Portfolios (Information only)
7. Presentation of the Financial Audit and Memorandum on Internal Controls for Fiscal Year 2016-17 Maze & Associates. (**Board Action Required**).
8. Presentation of the President's Award Plaque to Past Board President Kathy Narum by President Elisa Marquez (Information only)
9. Presentation of 5-year award, a pewter belt buckle, to Trustee George Young (Information only)

10. Report on the State of California Master Mutual Aid Agreement
 - a. Alameda County Operational Area Emergency Management Agreement (Information only)
 - b. Resolution 779-2 Adopting the State of California Master Mutual Aid Agreement (Information only)
 - c. Resolution 932-1 Adopting the State of California Master Mutual Aid Agreement (Information only)
 - d. Resolution 1053-1 Adopting the State of California Master Mutual Aid Agreement **(Board Action Required)**
11. Resolution 1053-2 recognizing the mosquito control benefits of Unmanned Aerial Systems (UAS, or “drones”) **(Board Action Required)**
12. First reading of revisions to chapter 200 of ACMAD policy (Information only)
13. Report from the Strategic Planning Committee (Information only)
14. Financial Reports:
 - a. Review of warrants dated January 15, 2018 numbering 035518 through 037918 amounting to \$120,114.21 and warrants dated January 31, 2018 numbering 038018 through 040718 amounting to \$124,672.77 (Information only).
 - b. Review of Budget as of January 31, 2018. (Information only).
 - c. Investments, Reserves, and Cash Balance as of January 31, 2018.
15. Presentation of the Monthly Staff Report for January 2018 (Information only).
16. Presentation of the Manager’s Report for January 2018 (Information only).
 - a. CSDA Annual Dinner March 23rd, 2018, Redwood Canyon
 - b. MVCAC Annual Conference summary
 - c. FPPC Economic Interest Form 700 FFPP left for 6 trustees (EM,RB,JD,RD,KN,EH)
 - d. Finance Committee to meet before March 14th Board Meeting regarding budget
 - e. Capital projects update: board room, drones
 - f. LAFCo’s 2018 Municipal Service Review (MSR) Alameda County cities
17. Board President asks for reports on conferences and seminars attended by Trustees.
18. Board President asks for announcements from members of the Board.
19. Board President asks trustees for items to be added to the agenda for the next Board meeting.
20. Adjournment.

RESIDENTS ATTENDING THE MEETING MAY SPEAK ON ANY AGENDA ITEM AT THEIR REQUEST.

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

MINUTES

1052nd MEETING OF THE BOARD OF TRUSTEES OF THE ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT

JANUARY 10TH, 2018

TIME: 5:00 P.M.
PLACE: Office of the District, 23187 Connecticut Street, Hayward
TRUSTEES: Kathy Narum, President, City of Pleasanton
Elisa Marquez, Vice-President, City of Hayward
Wendi Poulson, Secretary, City of Alameda
Humberto Izquierdo, County-at-Large
P. Robert Beatty, City of Berkeley
Betsy Cooley, City of Emeryville
George Young, City of Fremont
James N. Doggett, City of Livermore
Eric Hentschke, City of Newark
Jan O. Washburn, City of Oakland
Robert Dickinson, City of Piedmont
Ed Hernandez, City of San Leandro
City of Union City, vacant
City of Dublin, vacant

Board President Narum called the regularly scheduled Board meeting to order at 5:03.

Trustees Narum, Marquez, Poulson, Izquierdo, Cooley, Young, Doggett, Hentschke and Washburn were present; Trustee Beatty was absent. Trustee Dickinson arrived at 5:04 P.M. and Trustee Hernandez arrived at 5:10 P.M.

Board President Narum invited members of the public to speak on any issue relevant to the District. Mr. Subru Bhat was present as the Union City Trustee, appointed by their city council the prior evening. Mosquito Control Technician Jeremy Sette was present to record the minutes.

After a correction regarding the date of the meeting (December 14th rather than 13th) requested by Vice-President Marquez was noted, the Board approved the minutes of the 1051th meeting held December 13th, 2017. (Hentschke, Doggett) --unanimous.

Trustee Marquez, Poulson and Hentschke were elected by the Board to serve as President, Vice President and Secretary, respectively. (Cooley, Washburn)—unanimous.

The Board reviewed the 2018 Board Meeting dates (erroneously listed as 2017 dates in the agenda) (Washburn, Doggett)—unanimous.

The Board reviewed the Committee Assignments for 2018. Trustee Hernandez commented on his difficulty calling in to the district, at times (the district phone systems will be going

through an update soon). Trustee Doggett commented on his difficulty commenting for the policy review process (the General Manager will work with him to solve any issues).

Trustee Washburn reported on behalf of the Strategic Planning Committee. President Marquez asked for a further clarification on Vector Biologist Miguel Cardenas' role with the Strategic Plan (he will be getting college credit towards his degree) and asked if the goal of the Strategic Plan will be implemented officially (yes and will be eventually approved by the Board by the summer).

The Board reviewed warrants dated December 15, 2017 numbering 030218 through 032718 amounting to \$116,627.16 and warrants dated December 31, 2017 numbering 032818 through 035418 amounting to \$1,390,093.94. The Board reviewed the Budget, as well as Investments, Reserves, and Cash Balance as of December 31, 2017. Board President Marquez asked when the District will be moving funds into the PARS account. The General Manager and Trustee Narum responded that the funds are in our transfer banking account awaiting the account to be finalized with further discussion on the PARS investment policy to be on the agenda of the February meeting.

The General Manager presented the Staff report for December 2017. Trustee Washburn commented that the District will have a publication in a peer-reviewed scientific journal for the first time in his 24 years on the board. Trustee Washburn asked where the money came from for the invasive *Aedes* research (the CDC). President Marquez asked if it was a grant (yes). Trustee Narum commented that she will be attending STEAM Night. President Marquez asked if there was going to be a way the district can qualify the "other" category on the form given to residents about "where did you hear about ACMAD" (yes, there will). Trustee Hernandez asked about a clarification to the letterhead of the Agenda (yes, updates to the letterhead will be made after the election, which occurred earlier in the meeting).

The General Manager presented the Manager's report for December 2017. President Marquez asked if the Form 700 FPPC will be due in April (yes). Mr. Subru Bhat asked what the CSDA was (California Special District Association). President Marquez commented that her training is up to date. Trustee Washburn asked when his ethics training was due (this will be sent out with the minutes as well as reminders). Trustee Young asked how often do Board Members do the ethics training (every two years). President Marquez brought up the optional contributions for the basket at the CSDA dinner. Board President Marquez, along with Trustees Beatty, Poulson, Young, and Hernandez would like to attend the annual ACSDA dinner.

Board President Marquez asked for reports on conferences and seminars attended by Trustees. Trustee Washburn gave a talk at a two-day workshop in Florida.

Board President Marquez asked for announcements from the Board. Trustee Cooley requested a short Finance Committee meeting after the Board Meeting.

Board President Marquez asked trustees for items to be added to the agenda for the next Board meeting. President Marquez would like updates in future board packets on legislation affecting the District. Trustee Hernandez would like more information about Board Members writing letters regarding legislation on behalf of the District.

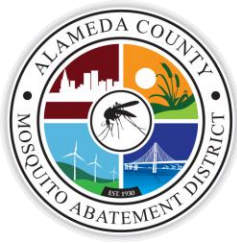
The meeting adjourned at 5:52 P.M.

Respectfully submitted,

Approved as written and/or corrected
at the 1053rd meeting of the Board of
Trustees held February 14th, 2018

Elisa Marquez, President
BOARD OF TRUSTEES

Eric Hentschke, Secretary
BOARD OF TRUSTEES



23187 Connecticut Street
Hayward, CA 94545

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acmad@mosquitoes.org

Agenda item: 1053.10

Board of Trustees

President

Elisa Marquez

Hayward

Vice-President

Wendi Poulson

Alameda

Secretary

Eric Hentschke

Newark

Humberto Izquierdo

County at Large

P. Robert Beatty

Berkeley

Betsy Cooley

Emeryville

Alan Brown

Dublin

George Young

Fremont

James N. Doggett

Livermore

Jan O. Washburn

Oakland

Robert Dickinson

Piedmont

Kathy Narum

Pleasanton

Ed Hernandez

San Leandro

Subru Bhat

Union City

Ryan Clausnitzer

General Manager

Action: Choose either a 1) moderately conservative, or 2) conservative approach, with either a 1) passive, or 2) active platform, as the investment strategy for the District's pension rate stabilization fund. This investment strategy will be reviewed in six months, and at least annually thereafter.

Attachments:

1. Memo from Andrew Brown of Highmark Capital Management
2. Highmark diversified portfolios
3. Plotted growth of proposed rate stabilization assets



February 5, 2018

Mr. Ryan Clausnitzer
General Manager
Alameda County Mosquito Abatement District
23187 Connecticut St.
Hayward, CA 94545

RE: Investment objective consideration

Dear Ryan,

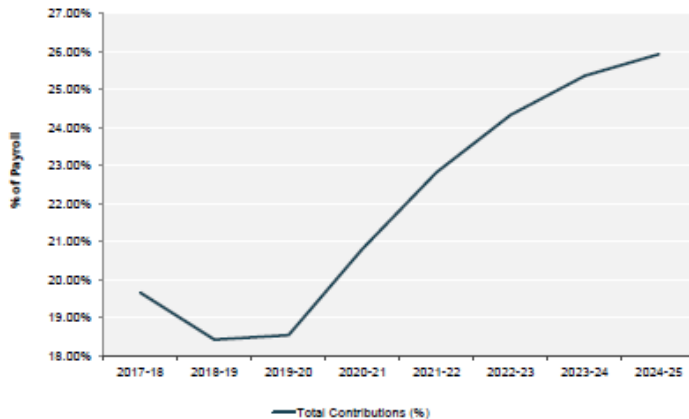
It was a pleasure to speak with you this afternoon. As a recap of our discussion, we looked at the District's planned contributions over the next three years. The District is contemplating contributing into the PARS Pension Trust and amount of \$500,000 immediately. While future contributions are dependent on receipts from the County, for planning purposes we assumed \$300,000 over the next two fiscal years (FY 2019-20, FY2020-21).

In our January conference call, we discussed the District's desire to improve the funding ratio of the Plan to an 80% funding level. From the June 30, 2016 CalPERS actuarial valuation report, the District maintained a 76.1% funding ratio, on a base of \$9.3 million in assets/ \$12.2 million actuarial liability. In this manner, the goal of obtaining an 80% funding level is going to be driven by two primary drivers. One, the ability of CalPERS to attain attractive investment returns in the market. Two, the ability of the District to contribute to a pension prefunding trust. These two positive drivers are somewhat mitigated by the lowering of the investment discount rate from CalPERS.

In our discussion today, we talked about the time horizon for the Plan. The time horizon for the CalPERS Trust is long-term, spanning a likely multi-decade period. The time horizon that we discussed though, focused specifically on the pension prefunding trust. We discussed the likelihood that assets might transfer from our Trust, to the CalPERS Trust.

PROJECTED EMPLOYER CONTRIBUTIONS (MISC.)

Projected misc. contributions increase from \$238,000 to \$503,000 in 2024-25



The graph above shows anticipated increases in annual contributions for the District over the next seven years. Starting in fiscal year FY20-21, the annual increases grow significantly. Because of these anticipated increases, the time horizon for the District's investment in the PARS Trust, could be closer to a five to seven year horizon. Because of this shorter time horizon, more caution might be warranted in terms of the risk embraced.

In our January conference call, the District indicated that there was some strong consideration given to selecting the moderately conservative objective. This investment objective allocates Plan assets between stocks (20-40%) and bonds (50-80%). This type of investment objective could be a suitable investment objective, but it is not without risks. In the event that your budgetary projections indicate that the time horizon for the PARS Trust might be closer to the four to five year horizon, then perhaps a more conservative allocation might be considered. The most conservative investment objective we offer is something we call, Conservative. The asset allocation for this objective maintains an equity allocation of (5-20%), and a fixed income allocation of (60-95%). I would offer that one of the biggest drivers in investment selection should be the time horizon in which the District is considering maintaining the investments.

A secondary consideration for the District is whether you wish to invest in an 'active platform', using mutual funds, or a 'passive platform', using index funds. While on the one hand, the embedded mutual fund expenses are higher with the active platform, when comparing the investment returns between the two strategies, our active strategies have outperformed the passive platform. Ultimately, getting the 'risk/reward' position is more important than whether the District is invested in active or passive strategies.

PARS DIVERSIFIED PORTFOLIOS CONSERVATIVE

Q4 2017

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

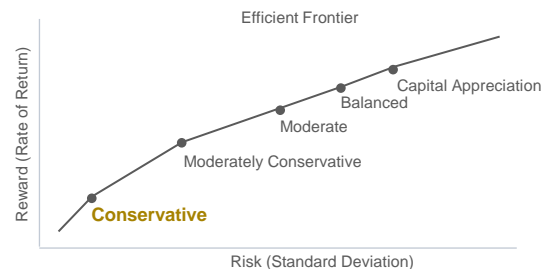
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	15%
Fixed Income	60 – 95%	80%	79%
Cash	0 – 20%	5%	6%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

Current Quarter*	1.17%
Blended Benchmark**	1.00%
Year To Date	6.73%
Blended Benchmark	5.24%
1 Year	6.73%
Blended Benchmark	5.24%
3 Year	3.70%
Blended Benchmark	3.13%
5 Year	3.73%
Blended Benchmark	3.46%
10 Year	4.28%
Blended Benchmark	3.74%

Index Plus (Passive)

Current Quarter*	1.08%
Blended Benchmark**	1.00%
Year To Date	5.52%
Blended Benchmark	5.24%
1 Year	5.52%
Blended Benchmark	5.24%
3 Year	3.09%
Blended Benchmark	3.13%
5 Year	3.39%
Blended Benchmark	3.46%
10 Year	3.75%
Blended Benchmark	3.74%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Govt, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Govt, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)

2008	-9.04%
2009	15.59%
2010	8.68%
2011	2.19%
2012	8.45%
2013	3.69%
2014	3.88%
2015	0.29%
2016	4.18%
2017	6.73%

Index Plus (Passive)

2008	-6.70%
2009	10.49%
2010	7.67%
2011	3.70%
2012	6.22%
2013	3.40%
2014	4.32%
2015	0.06%
2016	3.75%
2017	5.52%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Date	07/2004
No of Funds in Portfolio	19

Index Plus (Passive)

Inception Date	07/2004
No of Funds in Portfolio	13

HOLDINGS

HighMark Plus (Active)

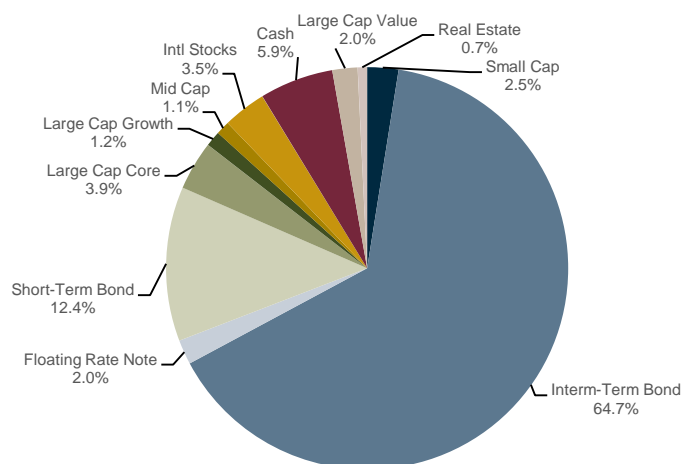
Columbia Contrarian Core Z
Vanguard Growth & Income Adm
Dodge & Cox Stock Fund
Harbor Capital Appreciation
T. Rowe Price Growth Stock
iShares Russell Mid-Cap ETF
Vanguard REIT ETF
Undiscovered Managers Behavioral Value
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Dodge & Cox International Stock
MFS International Growth I
Hartford Schroders Emerging Markets Eq
Vanguard Short-Term Invest-Grade Adm
PIMCO Total Return
Prudential Total Return
Nationwide Loomis Bond
Eaton Vance Floating Rate & High Income
First American Government Obligations Z

Index Plus (Passive)

iShares Core S&P 500 ETF
iShares S&P 500/Value
iShares S&P 500/Growth
iShares Russell Mid-Cap ETF
Vanguard REIT ETF
iShares Russell 2000 Value
iShares Russell 2000 Growth
iShares MSCI EAFE
Vanguard FTSE Emerging Markets ETF
Vanguard Short-Term Invest-Grade Adm
iShares Core U.S. Aggregate
PowerShares Senior Loan
First American Government Obligations Z

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$14.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager
Investment Experience: since 2004
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Randy Yurchak, CFA®

Senior Portfolio Manager
Investment Experience: since 2002
HighMark Tenure: since 2017
Education: MBA, Arizona State University; BS, University of Washington

Asset Allocation Committee

Number of Members: 16
Average Years of Experience: 26
Average Tenure (Years): 13

Manager Review Group

Number of Members: 7
Average Years of Experience: 20
Average Tenure (Years): 7

PARS DIVERSIFIED PORTFOLIOS
MODERATELY CONSERVATIVE

Q4 2017

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

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Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

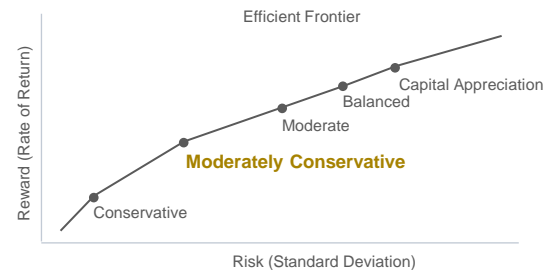
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	30%
Fixed Income	50 - 80%	65%	67%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	1.94%	Current Quarter*	1.83%
Blended Benchmark**	1.87%	Blended Benchmark**	1.87%
Year To Date	9.56%	Year To Date	8.08%
Blended Benchmark	8.11%	Blended Benchmark	8.11%
1 Year	9.56%	1 Year	8.08%
Blended Benchmark	8.11%	Blended Benchmark	8.11%
3 Year	4.87%	3 Year	4.38%
Blended Benchmark	4.51%	Blended Benchmark	4.51%
5 Year	5.26%	5 Year	5.06%
Blended Benchmark	5.31%	Blended Benchmark	5.31%
10 Year	4.93%	10 Year	4.40%
Blended Benchmark	4.63%	Blended Benchmark	4.63%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/Gov't, 1.75% US High Yield Master II, 1% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE, 25% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% ML 1-3Yr Corp/Govt, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-15.37%	2008	-12.40%
2009	18.71%	2009	11.92%
2010	10.46%	2010	9.72%
2011	1.75%	2011	3.24%
2012	10.88%	2012	8.24%
2013	7.30%	2013	6.78%
2014	4.41%	2014	5.40%
2015	0.32%	2015	-0.18%
2016	4.93%	2016	5.42%
2017	9.56%	2017	8.08%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	08/2004	Inception Date	05/2005
No of Funds in Portfolio	19	No of Funds in Portfolio	13

HOLDINGS

HighMark Plus (Active)

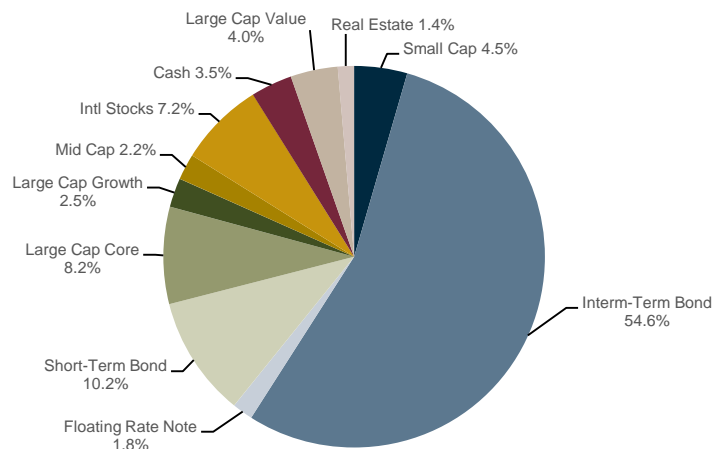
Columbia Contrarian Core Z
 Vanguard Growth & Income Adm
 Dodge & Cox Stock Fund
 Harbor Capital Appreciation
 T. Rowe Price Growth Stock
 iShares Russell Mid-Cap ETF
 Vanguard REIT ETF
 Undiscovered Managers Behavioral Value
 T. Rowe Price New Horizons
 Nationwide Baidard International Equities
 Dodge & Cox International Stock
 MFS International Growth I
 Hartford Schroders Emerging Markets Eq
 Vanguard Short-Term Invest-Grade Adm
 PIMCO Total Return
 Prudential Total Return
 Nationwide Loomis Bond
 Eaton Vance Floating Rate & High Income
 First American Government Obligations Z

Index Plus (Passive)

iShares Core S&P 500 ETF
 iShares S&P 500/Value
 iShares S&P 500/Growth
 iShares Russell Mid-Cap ETF
 Vanguard REIT ETF
 iShares Russell 2000 Value
 iShares Russell 2000 Growth
 iShares MSCI EAFE
 Vanguard FTSE Emerging Markets ETF
 Vanguard Short-Term Invest-Grade Adm
 iShares Core U.S. Aggregate
 PowerShares Senior Loan
 First American Government Obligations Z

Holdings are subject to change at the discretion of the investment manager.

STYLE



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The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$14.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

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Senior Portfolio Manager
 Investment Experience: since 1994
 HighMark Tenure: since 1997
 Education: MBA, University of Southern California; BA, University of Southern California

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Asset Allocation Committee

Number of Members: 16
 Average Years of Experience: 26
 Average Tenure (Years): 13

Manager Review Group

Number of Members: 7
 Average Years of Experience: 20
 Average Tenure (Years): 7

PARS DIVERSIFIED PORTFOLIOS
MODERATE

Q4 2017

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

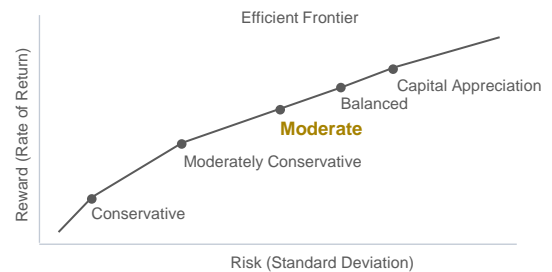
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	50%
Fixed Income	40 - 60%	45%	47%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	2.97%	Current Quarter*	2.86%
Blended Benchmark**	2.95%	Blended Benchmark**	2.95%
Year To Date	13.19%	Year To Date	11.59%
Blended Benchmark	11.65%	Blended Benchmark	11.65%
1 Year	13.19%	1 Year	11.59%
Blended Benchmark	11.65%	Blended Benchmark	11.65%
3 Year	6.46%	3 Year	5.98%
Blended Benchmark	6.20%	Blended Benchmark	6.20%
5 Year	7.42%	5 Year	7.26%
Blended Benchmark	7.69%	Blended Benchmark	7.69%
10 Year	5.45%	10 Year	5.51%
Blended Benchmark	5.56%	Blended Benchmark	5.56%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Gov't, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-22.88%	2008	-18.14%
2009	21.47%	2009	16.05%
2010	12.42%	2010	11.77%
2011	0.55%	2011	2.29%
2012	12.25%	2012	10.91%
2013	13.06%	2013	12.79%
2014	4.84%	2014	5.72%
2015	0.14%	2015	-0.52%
2016	6.44%	2016	7.23%
2017	13.19%	2017	11.59%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Date	10/2004	Inception Date	05/2006
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HOLDINGS

HighMark Plus (Active)

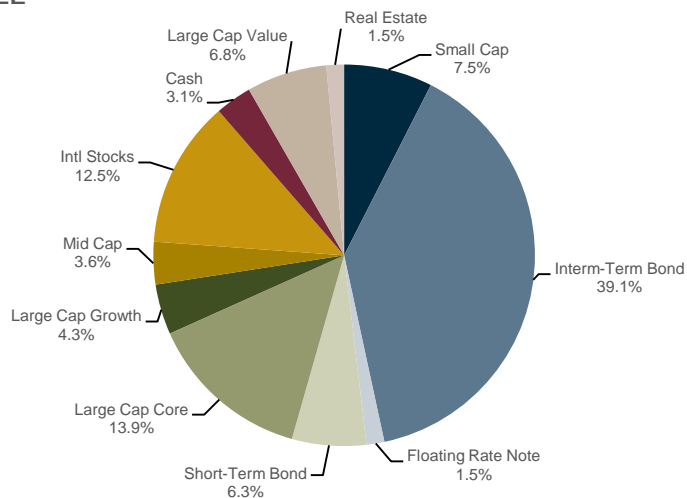
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Hartford Schroders Emerging Markets Eq
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Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 26

Average Tenure (Years): 13

Manager Review Group

Number of Members: 7

Average Years of Experience: 20

Average Tenure (Years): 7

PARS DIVERSIFIED PORTFOLIOS
BALANCED

Q4 2017

WHY THE PARS DIVERSIFIED BALANCED PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

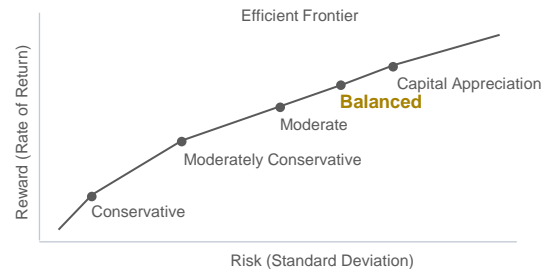
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Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	60%
Fixed Income	30 – 50%	35%	37%
Cash	0 – 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	3.49%	Current Quarter*	3.37%
Blended Benchmark**	3.51%	Blended Benchmark**	3.51%
Year To Date	15.46%	Year To Date	13.39%
Blended Benchmark	13.54%	Blended Benchmark	13.54%
1 Year	15.46%	1 Year	13.39%
Blended Benchmark	13.54%	Blended Benchmark	13.54%
3 Year	7.25%	3 Year	6.78%
Blended Benchmark	7.06%	Blended Benchmark	7.06%
5 Year	8.54%	5 Year	8.35%
Blended Benchmark	8.89%	Blended Benchmark	8.89%
10 Year	5.74%	10 Year	5.63%
Blended Benchmark	6.06%	Blended Benchmark	6.06%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-25.72%	2008	-23.22%
2009	21.36%	2009	17.62%
2010	14.11%	2010	12.76%
2011	-0.46%	2011	1.60%
2012	13.25%	2012	11.93%
2013	16.61%	2013	15.63%
2014	4.70%	2014	6.08%
2015	0.04%	2015	-0.81%
2016	6.82%	2016	8.26%
2017	15.46%	2017	13.39%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	10/2006	Inception Data	10/2007
No of Funds in Portfolio	19	No of Funds in Portfolio	13

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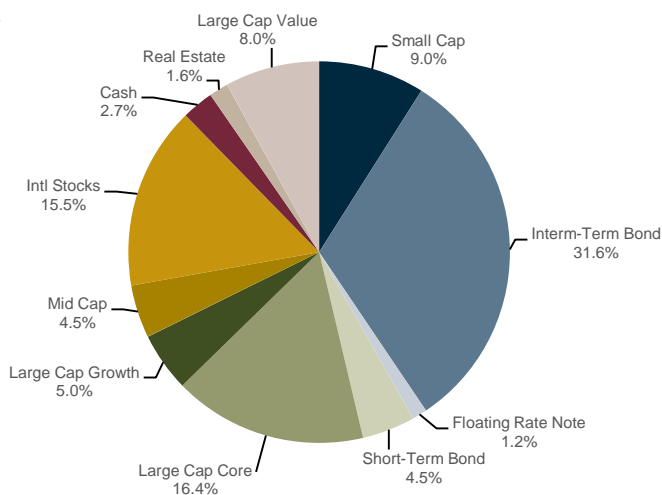
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The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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Manager Review Group

Number of Members: 7
Average Years of Experience: 20
Average Tenure (Years): 7

PARS DIVERSIFIED PORTFOLIOS
CAPITAL APPRECIATION

Q4 2017

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

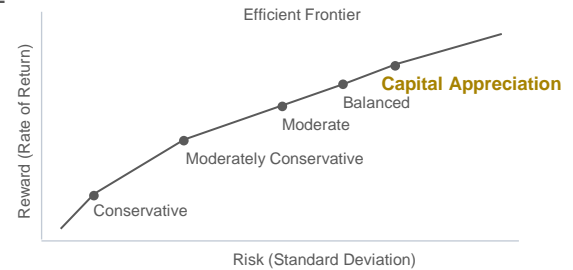
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.



ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	75%
Fixed Income	10 - 30%	20%	23%
Cash	0 - 20%	5%	2%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

Current Quarter*	4.16%
Blended Benchmark**	4.34%
Year To Date	16.72%
Blended Benchmark	16.55%
1 Year	16.72%
Blended Benchmark	16.55%
3 Year	8.20%
Blended Benchmark	8.27%
5 Year	10.08%
Blended Benchmark	10.56%
Inception to Date (108-Mos.)	10.90%
Blended Benchmark	11.64%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Gov't, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

2008	N/A%
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.27%
2016	8.81%
2017	16.72%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	01/2009	Inception Data	N/A
No of Funds in Portfolio	19	No of Funds in Portfolio	13

HOLDINGS

HighMark Plus (Active)

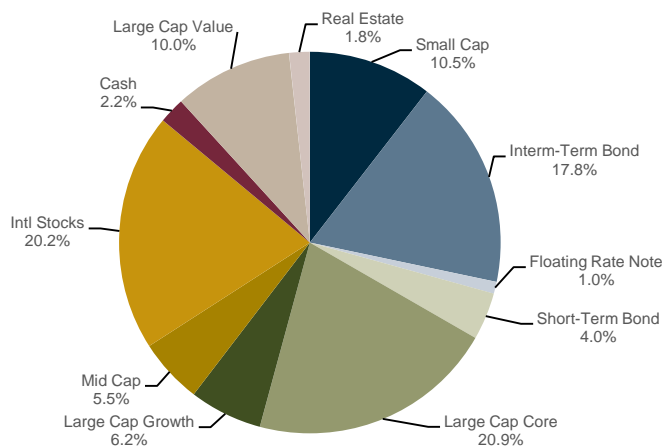
Columbia Contrarian Core Z
Vanguard Growth & Income Adm
Dodge & Cox Stock Fund
Harbor Capital Appreciation
T. Rowe Price Growth Stock
iShares Russell Mid-Cap ETF
Vanguard REIT ETF
Undiscovered Managers Behavioral Value
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Dodge & Cox International Stock
MFS International Growth I
Hartford Schroders Emerging Markets Eq
Vanguard Short-Term Invest-Grade Adm
PIMCO Total Return
Prudential Total Return
Nationwide Loomis Bond
Eaton Vance Floating Rate & High Income
First American Government Obligations Z

Index Plus (Passive)

iShares Core S&P 500 ETF
iShares S&P 500/Value
iShares S&P 500/Growth
iShares Russell Mid-Cap ETF
Vanguard REIT ETF
iShares Russell 2000 Value
iShares Russell 2000 Growth
iShares MSCI EAFE
Vanguard FTSE Emerging Markets ETF
Vanguard Short-Term Invest-Grade Adm
iShares Core U.S. Aggregate
PowerShares Senior Loan
First American Government Obligations Z

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Capital Appreciation active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2017, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Bloomberg Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. **Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.**

HIGHMARK CAPITAL MANAGEMENT

350 California Street
Suite 1600
San Francisco, CA 94104
800-582-4734

www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$14.0 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager

Investment Experience: since 2004

HighMark Tenure: since 2014

Education: BA, Colgate University

J. Keith Stribling, CFA®

Senior Portfolio Manager

Investment Experience: since 1985

HighMark Tenure: since 1995

Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2010

Education: BA, International Christian University, Tokyo

Anne Wimmer, CFA®

Senior Portfolio Manager

Investment Experience: since 1987

HighMark Tenure: since 2007

Education: BA, University of California, Santa Barbara

Randy Yurchak, CFA®

Senior Portfolio Manager

Investment Experience: since 2002

HighMark Tenure: since 2017

Education: MBA, Arizona State University;

BS, University of Washington

Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 26

Average Tenure (Years): 13

Manager Review Group

Number of Members: 7

Average Years of Experience: 20

Average Tenure (Years): 7

				5.50%	105.50%		
				Rate of return	0.60%	Ending value	net cash
Beg value	Contribution	Funds Used		Fees			
2018	\$ 500,000.00			\$ 527,500.00	\$ 3,165.00	\$ 524,335.00	\$ 24,335.00
2019	\$ 524,335.00	\$ 300,000.00	\$ -	\$ 869,673.43	\$ 5,218.04	\$ 864,455.38	\$ 40,120.38
2020	\$ 864,455.38	\$ 300,000.00	\$ -	\$ 1,164,455.38	\$ 7,371.00	\$ 1,221,129.43	\$ 56,674.04
2021	\$ 1,221,129.43	\$ -	\$ -	\$ 1,288,291.55	\$ 7,729.75	\$ 1,280,561.80	\$ 59,432.37
2022	\$ 1,280,561.80	\$ -	\$ -	\$ 1,350,992.70	\$ 8,105.96	\$ 1,342,886.74	\$ 62,324.94
2023	\$ 1,342,886.74	\$ -	\$ -	\$ 1,416,745.51	\$ 8,500.47	\$ 1,408,245.04	\$ 65,358.30
2024	\$ 1,408,245.04	\$ -	\$ -	\$ 1,485,698.51	\$ 8,914.19	\$ 1,476,784.32	\$ 68,539.29
2025	\$ 1,476,784.32	\$ -	\$ -	\$ 1,558,007.46	\$ 9,348.04	\$ 1,548,659.42	\$ 71,875.09
2026	\$ 1,548,659.42	\$ -	\$ -	\$ 1,633,835.68	\$ 9,803.01	\$ 1,624,032.67	\$ 75,373.25
2027	\$ 1,624,032.67	\$ -	\$ -	\$ 1,713,354.47	\$ 10,280.13	\$ 1,703,074.34	\$ 79,041.67
						\$ 78,435.60	\$ 603,074.34

				4.50%	104.50%		
				Rate of return	0.60%	Ending value	net cash
Beg value	Contribution	Funds Used		Fees			
2018	\$ 500,000.00			\$ 522,500.00	\$ 3,135.00	\$ 519,365.00	\$ 19,365.00
2019	\$ 519,365.00	\$ 300,000.00	\$ -	\$ 856,236.43	\$ 5,137.42	\$ 851,099.01	\$ 31,734.01
2020	\$ 851,099.01	\$ 300,000.00	\$ -	\$ 1,151,099.01	\$ 7,217.39	\$ 1,195,681.07	\$ 44,582.06
2021	\$ 1,195,681.07	\$ -	\$ -	\$ 1,249,486.72	\$ 7,496.92	\$ 1,241,989.80	\$ 46,308.73
2022	\$ 1,241,989.80	\$ -	\$ -	\$ 1,297,879.34	\$ 7,787.28	\$ 1,290,092.06	\$ 48,102.26
2023	\$ 1,290,092.06	\$ -	\$ -	\$ 1,348,146.21	\$ 8,088.88	\$ 1,340,057.33	\$ 49,965.27
2024	\$ 1,340,057.33	\$ -	\$ -	\$ 1,400,359.91	\$ 8,402.16	\$ 1,391,957.75	\$ 51,900.42
2025	\$ 1,391,957.75	\$ -	\$ -	\$ 1,454,595.85	\$ 8,727.58	\$ 1,445,868.27	\$ 53,910.52
2026	\$ 1,445,868.27	\$ -	\$ -	\$ 1,510,932.35	\$ 9,065.59	\$ 1,501,866.75	\$ 55,998.48
2027	\$ 1,501,866.75	\$ -	\$ -	\$ 1,569,450.76	\$ 9,416.70	\$ 1,560,034.05	\$ 58,167.30
						\$ 74,474.92	\$ 460,034.05

				3.50%	103.50%		
				Rate of return	0.60%	Ending value	Net cash
Beg value	Contribution	Funds Used		Fees			
2018	\$ 500,000.00			\$ 517,500.00	\$ 3,105.00	\$ 514,395.00	\$ 14,395.00
2019	\$ 514,395.00	\$ 300,000.00	\$ -	\$ 842,898.83	\$ 5,057.39	\$ 837,841.43	\$ 23,446.43
2020	\$ 837,841.43	\$ 300,000.00	\$ -	\$ 1,137,841.43	\$ 7,066.00	\$ 1,170,599.89	\$ 32,758.45
2021	\$ 1,170,599.89	\$ -	\$ -	\$ 1,211,570.88	\$ 7,269.43	\$ 1,204,301.46	\$ 33,701.57
2022	\$ 1,204,301.46	\$ -	\$ -	\$ 1,246,452.01	\$ 7,478.71	\$ 1,238,973.30	\$ 34,671.84
2023	\$ 1,238,973.30	\$ -	\$ -	\$ 1,282,337.36	\$ 7,694.02	\$ 1,274,643.34	\$ 35,670.04
2024	\$ 1,274,643.34	\$ -	\$ -	\$ 1,319,255.85	\$ 7,915.54	\$ 1,311,340.32	\$ 36,696.98
2025	\$ 1,311,340.32	\$ -	\$ -	\$ 1,357,237.23	\$ 8,143.42	\$ 1,349,093.81	\$ 37,753.49
2026	\$ 1,349,093.81	\$ -	\$ -	\$ 1,396,312.09	\$ 8,377.87	\$ 1,387,934.22	\$ 38,840.41
2027	\$ 1,387,934.22	\$ -	\$ -	\$ 1,436,511.92	\$ 8,619.07	\$ 1,427,892.84	\$ 39,958.63
						\$ 70,726.45	\$ 327,892.84

	Liabilities		Assets		
\$	12,200,000.00	\$	9,300,000.00	\$ (2,900,000.00)	\$ 9,760,000.00
				-0.237704918	
				76.2%	80%

2021	\$	1,280,561.80	\$	10,580,561.80	(Doesn't reflect growth in PERS assets)
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2021	\$	1,241,989.80	\$	10,541,989.80	\$	38,572.00	0.36%
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2021	\$	1,204,301.46	\$	10,504,301.46	\$	76,260.34	0.72%
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**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
HAYWARD, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS
and
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

JUNE 30, 2017

DRAFT

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**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
 BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Alameda County Mosquito Abatement District
Hayward, California

Report on Financial Statements

We have audited the basic financial statements of the governmental activities and the General Fund of the Alameda County Mosquito Abatement District (District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Alameda County Mosquito Abatement District, as of June 30, 2017, and the changes in financial position thereof and the budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Pleasant Hill, California

DATE, 2017

Alameda County Mosquito Abatement District
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017
(Unaudited)

This section of Alameda County Mosquito Abatement District's (the District's) basic financial statements presents management's overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage the reader to consider the information presented here in conjunction with the District's basic financial statements, including notes and supplementary information that immediately follow this section, as a whole.

Introduction to the Basic Financial Statements

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

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

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

The Basic Financial Statements

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

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

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

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

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

Alameda County Mosquito Abatement District
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017

(Unaudited)

The Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

Fiduciary Funds

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

Analyses of Major Funds

Governmental Funds

General Fund revenues increased by \$186,072 this fiscal year.

General Fund expenditures were \$ 3,479,710, an increase of \$447,447 from the prior year.

Alameda County Mosquito Abatement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017
(Unaudited)

Governmental Activities

	<u>Governmental Net Position</u>	
	<u>2017</u>	<u>2016</u>
<u>Governmental Activities</u>		
<u>Assets</u>		
Current and other assets	\$ 6,255,478	\$ 5,425,074
Capital assets	4,603,353	4,779,480
Total assets	<u>11,048,979</u>	<u>10,404,554</u>
Deferred outflows of resources	<u>505,352</u>	<u>215,830</u>
<u>Liabilities</u>		
Current liabilities	172,021	223,353
Long-term liabilities	<u>2,551,572</u>	<u>2,028,906</u>
Total liabilities	<u>2,723,593</u>	<u>2,252,259</u>
Deferred inflows of resources	<u>(908,903)</u>	<u>(563,487)</u>
<u>Net Position</u>		
Net investment capital assets, net of debt	2,604,121	2,560,129
Unrestricted	<u>5,317,714</u>	<u>5,244,509</u>
Total net position	<u>\$ 7,921,835</u>	<u>\$ 7,804,638</u>

The District's governmental net position amounted to \$7,921,835 as of June 30, 2017, an increase of \$117,197 from 2016. The decrease is the Change in Net Position reflected in the Governmental Activities column of the Statement of Activities shown in Table 2 and the prior period adjustment. The District's net position as of June 30, 2016 is comprised of the following:

- Cash and investments of \$6,255,478, and prepaid retirement expense of \$190,148
- Capital assets of \$4,603,353 net of depreciation charges, which includes all the District's capital assets used in governmental activities.
- Liabilities, including accounts payable of \$32,115, compensated absences of \$139,906, and net pension liability of \$2,551,572
- Net position invested in capital assets, net of related debt, of \$2,604,121 representing the District's investment in capital assets used in Governmental Activities, net of amounts borrowed to finance that investment. The District has no long-term debt.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The District had \$5,317,714 of unrestricted net position as of June 30, 2017.

Alameda County Mosquito Abatement District
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2017
(Unaudited)

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

Table 2
Changes in Governmental Net Position

	Governmental Activities	
	2017	2016
<u>Expenses</u>		
OPEB trust contribution	\$ -	\$ -
Mosquito control	4,249,706	3,345,034
Total expenses	4,249,706	3,345,034
 <u>General Revenues</u>		
Property Taxes	2,029,076	1,892,482
Redevelopment distributions	180,474	171,178
Special assessments	1,916,198	1,903,257
Governmental aid (Homeowners Property Tax Relief, State Subvention)	15,956	15,662
<u>Transfer from OPEB trust</u>	170,219	149,986
Miscellaneous	20,824	20,963
Interest income	34,156	27,303
Total revenues	4,366,903	4,180,831
Change in net position	\$ (117,197)	\$ (835,797)

As Table 2 above shows, all the District's fiscal year 2017 governmental revenue of \$4,366,903 came from general revenues such as taxes and interest.

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

Capital Assets

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

Debt Administration

The District currently does not utilize long-term debt to fund operations or growth.

Alameda County Mosquito Abatement District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2017
(Unaudited)

Economic Outlook and Major Initiatives

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

The District continues to face increases in salaries, benefits, fund, pesticides and insurance. There are also calls for changes in property tax allocation from State control to more local control.

Contacting the District Financial Management

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

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments (Note 3)	\$6,255,478
Prepaid retirement expense	<u>190,148</u>
Total current assets	6,445,626
Non current assets:	
Capital assets, nondepreciable (Note 4)	61,406
Capital assets, depreciable, net of accumulated depreciation (Note 4)	2,542,715
Net OPEB asset (Note 9)	<u>1,999,232</u>
Total non current assets	<u>4,603,353</u>
Total Assets	<u>11,048,979</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related (Note 8)	<u>505,352</u>
Total deferred outflows of resources	<u>505,352</u>
LIABILITIES	
Current liabilities:	
Accounts payable	32,115
Compensated absences (Note 2F)	<u>139,906</u>
Total current liabilities	<u>172,021</u>
Non current liabilities:	
Net pension liability (Note 8)	<u>2,551,572</u>
Total non current liabilities	<u>2,551,572</u>
Total liabilities	<u>2,723,593</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 8)	<u>908,903</u>
Total deferred inflows of resources	<u>908,903</u>
NET POSITION (Note 2J)	
Net investment in capital assets	2,604,121
Unrestricted	<u>5,317,714</u>
Total Net Position	<u><u>\$7,921,835</u></u>

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position Governmental Activities
Governmental Activities:			
District operations	\$4,249,706		(\$4,249,706)
Total Governmental Activities	\$4,249,706		(4,249,706)
General revenues:			
Property taxes			2,029,076
Redevelopment distributions			180,474
Special assessments			1,916,198
Government aid			15,956
Transfer from OPEB trust			170,219
Interest			34,156
Miscellaneous			20,824
Total General Revenues			4,366,903
Change in Net Position			117,197
Net Position - Beginning			7,804,638
Net Position - Ending			\$7,921,835

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
GOVERNMENTAL FUND - GENERAL FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS

Cash and investments (Note 3)	\$6,255,478
Prepaid retirement expense	<u>190,148</u>
Total Assets	<u><u>\$6,445,626</u></u>

LIABILITIES

Accounts payable	<u>32,115</u>
Total Liabilities	<u>32,115</u>

FUND BALANCES

Assigned for capital projects	2,565,404
Assigned for dry period cash	<u>3,848,107</u>
Total Fund Balances	<u>6,413,511</u>
Total Liabilities and Fund Balances	<u><u>\$6,445,626</u></u>

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
 Reconciliation of the
 GOVERNMENTAL FUNDS - BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2017

Total fund balances reported on the governmental funds balance sheet \$6,413,511

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial
 resources and therefore are not reported in the Governmental Funds. 2,604,121

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources - pension related 505,352
 Deferred inflows of resources - pension related (908,903)

LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and
 therefore are not reported in the Funds:

Current portion of compensated absences (139,906)
 Collective net pension liability (2,551,572)
 Net OPEB asset 1,999,232

NET POSITION OF GOVERNMENTAL ACTIVITIES \$7,921,835

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
GOVERNMENTAL FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017

REVENUES	
Property taxes	\$2,029,076
Redevelopment distributions	180,474
Special assessments	1,916,198
Government aid (Homeowners Property Tax Relief, State Subvention)	15,956
Transfer from OPEB trust	170,219
Interest	34,156
Miscellaneous	<u>20,824</u>
Total Revenues	<u>4,366,903</u>
EXPENDITURES	
Salaries and fringe benefits	2,245,093
Materials, supplies and services	833,192
Capital outlay	<u>401,425</u>
Total Expenditures	<u>3,479,710</u>
NET CHANGE IN FUND BALANCE	887,193
BEGINNING FUND BALANCE	<u>5,526,318</u>
ENDING FUND BALANCE	<u><u>\$6,413,511</u></u>

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$887,193
--	-----------

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	43,992
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NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Compensated absences	(15,309)
Pension expense, net of deferred inflows and outflows	(578,560)
Salary and benefit expenses related to OPEB	(220,119)
	(814,000)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$117,197
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See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Property taxes	\$1,823,586	\$2,029,076	\$205,490
Redevelopment distributions		180,474	180,474
Special assessments	1,899,117	1,916,198	17,081
Governmental aid (Homeowners Property Tax Relief, State Subvention)		15,956	15,956
Transfer from OPEB trust	193,009	170,219	(22,790)
Interest	8,000	34,156	26,156
Miscellaneous	5,000	20,824	15,824
Total Revenues	<u>3,928,712</u>	<u>4,366,903</u>	<u>438,191</u>
EXPENDITURES			
Salaries and fringe benefits	2,647,842	2,245,093	402,749
Materials, supplies and services	1,103,397	833,192	270,205
Capital outlay	295,000	401,425	(106,425)
Total Expenditures	<u>4,046,239</u>	<u>3,479,710</u>	<u>566,529</u>
EXCESS (DEFICIENCY) OF REVENUES OVER REVENUES	<u>(\$117,527)</u>	887,193	<u>\$1,004,720</u>
BEGINNING FUND BALANCE		<u>5,526,318</u>	
ENDING FUND BALANCE		<u>\$6,413,511</u>	

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
 FIDUCIARY ACTIVITIES
 STATEMENT OF FIDUCIARY NET POSITION
 OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST FUND
 JUNE 30, 2017

ASSETS	<u>OPEB Trust Fund</u>
Cash and cash equivalents (Note 3)	\$9,222
Investments, at fair value (Note 3):	
Equity mutual funds	2,434,660
Fixed income mutual funds	<u>1,723,952</u>
Total Assets	<u><u>\$4,167,834</u></u>
NET POSITION	
Net position held in trust for Other Post-Employment Benefits	<u>\$3,940,400</u>
Total net position	<u><u>\$3,940,400</u></u>

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
OPEB TRUST FUND
STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

ADDITIONS	
Investment income:	
Interest and dividends	\$87,533
Net increase in fair value investments	<u>48,629</u>
Total additions	<u>136,162</u>
DEDUCTIONS	
Benefits	170,219
Administrative expense	<u>2,829</u>
Total deductions	<u>173,048</u>
NET CHANGE IN FUND BALANCE	(36,886)
BEGINNING FUND BALANCE	<u>3,977,286</u>
ENDING FUND BALANCE	<u><u>\$3,940,400</u></u>

See accompanying notes to financial statements

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - GENERAL

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

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

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

Based upon the above criteria, the District determined that it had no component units as of June 30, 2016, or during the fiscal year then ended.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounts and Records

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

B. Accounting Principles

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

1) Government-wide and Fund Financial Statements:

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

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities are prepared using the *economic resources* measurement focus and the *accrual* basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized as soon as they are both *measurable and available*. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District reports the following major governmental fund:

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

Fiduciary Fund Types

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

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

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

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3) Use of Estimates:

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

C. Budget and Budgetary Accounting

The District annually adopts a budget for its General Fund to be effective July 1 for the ensuing fiscal year. The District's Board may amend the budget by resolution during the fiscal year and approves all budgetary transfers. Expenditures were under appropriations by \$883,123.

D. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

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

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

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

F. Compensated Absences

All vacation pay is accrued when incurred. Employee compensated absences hours are capped at 400 hours. The District's accrued vacation was \$124,597 as of June 30, 2017.

G. Deferred Outflows and Inflow of Resources

Pursuant to GASB Statement 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

H. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Alameda County Mosquito Abatement District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fund Equity

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

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

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

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

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

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

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Position

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

The Statement of Net Position breaks out net position as follows:

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

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

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

NOTE 3 – CASH AND INVESTMENTS

Cash and investments consisted of the following as of June 30, 2017:

	Carrying Value
Governmental Activities:	
Pooled cash and investments	\$5,633,924
California Local Agency Investment Fund	150,727
Cash with VCJPA	337,998
Cash in Bank of America	132,829
Total cash and investments	\$6,255,478
Fiduciary Funds:	
Money market mutual funds	\$9,222
Equity mutual funds	2,434,660
Bond mutual funds	1,723,952
Total cash and investments	\$4,167,834

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

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 3 – CASH AND INVESTMENTS (Continued)

A. Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

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

B. Investments

The District's cash and investments with the County Treasurer are invested under policy guidelines established by the County. Credit risk information regarding the cash held by the Treasurer is included in the Comprehensive Annual Financial Report of the County of Alameda. The District has a formal investment policy for the District's OPEB Trust fiduciary fund discussed in section C below.

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

The District voluntarily participates in LAIF (Local Agency Investment Fund), regulated under Section 16429 of the State Government Code. LAIF allows local agencies such as the District to participate in a Pooled Money Investment Account managed by the State Treasurer Office and overseen by the Pooled Money Investment Board and the State Treasurer Investment Committee. A Local Agency Investment Advisory Board oversees LAIF. The fair value of the District's position in the pool is the same as the value of its pool shares. The total amount invested by all public agencies in LAIF, as of June 30, 2017 was approximately \$77.5 billion. The District had a contractual withdrawal value of \$150,727 in LAIF. At June 30, 2017, these investments matured in an average of 194 days.

C. Investments of the Fiduciary-Type Activities

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

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Custodial Credit Risk – Investments

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The Trust's investment policy requires all securities to be held by a third party custodian designated by the Trust's Board. The investment policy also provides that this risk be mitigated by investing in investment grade securities and by diversifying the investment portfolio. As of June 30, 2017, no investments were exposed to custodial credit risk.

E. Concentration of Credit Risk

The Trust's investment policy requires diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a particular type of security, risk factor, issuer or maturity. As of June 30, 2017, 58% of the funds' assets were held in equity mutual funds and 41% in fixed income mutual funds.

F. Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2017:

Governmental Activities:	Level 2	Total
Pooled cash and investments	\$5,633,924	\$5,633,924
<i>Investments Measure at Amortized Cost:</i>		
California Local Agency Investment Fund		150,727
<i>Note Rated:</i>		
Cash with VCJPA		337,998
Cash in Bank of America		132,829
Total cash and investments	\$5,633,924	\$6,255,478
Other Post-Employment Benefit Trust:	Level 2	Total
Equity mutual funds	\$2,434,660	\$2,434,660
Bond mutual funds	1,723,952	1,723,952
<i>Investments Measure at Amortized Cost:</i>		
Money market mutual funds		9,222
Total cash and investments	\$4,158,612	\$4,167,834

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 3 – CASH AND INVESTMENTS (Continued)

As of June 30, 2017 the District had \$5,633,924 of cash and investments pooled with the County that is classified in Level 2 of the fair value hierarchy. The fair value of the pooled investment fund is provided by the County Treasurer and is valued using quoted prices for identical instruments in markets that are not active. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources.

G. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust's investment policy provides that the exposure to interest rate risk be mitigated by purchasing a diverse combination of shorter term and longer term investments. Information about the sensitivity of the fair value of investments, held by the trustee, to market interest rate fluctuations is provided in the table below:

Governmental Activities:	Investment Maturity (In Years)			Investment Rating
	Fair Value	Less than 1	1-5	
Pooled cash and investments	\$5,633,924	\$2,929,640	\$2,704,284	AA
California Local Agency Investment Fund	150,727	150,727		Not rated
Cash with VCJPA	337,998	337,998		Not rated
Cash in Bank of America	132,829	132,829		Not rated
Total cash and investments	<u>\$6,255,478</u>	<u>\$3,551,194</u>	<u>\$2,704,284</u>	

Other Post-Employment Benefit Trust:	Investment Maturity (In Years)		Investment Rating
	Fair Value	Less than 1	
Money market mutual funds	\$9,222	\$9,222	AA
Equity mutual funds	2,434,660	2,434,660	Not rated
Bond mutual funds	1,723,952	1,723,952	Not rated
Total cash and investments	<u>\$4,167,834</u>	<u>\$4,167,834</u>	

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 4 – CAPITAL ASSETS

An analysis of capital assets at June 30, 2017, is as follows:

	Balance June 30, 2016	Additions	Balance June 30, 2017	NBV June 30, 2017
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$61,406		\$61,406	\$61,406
Total capital assets not being depreciated	61,406		61,406	\$61,406
Capital assets being depreciated:				
Structures and improvements	4,128,158	\$251,277	4,379,435	\$2,422,878
Machinery and equipment	1,254,255	24,511	1,278,766	119,837
Total capital assets being depreciated	5,382,413	275,788	5,658,201	\$2,542,715
Less accumulated depreciation for:				
Structures and improvements	(1,808,560)	(147,997)	(1,956,557)	
Machinery and equipment	(1,075,130)	(83,799)	(1,158,929)	
Total accumulated depreciation	(2,883,690)	(231,796)	(3,115,486)	
Total depreciable assets	2,498,723	\$43,992	2,542,715	
Total capital assets - net of depreciation	\$2,560,129		\$2,604,121	

NOTE 5 – ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The amount of accumulated vacation totaled \$139,906 and \$124,597 at June 30, 2017 and 2016, respectively.

NOTE 6 – PROPERTY TAX LEVY, COLLECTIONS AND MAXIMUM RATES

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

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

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

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6 – PROPERTY TAX LEVY, COLLECTIONS AND MAXIMUM RATES (Continued)

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

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

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

NOTE 7 – SELF-INSURANCE AND JOINT POWERS AGENCY

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

The program covers the District's individual workers' compensation claims of \$500,000 for any one loss; excess insurance is obtained to cover individual claims at the statutory limit and \$5,000,000 for Employer's Liability. The District is self-insured for claims under \$500,000.

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

The District also participates in a pool for general liability coverage. The program covers comprehensive, general, errors and omissions, and automobile liability. The program covers individual claims for the first \$1,000,000 and purchases excess insurance from \$1,000,000 to \$10,000,000.

Annual premiums are deposited in the District's separate Liability Account at the VCJPA. The account is reduced by the District's share of all program claim settlement, excess insurance premiums and related administrative expenses. Five years after the end of each fiscal year, the VCJPA will make a retroactive adjustment to refund/collect any remaining balance/deficit in the District's account. While the District's ultimate share of liability claim settlement and related administrative expenses is uncertain, the District's management does not believe it will have a material impact on the District's basic financial statements. The \$337,998 in deposit with the VCJPA as of June 30, 2017, represents additional monies, under the District's control, which the District may use for future self-insurance related expenditures or any other purpose.

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

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 8 – CALPERS PENSION PLAN

A. Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

B. Benefits Provided

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.5000%
Required employee contribution rates	7.00%	6.50%
Required employer contribution rates	9.56%	6.93%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual *basis* by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 8 – CALPERS PENSION PLAN (Continued)

For the year ended June 30, 2017, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$136,053

As of June 30, 2016, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous Plans as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$2,551,572

The District's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2015 and 2016 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2015	0.078%
Proportion - June 30, 2016	0.093%
Change - Increase (Decrease)	0.015%

For the year ended June 30, 2017, the District recognized pension expense of \$578,560. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$136,053	
Differences between expected and actual experience	7,351	(\$1,684)
Changes of assumptions		(69,543)
Change in proportion and differences between employer contributions and proportionate share of contributions		(837,676)
Net difference between projected and actual earnings on pension plan investments	361,948	
Total	<u>\$505,352</u>	<u>(\$908,903)</u>

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 8 – CALPERS PENSION PLAN (Continued)

The \$136,053 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended <u>June 30</u>	Annual <u>Amortization</u>
2017	(\$488,803)
2018	(235,748)
2019	91,197
2020	93,750
Thereafter	

Actuarial Assumptions – the total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions.

	Miscellaneous
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry-Age and Service
Mortality Rate Table ¹	Derived using CalPers Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 8 – CALPERS PENSION PLAN (Continued)

Change of Assumptions - GASB 68, paragraph 68 states that long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.65 percent used for the June 30, 2015 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2016 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2016 measurement date were the same as those used for the June 30, 2015 measurement date.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns on all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)
Global Equity	51.0%	5.25%
Global Fixed Income	20.0%	0.99%
Inflation Sensitive	6.0%	0.45%
Private Equity	10.0%	6.83%
Real Estate	10.0%	4.50%
Infrastructure and Forestland	2.0%	4.50%
Liquidity	1.0%	-0.55%
Total	<u>100%</u>	

(a) An expected inflation of 2.5% used for this period.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 8 – CALPERS PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	\$4,181,903
Current Discount Rate	7.65%
Net Pension Liability	\$2,551,572
1% Increase	8.65%
Net Pension Liability	\$1,204,184

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT

Plan Description. As authorized by the District's Board of Directors, the District administers a single employer defined benefit health care plan. The defined benefit post-employment healthcare plan provides medical benefits to eligible District employees who retire from the District at age 50 or older, are eligible for a CalPERS pension, and have been employed by the District for at least 10 years. The District's OPEB Trust is shown as a fiduciary fund in this financial report.

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

Funding Policy. There is no statutory requirement for the District to prefund its OPEB obligation. The District has established a trust fund which *is* currently almost fully funded. The District currently pays for retiree healthcare benefits on a pay-as-you-go basis until the District trust is funded, which is *in process*. There are no employee contributions. For the fiscal year ending June 30, 2017, the District's plan paid approximately \$170,219 for retiree healthcare plan benefits. As of June 30, 2017, the plan membership consisted of 16 active participants and 14 retirees and beneficiaries currently receiving benefits.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017**

NOTE 9 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (Continued)

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

Annual OPEB Cost and Net OPEB (Asset). The following table shows the components of the District's Annual OPEB Cost for the fiscal year ended June 30, 2017, the amount actually contributed to the plan (including implicit subsidy, if any), and changes in the District's Net OPEB (Asset):

Annual required contribution (ARC)	\$2,249
Interest on Net OPEB Asset	(133,161)
Adjustments to ARC	<u>180,812</u>
Annual OPEB cost	49,900
Benefits paid	<u>170,219</u>
Change in Net OPEB	220,119
Net OPEB (asset) at June 30, 2016	<u>(2,219,351)</u>
Net OPEB (asset) at June 30, 2017	<u><u>(\$1,999,232)</u></u>

The District's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) are as follows:

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contributions/ Benefits Paid	Percentage of AOC Contributed	Net OPEB Obligation Liability (Asset)
June 30, 2015	\$35,033	\$0	0%	(\$2,423,622)
June 30, 2016	54,285	149,986	276%	(2,219,351)
June 30, 2017	49,900	170,219	341%	(1,999,232)

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
July 1, 2014	\$4,060,791	\$2,593,554	(\$1,467,237)	156.57%	\$1,497,218	-98%

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The plan's most recent actuarial valuation was performed as of July 1, 2014. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses). The medical trend rate was increased to 8 percent due to expected spike in medical trend, as well as uncertain effects of recently enacted federal healthcare legislation. The dental and vision trend rates were 4 percent per year for all years. These assumptions reflect an implicit 3 percent general inflation assumption. The District's Unfunded Actuarial Accrued Liability is being amortized as a level dollar amount on an open basis over 30 years.

NOTE 10 – DEFERRED COMPENSATION PLAN

The District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plan (the Plan) created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of the compensation until it is distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan. A total of 10 employees' deferred compensation during the fiscal year ended June 30, 2017.

The laws governing the Plan assets require Plan assets to be held by a Trust for the exclusive benefits of Plan participants and their beneficiaries. Since the assets held under this Plan are not the District's property, are not managed by the District and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
 Cost-Sharing Multiple-Employer Defined Pension Plan
 Last 10 Years*

SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY AND RELATED RATIOS AS OF
 THE MEASUREMENT DATE

Measurement Date	Miscellaneous		
	6/30/2014	6/30/2015	6/30/2016
Plan's proportion of the Net Pension Liability (Asset)	0.0309%	0.0780%	0.0930%
Plan's proportion share of the Net Pension Liability (Asset)	\$1,923,046	\$2,028,906	\$2,551,572
Plan's Covered Payroll	\$1,287,185	\$1,467,683	\$1,580,981
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	149.40%	138.24%	161.39%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.0287%	78.2766%	78.9294%

*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
 Cost-Sharing Multiple Employer Defined Pension Plan
 Last 10 Years*
 SCHEDULE OF CONTRIBUTIONS

	Miscellaneous Plan		
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
Actuarially determined contribution	\$152,526	\$205,340	\$136,053
Contributions in relation to the actuarially determined contributions	(152,526)	(205,340)	(136,053)
Contribution deficiency (excess)	\$0	\$0	\$0
Covered payroll	\$1,287,185	\$1,467,683	\$1,580,981
Contributions as a percentage of covered payroll	11.85%	13.99%	8.61%
Notes to Schedule			
Valuation date:	6/30/2013	6/30/2014	6/30/2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	(1)
Investment rate of return	7.50% (2)
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

*- Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown

REQUIRED SUPPLEMENTARY INFORMATION

**POST EMPLOYMENT BENEFITS PLAN (OPEB)
SCHEDULE OF FUNDING PROGRESS**

<u>Valuation Date</u>	<u>Assets (A)</u>	<u>Liability (B)</u>	<u>Liability (A – B)</u>	<u>Ratio (A/B)</u>	<u>Payroll (C)</u>	<u>Covered Payroll [(A – B)/C]</u>
July 1, 2009	\$0	\$2,623,086	\$2,623,086	0.00%	\$884,452	296.58%
July 1, 2011	1,552,693	2,336,840	784,147	66.44%	1,204,307	65.11%
July 1, 2014	4,060,791	2,593,554	(1,467,237)	156.57%	1,497,218	-98.00%

**ALAMEDA COUNTY
MOSQUITO ABATEMENT DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2017**

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ALAMEDA COUNTY
MOSQUITO ABATEMENT DISTRICT

MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2017

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MEMORANDUM ON INTERNAL CONTROL

Board of Trustees
Alameda County Mosquito Abatement District
Hayward, California

In planning and performing our audit of the basic financial statements of the Alameda County Mosquito Abatement District (District), in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist and that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definition that we believe to be of potential benefit to the District.

This communication is intended solely for the information and use of management, Board of Trustees and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Pleasant Hill, California

DATE

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**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
SCHEDULE OF SIGNIFICANT DEFICIENCIES
FOR THE YEAR ENDED JUNE 30, 2017**

2017-01 Property Tax Journal Entry

Criteria: Property tax revenue should be recorded via journal entry throughout the fiscal year.

Condition: During our review of the financial statements, it came to our attention that some of the property tax activity was not booked in the District's general ledger

Cause: The District missed booking this transaction due to key staff turnover.

Effect: The journal entry to record the property tax was over \$4 million and was booked after the end of the fiscal year.

Recommendation: The District should record the property during the fiscal year under audit.

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**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
SCHEDULE OF OTHER MATTERS
FOR THE YEAR ENDED JUNE 30, 2017**

2017-02 Upcoming Governmental Accounting Standards Board Pronouncements

EFFECTIVE FISCAL YEAR 2017/18:

GASB 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES
FOR THE YEAR ENDED JUNE 30, 2017**

2016-01 Prior Period Restatement

Criteria: Accounting for long term items should only be reported at the entity wide level. Staff should review these items to ensure proper reporting.

Condition: As discussed in Note 11, during our audit we discovered three items that required a restatement of beginning net position. In the previous year, the District did not book its net Other Post-Employment Benefit asset in the amount of \$2,423,622. Also, the District had previously recorded the liability for compensated absense at the fund level, but this should have been booked at the entity-wide level. That amount that should not have been booked at the fund level was \$116,448. Lastly, we determined that the calculation for Government Accounting Standards Board Statement 68 was not correct. This resulted in a change to begininig net positon in the amount of \$796,831.

Effect: The net result of these three items increased beginning net positon from \$5,458,498 to \$6,968,841.

Recommendation: The District should analyze accounting transactions to determine the appropriate accounting treatment in accordance with GASB 34.

Current Status: This item was corrected in fiscal year 2015/2016.

REQUIRED COMMUNICATIONS

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

We have audited the basic financial statements of the Alameda County Mosquito Abatement District (District) for the year ended June 30, 2017. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are included in Note 2 to the financial statements. No new accounting policies were adopted during the year.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements are depreciation, claims liability and actuarial estimates for the District's pension related deferred outflows and inflows of resources, net pension liability and other post-employment benefits.

The value of the assets, liability and assumptions used to determine annual required contributions for other post-employment benefits is determined by an actuary study provided to the District. The value of the District's deferred outflows and inflows of resources and collective net pension liability was obtained from an actuarial valuation.

Management's estimate of depreciation is based on the estimated useful lives of the capital assets, and its estimate of claims is based on the District Attorney's estimates of current and potential litigation, as well as actuary studies provided for the District as of June 30, 2017. We evaluated the key factors and assumptions used to develop the depreciation expense and claims liability and reviewed the current actuary study and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in a management representation letter dated **DATE**.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information Accompanying the Financial Statements

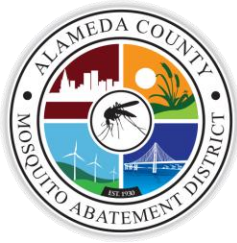
With respect to the required supplementary information accompanying the financial statements, we applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not express an opinion nor provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

This information is intended solely for the use of the Board of Trustees and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Pleasant Hill, California

DATE

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23187 Connecticut Street
Hayward, CA 94545

T: (510) 783-7744
F: (510) 783-3903

acmad@mosquitoes.org

Agenda item: 1053.10

Board of Trustees

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Hayward

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Robert Dickinson

Piedmont

Kathy Narum

Pleasanton

Ed Hernandez

San Leandro

Subru Bhat

Union City

Ryan Clausnitzer

General Manager

Action: Adopt the State of California Master Mutual Aid Agreement

Summary:

As a result of the 1991 East Bay Hills firestorm, State Senator Nicholas Petris sponsored legislation that establishes a standardized emergency management system, or SEMS, in California. An important component of SEMS in Operation Area defined as:

An intermediate level of state emergency services organization consisting of a county and all political subdivisions within the count area [California Government Code 8559 (b)].

State regulations assigned responsibilities for developing the Operational Area Emergency Management Organization to the local board of supervisors. In January 1995, the Alameda County Board of Supervisors accepted the recommendation to form a task force to implement an Operational Area in Alameda County, and adopted the Agreement for Participation in Alameda County Operational Area Emergency Management Organization. The Alameda County Mosquito Abatement District adopted the agreement first in May of 1995 with resolution 779-2, and again in January of 2008, resolution 932-1.

The Alameda County Board of Supervisors recently adopted a new Agreement consisting of substantially the same elements as the previous one, the key components of the Agreement are as follows:

- A partnership for exchanging disaster intelligence, mutual aid requests, and resource requests in emergencies
- Allows for cooperative training and exercise
- *No monetary compensation is required of participants to be members of the organization*
- The State's SEMS regulations and guidelines guide the policies and procedures of the organization;
- The Sheriff/ Director of Emergency Services is the Operation Area Coordinator responsible for assuring the representation of all affected jurisdictions in decision-making before, during, and after a disaster occurs; and

- A representational Operational Area Council is established to review and approve policies and procedures for the organization and serve as Alameda County's Civil Defense and Disaster Council

Past disasters have shown that interagency coordination is crucial to the successful response to disasters. The Alameda County Mosquito Abatement District's continued participation in the Operational Area Emergency Management Organization is a key component in accomplishing that goal.

Recommendation:

1. Adopt resolution 1053-1: Agreement for Participation in Alameda County Operational Area Emergency Management Organization.
2. The Mechanical Specialist, Mark Weiland; Mosquito Control Technician, Sarah Erspamer; and General Manager, Ryan Clausnitzer (in that order of succession), will be provided training and orientation to the policies and procedures so that they may represent the district to the Operational Area Emergency Management Organization.

Attachments:

1. ACMAD Resolution 1053-1 adopting the Agreement for Participation in Alameda County the Operational Area Emergency Management Organization
2. Agreement for participation in Alameda County the Operational Area Emergency Management Organization
3. ACMAD prior adoptions, resolutions 932-1 and 779-2

**AGREEMENT FOR PARTICIPATION
IN ALAMEDA COUNTY
OPERATIONAL AREA
EMERGENCY MANAGEMENT ORGANIZATION**

This Agreement is made this 10th day of May, 2016 by and between the County of Alameda and the cities, special districts, and other public benefit non-profit corporations that are parties to this Agreement.

WHEREAS, the potential for a major catastrophe due to natural or manmade disaster requires all government entities within Alameda County to be prepared to share resources and information among themselves as well as with the State of California in order to protect public welfare; and

WHEREAS, greater efficiency and disaster preparedness response, recovery, and mitigation can be achieved by joining the efforts of the County of Alameda, the Cities, Special Districts, and other public benefit non-profit corporations together in pre-disaster agreements; and

WHEREAS, the California Emergency Services Act makes reference to the “operational area” and defines it as “an intermediate level of the state emergency services organization” created to perform extraordinary functions for local governments within a county area such as strengthening mutual coordination, providing a focal point and conduit for disaster information, and assisting in the efficient management of resources;

**THE COUNTY, CITIES, SPECIAL DISTRICTS, AND OTHER PUBLIC BENEFIT
NON-PROFIT CORPORATIONS AGREE AS FOLLOWS:**

**1. RECOGNITION OF AND PARTICIPATION IN AN OPERATIONAL AREA
EMERGENCY MANAGEMENT ORGANIZATION**

The parties to this Agreement recognize an Operational Area, as the term is defined in the California Emergency Services Act (*California Government Code §8550 et seq.*) which designates an intermediate level of organization, cooperation, and planning between public entities within Alameda County boundaries.

The County of Alameda, cities, special districts, and other public benefit non-profit corporations that are parties to this Agreement shall participate in this organizational structure, which is a partnership for a systematic approach for exchanging disaster intelligence, mutual aid requests, and resource requests in emergencies and also to provide emergency preparedness on a day-to-day basis through cooperative training and exercise activities.

The Operational Area Emergency Management Organization will be the primary contact point during an emergency in Alameda County for sharing disaster intelligence among local agencies and between the Operational Area Emergency Management Organization and state and federal agencies requesting information.

C-2016-45

The Operational Area Emergency Management Organization will assist parties to this agreement to share resources before, during, and after an emergency, as well as to prepare, respond, and recover from disasters that strike Alameda County. The Operational Area Emergency Management Organization will prioritize competing needs according to the policies and procedures approved by the Operational Area Council.

Each of the parties to this Agreement will designate individuals to be trained to represent their agency in the Operational Area Emergency Management Organization. The training will be an orientation on the policies and procedures of the Operational Area Emergency Management Organization. Each party to this Agreement will also designate, in writing, a line of succession of officials who are empowered to represent the party to the Operational Area Emergency Management Organization.

2. CONSIDERATION

The consideration under this Agreement is the mutual advantage of protection afforded to each of the parties to this Agreement. There shall not be any monetary compensation required from any to another party as a condition of assistance provided under the agreement, except for reimbursement of direct costs as designated in mutual aid agreements. Nothing in this agreement shall be construed as altering any preexisting disaster response agreements between the parties.

3. STANDARDIZED EMERGENCY MANAGEMENT SYSTEM

The Operational Area Emergency Management Organization and its policies and procedures will be regulated by the Standardized Emergency Management System as stated in *California Government Code §8607*, and its implementing regulations, *California Code of Regulations, Title 19, Division 2, Office of Emergency Services, Standardized Emergency Management System*, and guidelines. The incident command system and a multi-agency coordination system, as described in those regulations and guidelines, will be used for coordination and direction of the parties to this agreement participating in emergency efforts. The *Alameda County Emergency Operations Plan* shall be the primary method and criteria used to conduct Operational Area Emergency Operations Center activities.

4. OPERATIONAL AREA COORDINATOR

The Sheriff/Director of Emergency Services is the Operational Area Coordinator. It is the responsibility of the Operational Area Coordinator to oversee the operation of the Operational Area Emergency Management Organization and to reasonably interpret the terms of this agreement.

It is the responsibility of the Operational Area Coordinator to encourage equal representation by parties to the agreement on a day-to-day basis and to include representatives of affected parties to this agreement and mutual aid coordinators in the operational decision making before, during, and after a disaster strikes Alameda County.

5. COUNCIL

An Operational Area Council is hereby established consisting of a representational membership of the party jurisdictions to this Agreement. The Council shall include one voting representative from each of the following:

- a. The President of the **Board of Supervisors**, or his/her designee;
- b. The **Sheriff/Director of Emergency Services**, or his/her designated alternate;
- c. The **Alameda County Administrator**, or his/her designated alternate;
- d. The **County Agency Heads** having primary functional responsibilities in a disaster, or their designated alternates;

Including, but not limited to:

1. Auditor-Controller
 2. Fire Department
 3. General Services Agency
 4. Health Care Services
 5. Human Resource Services
 6. Public Works Agency
 7. Sheriff's Office
 8. Social Services Agency
- e. The President of the **Alameda County Emergency Managers' Association**, or his/her designated alternate;
 - f. The President of the **Alameda County Fire Chiefs' Association**, or his/her designated alternate;
 - g. The President of the **Alameda County Chiefs of Police and Sheriff's Association**, or his/her designated alternate;
 - h. A City Manager of a **North County City**, or his/her designated alternate, chosen annually by the cities of Alameda, Albany, Berkeley, Emeryville, Oakland, and Piedmont to represent them in the Council;
 - i. A City Manager of a **South County City**, or his/her designated alternate, chosen annually by the cities of Fremont, Hayward, Newark, San Leandro, and Union City to represent them in the Council;
 - j. A City Manager of an **East County City**, or his/her designated alternate, chosen annually by the cities of Dublin, Livermore, and Pleasanton to represent them in the Council;

- k. A General Manager of a **Regional District** based in Alameda County, or his/her designated alternate, chosen annually by participating regional districts, defined as a special district having service areas in more than one county, to represent them in the Council;
- l. A General Manager of a **Special District**, or his/her designated alternate, chosen annually by participating special districts having their entire service area within the boundaries of Alameda County to represent them in the Council;
- m. The **Alameda County Superintendent of Schools**, or his/her designated alternate, to represent the school districts of Alameda County;
- n. A Director of a **Public Benefit Non-profit Corporation**, or his/her designated alternate, chosen annually by the Alameda County Voluntary Organizations Active in Disaster executive committee to represent them in the Council;
- o. A Chief Executive Officer or President, or his/her designated alternate, of a **private sector company** doing business in this county that is an active member of the Emergency Managers' Association of Alameda County and is selected annually by the Operational Area Coordinator; and
- p. Such representatives of **other organizations**, either civic, business, labor, veterans, professional or other organizations having an official group or organization having disaster responsibility and may be appointed by the Operational Area Coordinator.

It is the responsibility of the Operational Area Council to set the policies and procedures for the governing of the Operational Area Emergency Management Organization and to review and approve recommendations for changes to these policies and procedures on an annual basis. The Operational Area Council will also serve as the Alameda County Civil Defense and Disaster Council, as described in the *Alameda County Administrative Code, Chapter VI*. The County of Alameda will supply staff support for the Operational Area Council.

6. PROVISION OF FACILITIES AND SUPPORT

The County of Alameda shall provide its emergency operations center as the site for the Operational Area Emergency Management Organization. The County of Alameda will provide support staff for the emergency operations center and all reasonable supplies for the Operational Area Emergency Management Organization during actual activations, drills, and exercises. All parties to this Agreement may provide representatives for decision making and liaison to operational elements of the Operational Area Emergency Management Organization when activated.

The Operational Area Emergency Management Organization will facilitate the mutual aid systems used by local agencies to assist each other in a disaster with the resources necessary to save lives, mitigate property loss, and meet the basic needs of the people.

7. TERM OF AGREEMENT

This Agreement shall be effective from the date executed by all parties until December 31, 2025. This Agreement may be terminated prior to the conclusion of the term by mutual agreement of a majority of the member parties.

8. WITHDRAWAL OF PARTY

Any party to this Agreement may withdraw as a party to this Agreement prior to the termination of the term of this Agreement upon giving thirty (30) days prior written notice to all other parties.

9. ADDITIONAL PARTIES

Additional parties, who are public entities within the geographical boundaries of Alameda County, may join in this Agreement and become a member party upon execution of an Exhibit to this Agreement in which the entity agrees to be subject to the conditions and terms of this Agreement. The executed Exhibit shall become a part of this Agreement automatically after the expiration of thirty (30) days following notification by the new party to all other parties to the execution of the exhibit. Thereafter, the entity shall be considered to be a party of this Agreement unless the entity withdraws as provided herein. Provided however, in the event any existing party to the Agreement gives all other parties notice of its objection to the addition of the particular entity becoming a member to this Agreement within the thirty (30) day notice period, the addition of such party to this Agreement shall require the consent of a two-thirds majority to the then member parties.

10. INDEMNIFICATION AND HOLD HARMLESS

Each of the parties agree to indemnify and hold the other parties harmless and waives all claims for compensation for any loss, damage, personal injury, or death incurred in consequences of the acts or omissions of the indemnifying parties' own employees and agents in the performance of this Agreement.

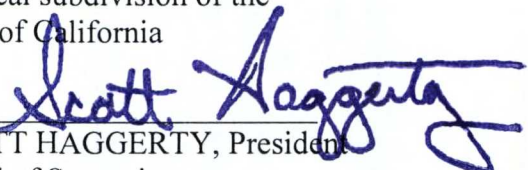
It is the intent of the parties that, where negligence is determined to have been contributory, principles of comparative fault will be followed and each party shall bear the proportionate costs of any loss, damage, expense, and liability attributable to the party's negligence.

11. SALARIES, EMPLOYMENT AND WORKERS COMPENSATION BENEFITS

The salaries, employment and workers compensation benefits of each employee participating in the Operational Area Emergency Management Organization shall be the responsibility of the party employing the individual. It is understood that each party's employees have no rights, benefits, or special employment status conferred by reason of this Agreement.

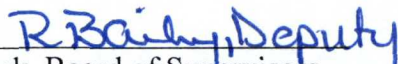
IN WITNESS WHEREOF THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT AS FOLLOWS:

COUNTY OF ALAMEDA, a
political subdivision of the
State of California

By 
SCOTT HAGGERTY, President
Board of Supervisors

I hereby certify under penalty of perjury that the President of the Board of Supervisors was duly authorized to execute this document on behalf of the County of Alameda by a majority vote of the Board on May 10, 2016; and that a copy has been delivered to the President as provided by Government Code section 25163.

ATTEST: ANIKA CAMPBELL-BELTON
Clerk, Board of Supervisors
Alameda County, California

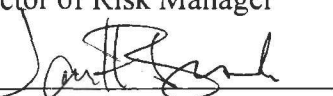
By 
R. Bailey, Deputy
Clerk, Board of Supervisors

APPROVED AS TO FORM AND CONTENT:

DONNA ZEIGLER
County Counsel

By 
L. David Nefouse
Deputy County Counsel

BARBARA LUBBEN
Director of Risk Manager

By 
Janette Brook

MINUTES OF THE 779TH MEETING OF THE
BOARD OF TRUSTEES OF THE ALAMEDA COUNTY
MOSQUITO ABATEMENT DISTRICT-EXHIBIT B

RESOLUTION 779-2

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
23187 CONNECTICUT STREET
HAYWARD, CA 94545

ADOPTION OF OPERATIONAL AGREEMENT

WHEREAS, the potential for a major catastrophe due to natural or human-caused disaster causes all government entities within Alameda County to be prepared to share resources and information among themselves as well as with the State of California in order to project public welfare: and

WHEREAS, greater efficiency and disaster preparedness, response, recovery, and mitigation can be achieved by joining the efforts of the County of Alameda, its cities, special districts, and other public benefit non-profit corporations together in pre-disaster agreements; and

WHEREAS, the California Emergency Services Act makes reference to the "operational area" and defines it as "an intermediate level of the state emergency services organization" created to perform extraordinary functions for local governments within a county area such as strengthening mutual coordination, providing a focal point and conduit for disaster information, and assisting in the efficient management of resources; and

WHEREAS, the sharing of resources in an emergency among public agencies is coordinated under the auspices of the California Master Mutual Aid Agreement;

BE IT RESOLVED, that the District adopt the State of California Master Mutual Aid Agreement; and

BE IT FURTHER RESOLVED, that the District Manager designate, in writing, the following:

1. Three persons who will be provided training and orientation to the policies and procedures so that they may represent the District to the Operational Area Emergency Management Organization; and
2. A line of succession of officials (minimum of three persons) who are empowered to represent the District to the Operational Emergency Management Organization;

BE IT FURTHER RESOLVED, that the District Manager provide these two lists to the Alameda County Operational Area Emergency Management Organization within thirty (30) days of adoption of this resolution.

RESOLUTION 779-2

I HEREBY CERTIFY that the foregoing resolution was introduced at a regular meeting of the Board of Trustees of the Alameda County Mosquito Abatement District, held May 10, 1995, by Trustee Garcia who moved its adoption and passage by the following vote:

AYES: Garcia, Edwards, Marks, Scudder, Spinola, Suchman, Vizzolini, Washburn, Martin

NOES: None


ABSENT: Doggett, Flashman, Greene, Hughes, Ocko

SECONDED: Washburn

Approved:


Paul T. Garcia, President
BOARD OF TRUSTEES

ATTEST:


John R. Rusmiser
District Manager

Resolution 932-1

ADOPTION OF OPERATIONAL AREA AGREEMENT

WHEREAS, the potential for a major catastrophe due to natural or human-caused disaster causes all government entities within Alameda County to be prepared to share resources and information among themselves as well as with the State of California in order to protect public welfare; and

WHEREAS, greater efficiency and disaster preparedness, response, recovery, and mitigation can be achieved by joining the efforts of the County of Alameda, its cities, special districts, and other public benefit non-profit corporations together in pre-disaster agreements; and

WHEREAS, the California Emergency Services Act makes reference to the "operational area" and defines it as "an intermediate level of the state emergency services organization" created to perform extraordinary functions for local governments within a county area such as strengthening mutual coordination, providing a focal point and conduit for disaster information, and assisting in the efficient management of resources; and

WHEREAS, the sharing of resources in an emergency among public agencies is coordinated under the auspices of the California Master Mutual Aid Agreement;

BE IT RESOLVED, that the district adopt the *Agreement for Participation in Alameda County Operational Area Emergency Management Organization*, as it was approved by the Alameda County Board of Supervisors on February 15, 2005; and

BE IT RESOLVED, that the district adopt the State of California Master Mutual Aid Agreement; and

BE IT FURTHER RESOLVED, that the District Manager designate, in writing, the following:

- 1) Three persons who will be provided training and orientation to the policies and procedures so that they may represent the district to the Operational Area Emergency Management Organization; and
- 2) A line of succession of officials (minimum of three persons) who are empowered to represent the district to the Operational Area Emergency Management Organization; and

BE IT FURTHER RESOLVED, that the District Manager provide these two lists to the Alameda County Operational Area Emergency Management Organization within thirty (30) days of adoption of this resolution.

AYES:

NOES:

ABSENT:

Adopted at a regular meeting of the Alameda County Mosquito Abatement District Board of Trustees at Hayward, California this 9th day of January 2008.

Signed: _____

President, Board of Trustees

Attest: _____

Secretary, Board of Trustees

RESOLUTION NO.1053-1

ADOPTION OF OPERATIONAL AREA AGREEMENT

WHEREAS, the potential for a major catastrophe due to natural or human-caused disaster causes all government entities within Alameda County to be prepared to share resources and information among themselves as well as with the State of California in order to protect public welfare; and

WHEREAS, greater efficiency and disaster preparedness, response, recovery, and mitigation can be achieved by joining the efforts of the County of Alameda, its cities, special districts, and other public benefit non-profit corporations together in pre-disaster agreements; and

WHEREAS, the California Emergency Services Act makes reference to the “operational area” and defines it as “an intermediate level of the state emergency services organization” created to perform extraordinary functions for local governments within a county area such as strengthening mutual coordination, providing a focal point and conduit for disaster information, and assisting in the efficient management of resources; and

BE IT RESOLVED, that the district adopt the *Agreement for Participation in Alameda County Operational Area Emergency Management Organization*, as it was approved by the Alameda County Board of Supervisors on May 10, 2016.

BE IT RESOLVED, that the district adopt the State of California Master Mutual Aid Agreement; and

BE IT FURTHER RESOLVED, that the General Manager designate, in writing, the following:

1. Three persons who will be provided training and orientation to the policies and procedures so that they may represent the district to the Operational Area Emergency Management Organization; and
2. A line of succession of officials (minimum of three persons) who are empowered to represent the district to the Operational Area Emergency Management Organization; and

BE IT FURTHER RESOLVED, that the General Manager provide these two lists to the Alameda County Operational Area Emergency Management Organization within thirty (30) days of adoption of this resolution.

AYES:

NOES:

ABSENT:

RESOLUTION NO.

I HEREBY CERTIFY that the foregoing resolution was introduced at a regular meeting of the Board of Directors of the Alameda County Mosquito Abatement District, held February 14th, 2018, by Trustee _____ who moved its adoption and passage by the following vote:

AYES:

NOES:

ABSENT:

SECONDED:

Approved:

/s/

BOARD PRESIDENT

ATTEST:

/s/

BOARD SECRETARY

RESOLUTION 1053-2

THE BOARD OF TRUSTEES OF ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT RECOGNIZING THE MOSQUITO CONTROL BENEFITS OF UNMANNED AERIAL SYSTEMS (UAS)

WHEREAS, unmanned aerial systems (UAS) have demonstrated their utility in many professions including public safety, agriculture, and building inspection; and

WHEREAS, the District understands the need to balance the protection of individual privacy rights with the charges of a public agency whose primary mission is to protect public health; and

WHEREAS, the use of UAS can increase the efficiency of inspecting mosquito breeding sources and mosquito control, which can enhance the ability of the District to protect public health while increasing the efficacy of control product deposition, and reducing the cost of equipment and labor by enabling more rapid access to large and remote areas for inspection and treatment activities; and

WHEREAS, the use of UAS can reduce the risk associated with traditional methods of mosquito abatement activities in hazardous environments, and improve safety by reducing the distance that an employee travels within remote and rugged such areas; and

WHEREAS, the use UAS may lessen the impact that mosquito abatement activities have on the environment through a reduced footprint and vehicular tracks on sensitive lands, and reduced fuel emissions; and

WHEREAS, the District shall have in place policies and procedures to ensure the judicious and safe use of UAS technology.

NOW, THEREFORE BE IT RESOLVED that Alameda County Mosquito Abatement District Board of Trustees hereby support the use of UAS technology for mosquito abatement.

PASSED AND ADOPTED by the Board of Trustees of Alameda County Mosquito Abatement at a regular meeting thereof held on February 14th, 2018 by the following vote:

AYES: _____
NOES: _____
ABSTAIN: _____
ABSENT: _____

Board President

ATTEST:

Board Secretary

CHAPTER 200. FINANCIAL

Section 201. Expenditures

By resolution of the Board of Trustees the Board established the following policy to more efficiently review and approve District expenditures.

- 201.1 The District budget will be reviewed, approved and modified as necessary by the Board, consistent with existing District policies, procedures and state law.
- 201.2 The Board authorizes the General Manager to issue warrants that are consistent with the objectives of the budget.
- 201.3 The General Manager shall act as Purchasing Agent unless the Board of Trustees designates another employee. The General Manager may delegate purchasing authority to other personnel in accordance with work functions and operational feasibility.
- 201.4 Any designated Purchasing Agent, within the intent and limits of the District budget, can purchase all materials, supplies, equipment, furnishings and other property for the District. No purchase of property by any person other than the General Manager or his/her designated Purchasing Agent shall be binding upon the District or constitute a lawful charge against any District funds.

Section 202. Bidding Policies

- 202.1 Less than \$10,000. Bidding is not required when the item or service to be purchased is less than \$9,999 in value.
- 202.2 \$10,000 to \$25,000. Informal bidding shall be required when the item or service to be purchased costs between \$10,000 and \$25,000. Such bidding may be accomplished by written request for bids sent to selected bidders; by telephone survey of prices; by electronic requests for bids or surveys of prices; or by such other efforts directed towards obtaining a minimum of three bids. The Purchasing Agent shall award the bid to the lowest responsible bidder, unless the Purchasing Agent determines that the public interest requires a different action. The Board will receive a report of all purchases in this cost range. The Board of Trustees authorizes the Purchasing Agent to purchase items described by this policy, provided they do not exceed \$25,000 and do not exceed the District's total budget amount.
- 202.3 Above \$25,000. When the cost of the item or service to be purchased exceeds \$25,000, formal bidding shall be required. Such bidding process shall require that a notice be posted at the District office at least ten (10) days prior to the bid opening and that formal requests for bids be solicited either by newspaper

publication, trade journal publication, use of a bid service, or other reasonable solicitation. Solicited sealed bids shall be reviewed by the Board and awarded to the lowest responsible bidder based on the Purchasing Agent's analysis and recommendation, unless the Board makes a determination that it would be in the public's best interest to do otherwise. All bids will be retained as part of the District's official record.

202.4 Bidding is Not Required for the Following:

- (a) when an emergency situation exists – Designation of an emergency shall be determined by General Manager with the consent of the Board President or available Board officer;
- (b) when requiring the services of specialized professionals, such as scientists, engineers, attorneys, or accountants;
- (c) when the item or service can only be obtained from one vendor; or
- (d) when the public interest may otherwise require that bidding be dispensed with, provided that the facts constituting the basis for the exception are documented by the Board or General Manager as appropriate. Documentation for exceptions shall be retained as part of the District's official records for at least two years.

Any warrant issued under this Section 202.4 shall indicate on the warrant list the specific exemption relied upon.

202.5 The General Manager shall first review all bids received to determine if they are responsive to the bid request. The General Manager is authorized to waive minor deviations and irregularities in the bids.

202.6 The General Manager shall also have the authority to inspect and test products for quality and fitness described or identified in any bid to determine its appropriateness, and further, may investigate the character and reputation of any bidder to determine responsibility and capability. The General Manager's analysis of these factors shall be used in the determination and recommendation of the lowest responsible bidder.

202.7 The District contract shall be awarded to the lowest responsible bidder, except as otherwise provided above. If two or more bids are substantially identical, the District may accept any such bid. In its sole discretion, the District may reject any and all bids received, and it may re-advertise for additional bids, have District staff perform such work, or negotiate with the lowest bidder.

Section 203. Contracts

- 203.1 The General Manager is hereby authorized to sign and enter into contracts on the District's behalf when the dollar value of the contract is \$25,000 or less.
- 203.2 The Board authorizes the General Manager to enter into contracts that are consistent with the objectives of the budget upon receiving approval from the Board.

Section 204. Warrants

- 204.1 The Board shall review warrants at least monthly to ensure expenditures are within the limitations of the budget, and to raise questions, when appropriate, about any of the listed expenditures.
- 204.2 The Board hereby authorizes the withdrawal of funds from the general fund upon a warrant signed by one member of the Board and the General Manager, or his/her designee.

Section 205. Meeting Stipends

- 205.1 Consistent with Health and Safety Code section 2030, the members of the Board of Trustees may receive their actual and necessary traveling and incidental expenses incurred while on official business. In lieu of paying for actual expenses, the Board of Trustees may by resolution provide for the allowance and payment to each Trustee a sum not to exceed one hundred dollars (\$100) per month for expenses incurred while on official business. A Trustee may waive the payments permitted by this subdivision. Such compensation is in addition to any reimbursement for meals, lodging, travel and expenses consistent with this policy. (Health & Safety Code § 2051.)
- 205.2 Meetings and Service Subject Monthly In Lieu of Allowance. To be entitled to the monthly In Lieu Allowance under this policy, the official business in question must constitute one of the following:
 - (a) A meeting of the District Board of Trustees within the meaning of Government Code section 54952.2(a);
 - (b) A meeting of a District committee within the meaning of Government Code section 54952(b);
 - (c) An advisory body meeting within the meaning of Government Code section 54952(b);
 - (d) A conference within the meaning of Government Code section 54952.2(c)(2);

- (e) A meeting of any multi-jurisdictional governmental body on which the General Manager serves as the District's designated representative; or
- (f) Any meeting attended or service provided on a given day at the formal request of the District Board of Trustees and for which the District Board of Trustees approves payment of In Lieu of Allowance stipend.

Section 206. Travel and Payment of Expenses While on Official Business

206.1 Travel and Payment of Expenses While on Official Business will be approved if:

- (a) There is a substantial benefit to the citizens of Alameda County;
- (b) It includes discussion of the community's concerns with local, regional, state and federal officials;
- (c) There is participation in local, regional, state and national organizations whose activities affect the District;
- (d) Educational seminars are attended designed to improve officials' skill and information levels; and
- (e) Public service and moral is promoted with service to ACMAD.

Section 207. ACMAD Expense Policy

The following policy governs expenditures of District funds and reimbursement of expenses:

207.1 Authorized Expenses. District funds, equipment, supplies (including letterhead), titles and staff time must only be used for authorized District business. The following types of expenses generally constitute authorized expenses, as long as the other requirements of this policy are met:

- (a) Expenses associated with communicating with representatives of regional, state and national government on District adopted policy positions;
- (b) Expenses associated with attending educational seminars designed to improve officials' skill and information levels;
- (c) Expenses associated with participating in regional, state and national organizations whose activities affect the District's interests;
- (d) Expenses associated with recognizing service to the District (for example, thanking an employee with a retirement gift or celebration of nominal value and cost);

- (e) Expenses associated with attending District events;
- (f) Expenses associated with meetings, such as those listed above for which a meeting stipend is expressly authorized under this policy, or
- (g) Expenses associated with legislative and other District-related local, regional, state and federal agency business, conducted over meals, where each meal expenditure must also comply with the limits and reporting requirements of local, regional, state and federal law.

207.2 All other expenditures not included in the budget require approval by the District Board of Trustees.

207.3 Examples of personal expenses that the District will not reimburse include, but are not limited to:

- (a) The personal portion of any trip;
- (b) Political or charitable contributions or events;
- (c) Family expenses, including partner's expenses when accompanying official on District-related business, as well as children- or pet-related expenses;
- (d) Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;
- (e) Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline; and
- (f) Personal losses incurred while on District business.

Any questions regarding the propriety of a particular type of expense should be resolved by the approving authority before the expense is incurred.

207.4 Expense Report Content and Submission Deadline. Expense reports must document that each expense claimed has met the requirements of the policy. For example, if the meeting is with a legislator, the local agency official should explain whose meals were purchased, what issues were discussed and how those relate to the District's adopted legislative positions and priorities. Trustees and employees must submit their expense reports within 30 days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the required documentation. Receipts for gratuities and tolls under \$5 are not required. Inability to provide such documentation in a timely fashion may result in the expense being borne by the individual.

- 207.5 Reports to Governing Board. At the following District Board meeting, each official shall provide a brief oral or written report on meetings or functions attended at District expense. If multiple District representatives attended, a joint report may be provided.
- 207.6 Compliance with Laws. District officials should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All agency expenditures are public records subject to disclosure under the Public Records Act.
- 207.7 Violation of this Policy. Use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following: (1) loss of reimbursement privileges, (2) demand for restitution to the District, (3) the District's reporting the expenses as Trustee or employee income to state and federal tax authorities, and (4) prosecution for misuse of public resources.

Section 208. Cost Control

To conserve District resources and keep expenses within community standards for public officials, expenditures should adhere to the following guidelines.

- 208.1 Transportation. District personnel are expected to use the most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements, using the most direct and time-efficient route. In the event that a more expensive transportation mode or route is used, the cost borne by the District will be limited to the cost of the most economical, direct, efficient and reasonable mode of transportation. District personnel are encouraged to use public transit when available and feasible and to carpool when several people are traveling to the same event by automobile. Automobile mileage is reimbursable at Internal Revenue Service prevailing rates in effect. These rates are designed to compensate the driver for gasoline, insurance, maintenance and other expenses associated with operating the vehicle. Parking, tolls and other similar expenses relating to travel by auto are reimbursable if necessarily incurred in connection with a meeting or function authorized under this policy.
- 208.2 Lodging. Lodging costs will be reimbursed or paid for by the District when travel on official District business reasonably requires an overnight stay. If such lodging is in connection with a conference, lodging costs should not exceed any group rate published by the conference sponsor for the meeting in question. In any event, lodging expenses should be moderate, taking into account community standards and prevailing lodging costs for the area.
- 208.3 Meals. Meal expenses and associated gratuities should be moderate, taking into account community standards and the prevailing restaurant costs of the area. A helpful source of guidance is Internal Revenue Service per diem rates for meals

and incidental expenses, which include adjustments for higher cost locations. Alcohol/personal bar bills are not an appropriate use of District resources.

- 208.4 Telephone/Fax/Mobile Individuals will be reimbursed for actual telephone and fax expenses incurred on District business. Telephone bills should identify which calls were made on District business.
- 208.5 Airport Parking. Long-term parking should be used for travel exceeding 24 hours.
- 208.6 Cash Advance Policy. From time to time, it may be necessary for a District representative to request a cash advance to cover anticipated expenses while traveling or doing business on the District's behalf. Such request for an advance should be submitted to the General Manager at least 14 days prior to the need for the advance with the following information:
- (a) The purpose of the expenditure(s);
 - (b) The benefits of such expenditure to the residents of District;
 - (c) The anticipated amount of the expenditure(s) (for example, actual or expected hotel rates, meal costs, and transportation expenses); and
 - (d) The dates of the expenditure(s).

Any unused advance must be returned to the District treasury within two business days of the official's return, along with an expense report and receipts documenting how the advance was used in compliance with this expense policy.

- 208.7 Credit Card Use Policy. The District does not issue credit cards to individual Trustees, but does have credit cards for selected District expenses. Trustees may use the District's credit card for such purposes as airline tickets and hotel reservations by following the same procedures as for cash advances. Receipts documenting expenses incurred on the District credit card and compliance with this policy must be submitted within five business days of use. District credit cards may not be used for personal expenses, even if the Trustee or employee subsequently reimburses the District. Purchasing agents have a credit card. Employees can purchase items approved in the budget. Receipts are given to the Office Assistant or Administrator. The receipts are reconciled to the statements and then recorded to the general ledger. Disbursement goes through the warrant process noted above
- 208.8 In the event circumstances should arise appearing to warrant deviation from these policies, the General Manager shall secure the approval of the Board before making any changes.

Section 209. Conference Policy

- 209.1 Out of State National Mosquito Control Conference. The General Manager or his/her delegate, trustees, and limited staff may be permitted to attend.
- 209.2 Mosquito and Vector Control Association of California Conference - Outside of the Bay Area. The General Manager may require the Field Operations Supervisor, the Lab Director, and the community education staff to attend, or their designees. Any additional staff or Trustees may request approval, and this approval will be based on workload and conference involvement.
- 209.3 Mosquito and Vector Control Association of California Conference - Within the Bay Area. The General Manager may select any number of District personnel to attend such sessions as he or she may designate from which, in his/her opinion, the employees and the District would derive the most benefit.
- 209.4 Mosquito and Vector Control Association of California (MVCAC) Seminars and Workshops. Trustees are encouraged to represent the District at MVCAC seminars, workshops, committee meetings and regional meetings.

Section 210. Loss or Damage to Personal Property

The District will not be responsible for loss or damage to personal items when the loss or damage incurred was not worked related. Each occurrence of loss or damage to the employee's personal property will be reviewed by the Board on a case-by-case basis.

Section 211. Policy for Disposition of Fixed Assets

- 211.1 Fixed assets of \$5,000 or greater current value are considered Capital Assets, have an expected useful life of three years or greater, and must have Board approval before disposal. Disposal of other fixed assets must be approved by the General Manager.
- 211.2 Disposition of fixed assets may be initiated by a Purchasing Agent. A disposal form must be completed by the initiator and approved by the General Manager and Board, consistent with District policy, before the item is disposed of, salvaged or sold. Money received through the disposition of fixed assets shall be deposited in the County treasury in the District fund.

Section 212. Policy on Petty Cash

The District shall maintain a petty cash fund of \$100 to be used for incidental District expenditures. All reimbursements to employees must be approved by the General Manager, and the transaction documented by pre-numbered voucher with attached receipt of purchase and signed employee request for reimbursement form. The fund

disbursements shall be reviewed by the Board.

Section 213. Fraud Policy

- 213.1 District Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. "Fraud" is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his/her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his/her area of responsibility and be alert for any indication of irregularity. Any fraud that is detected or suspected must be reported to the General Manager or alternatively, to the Chair of the Finance Committee, who coordinates all investigations.
- 213.2 Actions Constituting Fraud. The terms "fraud," "embezzlement," "misappropriation," and other fiscal irregularities refer to, but are not limited to:
- (a) Any dishonest or fraudulent act;
 - (b) Forgery or alteration of any document or account belonging to the District;
 - (c) Forgery or alteration of a check, bank draft, or any other financial document;
 - (d) Misappropriation of funds, securities, supplies, equipment, or other assets;
 - (e) Impropriety in the handling or reporting of money or financial transactions;
 - (f) Disclosing confidential and proprietary information to outside parties;
 - (g) Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the District;
 - (h) Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; or
 - (i) Any similar or related irregularity.
- 213.3 Investigation Responsibilities. The District Finance Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Finance Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Finance Committee will issue reports to the appropriate personnel, and if appropriate, the District Board of Trustees. Decisions to prosecute or refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final dispositions of the case.

- 213.4 Confidentiality. The Finance Committee will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the General Manager or the Finance Committee Chair immediately, and should not attempt to personally conduct investigations or interviews related to the suspected fraudulent act. (See Reporting Procedures in Section 212.6, above.) Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the District from potential civil liability.
- 213.5 Investigation Authority. Members of the District Finance Committee will have free and unrestricted access to all District records and premises and authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises, without the prior knowledge or consent of any individual who may use or have custody or any such items or facilities, when it is within the scope of the Committee's investigations.
- 213.6 Reporting Procedures. Care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

An employee who discovers or suspects fraudulent activity will contact the General Manager or the Chair of the Finance Committee immediately. Alternatively, the employee may use the Employee Risk Management Authority (ERMA – this is a part of the VCJPA self-insurance group coverage) Employee Reporting Line at 1-877-651-3924 to make an anonymous report. This line is monitored 24 hours a day.

The employee or other complainant may remain anonymous to the extent that the law will allow. All inquiries concerning the activity under investigation from the suspected individual(s), his/her/their legal counsel, or any other inquirer should be directed to the Finance Committee or District legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is, "I am not at liberty to discuss this matter."

The individual making the report should be counseled to not contact the suspected individual in an effort to determine facts or demand restitution and to not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the District legal counsel or the Finance Committee.

Section 214. Security

- 214.1 Accounting Security. Petty cash is stored in a locked file cabinet. The General Manager or designee will be the only employees with keys to the petty cash cabinet.

- 214.2 Access to Electronically Stored Accounting Data. It is the policy of the District to utilize passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system.
- 214.3 Storage of Backup Files. It is the policy of the District to maintain back-up copies of electronic data files. Access to back-up files shall be limited to individuals authorized by management.
- 214.4 General Office Security. During normal business hours, all visitors are required to check in at the front counter. After hours, a key and security passcode are required for access to the District's office. Keys are issued only to employees (and janitorial services).

Section 215. Financial Transactions

- 215.1 Warrant Authorization Signers. Warrant Requests require two signatures from the following group: Board Members and the General Manager or his/her designee.
- 215.2 Electronic Funds Transfers. The General Manager is authorized to transfer funds between reserve accounts, the general fund, and any vendors where electronic payments are a more efficient process. General Manager will get pre-approval via the warrant authorization process in the previous section.
- 215.3 Cash Receipts. When miscellaneous checks come in the mail, staff will prepare a deposit form and mail to the general fund with the check. The District keeps a copy of the check for records. All revenue shall be entered in the ledger.
- 215.4 Bank and Cash Account Reconciliations. Reserve accounts and VCJPA statements shall be reconciled once a year at the end of the year. The general fund cash general ledger detail is reconciled as soon as it is received. The Payroll imprest account is reconciled monthly.

Section 216. Liabilities and Assets

- 216.1 Pension Liability. The District's retirement fund shall be at least 80% funded.
- 216.2 Capital Assets. The Office Assistant or Administrator maintains a capital depreciation schedule. Items valued over \$5000 are placed on the depreciation schedule. Disposal or sale of capital assets must have Board approval.

Section 217. Payroll and Benefits

- 217.1 The District uses a third party administrator (TPA) for payroll. Payroll is paid bi-monthly. The TPA prepares 941 and DE6 forms. The TPA delivers payroll checks to the District. Employees have the option to have direct deposit handled by the TPA.
- 217.2 Payroll will be recorded to the general ledger twice a month. Payroll is paid out of a separate imprest bank account. Employees enter time into the District database. The reports are reviewed monthly by the management staff.
- 217.3 Administrative/Finance General Manager prepares a payroll spreadsheet that is approved and signed by the General Manager. This report is support for the transfer of funds from the County cash account to the payroll account.

Section 218. District Fund Policy

218.1 Policy Statement

218.1.1 The District recognizes the importance of adopting policies for financial reserves and reserve funds that adhere to Government Accounting Standards Board (GASB) guidelines and professional standards/best practices such as those identified by, but not limited to Government Finance Officers Association (GFOA). Written, adopted financial policies regarding designated reserves are a critical element of sound short- and long-term fiscal management. The designation of funds for long-term financial goals is an important element of prudent fiscal management and a cornerstone of long-term financial planning. A written and adopted policy on these funds facilitates the attainment of program goals. This policy was developed to clearly identify specific, designated funds. It is the intent of this policy to clearly identify funds, articulate the purpose of each fund, designate the way the funds are replenished and set target levels that are consistent with the District's mission, and the philosophy of its Board of Trustees. This policy shall be known, and may be cited as, the Alameda County Mosquito Abatement District Fund Policy.

218.1.2 Objectives: This policy has been developed to provide for the following:

- (a) To assure continued operation and solvency of the District for carrying out its stated mission;
- (b) To maintain a financially-viable District that can preserve adequate levels of service;

- (c) To maintain financial flexibility in order to continually adapt to change and permit orderly adjustment to unanticipated events;
- (d) To maintain a diversified, financial flexibility and a stable long-term financial plan;
- (e) To facilitate the accumulation and preservation of District funds in an amount equal to the stated target fund level for each specific fund created by the District; and
- (f) To provide information to the citizens of Alameda County on how tax revenues are used and managed.

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

218.2 Fund Policy

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

218.2.2 In order to achieve the objectives of this policy, the Board of Trustees shall adhere to the guidelines as set forth herein.

218.2.3 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.

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

- (a) Restricted Funds shall be segregated, and limited in use to specific and designated purposes as defined and established by the Board of Trustees. According to GASB 54, Restricted Funds are those that are constrained to specific purposes by the constitution, external resource providers (such as grantors, bondholders, and higher levels of government), or through enabling legislation. Examples of Restricted Funds, but not limited to, are pension stabilization, Other Post-Employment Benefits (OPEB)
- (b) Non-restricted Funds may be classified as “Committed” or “Assigned.” These funds do not require the physical segregation of funds, but maybe segregated if desirable.

- (c) Committed Funds are defined by GASB 54 as those that are constrained to specific purposes by a formal action of the agency's highest level decision-making authority (the District's Board of Trustees). Committed Funds cannot be used for any other purpose, unless the District takes the same highest level action to remove or change the constraint. The District's Committed funds include the Public Health Emergency, Repair and Replace, Operating Reserve, and Capital Reserve funds
- (d) Assigned Funds are defined as those that are intended for a specific purpose, but do not meet the criteria to be classified as Restricted or Committed. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. The District currently has no Assigned Funds.

218.2.5 Investment earnings from Restricted and Non-Restricted Funds shall be credited to the District General Fund, unless otherwise stated herein.

218.2.6 Approval by the District's Board of Trustees shall be required prior to the expenditure of Restricted or Committed Funds. Approval shall be determined by action at a public meeting of the Board.

218.2.7 The Board of Trustees shall maintain a written Fund Policy.

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

218.3. Funds

218.3.1 The Board of Trustees hereby establishes and **commits** the following funds:

(a) Public Health Emergency Fund. Appendix 200-1

(b) Repair and Replace Fund. Appendix 200-2.

(c) Operating Reserve Fund. Appendix 200-3.

(d) Capital Reserve Fund. Appendix 200-4

218.3.2 The Board of Trustees hereby establishes and **restricts** the following funds:

(a) Pension Stabilization Fund. Appendix 200-5

(b) Other Post-Employment Benefits (OPEB) Fund Appendix 200-6

218.4. Target Fund Levels

218.4.1 The Board of Trustees shall establish a stated target fund level for each designated fund.

218.5 Annual Evaluation

218.5.1 The General Manager shall perform a review and analysis of each designated fund for presentation to the Board of Trustees at a public meeting upon the occurrence of the following:

- (a) Upon consideration by the Board of Trustees of the annual budget;
- (b) Upon any significant change to and/or expenditure(s) from a designated fund; or
- (c) Upon determination that a fund balance is less than the established target fund level for a designated fund.

APPENDIX 200-1

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT PUBLIC HEALTH EMERGENCY FUND

Purpose of Fund:

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

Policy:

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

1. This fund shall be known as the "Public Health Emergency Fund."
2. The Public Health Emergency Fund shall be designated as a Committed Fund.
3. These funds will be used to replenish operating cash flow in the General Fund should circumstances cause the District to incur greater than normal expenses to prevent or manage an imminent threat to public health from vectors and vector-borne disease.
4. Expenditure of Public Health Emergency Funds must be authorized by the Board of Trustees at a publicly noticed meeting.
5. Expenditures from this designated fund that are subsequently recovered, either partially or fully, from State sources, shall be utilized solely for the purpose of refunding the Public Health Emergency Fund.
6. Investment earnings from the Public Health Emergency Fund may be credited to the District's General Fund.

7. The Public Health Emergency Fund may be invested in financial institutions and instruments that maintain the highest level of liquidity, such as checking, savings, and interest earning savings accounts.
8. Annual replenishment will vary, depending upon other designation requirements and current year expense requirements.
9. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

Target Fund Level:

The target balance of this fund is based on an estimate of likely operational needs should the most likely public health threat scenario become reality. This target balance will be reviewed annually and adjusted as needed to remain current.

APPENDIX 200-2

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT REPAIR AND REPLACE FUND

Purpose of Fund:

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

Policy:

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

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

9. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

Target Fund Level:

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

APPENDIX 200-3

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT OPERATING RESERVE FUND

Purpose of Fund:

. This fund would also act as a rate stabilizer, covering unforeseen losses in revenue caused by drastic reductions in property taxes. This fund will preserve the District's credit worthiness, ensure adequate financial resources are available for timely payment of District obligations, and provide liquidity throughout the fiscal year.

Policy:

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

1. The fund shall be known as the "Operating Reserve Fund."
2. The Operating Reserve shall be designated as a Committed reserve fund.
3. Each year, funds can be transferred from the General Fund to the Operating Reserve Fund to ensure the target fund balance is met.
4. Funds transferred from the Operating Reserve Fund shall be expended solely for the purpose covering unforeseen losses in revenue caused by drastic reductions in property taxes.
5. Investment earnings from the Operating Reserve Fund may be credited to the District's General Fund.
6. Annual replenishment will vary, depending upon other designation requirements and current year expense requirements.
7. This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

The target fund level for the Operating Reserve Fund is to maintain a minimum equal to 60% of discretionary General Fund revenues, as of July 1st of each fiscal year. This target fund level was established based upon the following general guidelines:

1. The District shall maintain a balance in the Operating Reserve Fund equal to approximately 60% budgeted expenditures for the fiscal year.
2. For the purpose of this policy, budgeted expenditures shall include all expenditures associated with the following:

- (a) Salaries and Employee Benefits; and
- (b) Services and Supplies.

APPENDIX 200-4

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT CAPITAL RESERVE FUND

Purpose of Fund:

The purpose of the Capital Reserve Fund is to set aside money for large projects rather than withdrawing those funds from the general fund account.

Policy:

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

1. This fund shall be known as “Capital Reserve Fund.”
2. The Capital Reserve Fund shall be designated as a Committed Fund.
3. These funds will be used to finance large projects that may be identified in the strategic plan.
4. Each year, funds can be transferred from the General Fund to Capital Reserve Fund to ensure the target fund balance is met.
5. Funds transferred from the Operating Capital Reserve shall be expended solely on strategic plan-identified capital projects.
6. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

Target Fund Level:

The target balance of this fund is based on large future capital project needs. This target balance will be reviewed annually and adjusted as needed to remain current.

APPENDIX 200-5

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT PENSION STABILIZATION FUND

Purpose of Fund:

The purpose of the Pension Stabilization Fund is to ensure that increasing pension costs are offset by investments in interest-earning accounts.

Policy:

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

1. This fund shall be known as the "Pension Stabilization Fund."
2. The Pension Stabilization Fund shall be designated as a Restricted Fund.
3. These funds will be used to offset increases in pension costs from unfunded liabilities.
4. The Pension Stabilization Fund will be invested in financial institutions that restrict the funds for only pension-related expenses.
5. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

Target Fund Level:

The target balance of this fund is based on the annual CalPERS actuarial report of unfunded liability.

APPENDIX 200-6

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT OTHER POST-EMPLOYEE BENEFITS (OPEB) FUND

Purpose of Fund:

The purpose of the Other Post-Employee Benefits (OPEB) Fund is to ensure that agreed-upon health, dental, and vision benefits to retired employees, will be fulfilled.

Policy:

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

7. This fund shall be known as the “Other Post-Employee Benefits (OPEB) Fund.”
8. The Other Post-Employee Benefits (OPEB) Fund shall be designated as a Restricted Fund.
9. These funds will be used to annually replenish expenses occurred in the General Fund used to provide health, dental, and vision benefits to qualified retired employees along with fund management.
10. The Other Post-Employee Benefits (OPEB) Fund will be invested in financial institutions that restrict the funds for only OPEB-related expenses.
11. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

Target Fund Level:

The target balance of this fund is based on an actuarial report provided by an independent audit firm based on the current requirements of the Government Accounting Standards Board (GASB)

CHAPTER 200. FINANCIAL

Section 201. Expenditures

By resolution of the Board of Trustees the Board established the following policy to more efficiently review and approve District expenditures.

- 201.1 The District budget will be reviewed, approved and modified as necessary by the Board, consistent with existing District policies, procedures and state law.
- 201.2 The Board authorizes the ~~manager~~ General Manager to issue warrants that are consistent with the objectives of the budget.
- 201.3 The ~~District~~ General Manager shall act as Purchasing Agent unless the Board of Trustees designates another employee. The ~~District~~ General Manager may delegate purchasing authority to other personnel in accordance with work functions and operational feasibility.
- 201.4 Any designated Purchasing Agent, within the intent and limits of the District budget, can purchase all materials, supplies, equipment, furnishings and other property for the District. No purchase of property by any person other than the ~~District~~ General Manager or his/her designated Purchasing Agent shall be binding upon the District or constitute a lawful charge against any District funds.

Section 202. Bidding Policies

- 202.1 Less than ~~\$1000~~ \$10,000. Bidding is not required when the item or service to be purchased is less than ~~\$1000~~ \$9,999 in value.
- 202.2 ~~\$1,000 to \$7,500~~ \$10,000 to \$25,000. Informal bidding shall be required when the item or service to be purchased costs between ~~\$1,000 and \$7,500~~ \$10,000 and \$25,000. Such bidding may be accomplished by written request for bids sent to selected bidders; by telephone survey of prices; by electronic requests for bids or surveys of prices; or by such other efforts directed towards obtaining a minimum of three bids. The Purchasing Agent shall award the bid to the lowest responsible bidder, unless the Purchasing Agent determines that the public interest requires a different action. The Board will receive a report of all purchases in this cost range. The Board of Trustees authorizes the Purchasing Agent to purchase items described by this policy, provided they do not exceed ~~\$7,500~~ \$25,000 and do not exceed the District's total budget amount.
- 202.3 Above ~~\$7,500~~ \$25,000. When the cost of the item or service to be purchased exceeds ~~\$7,500~~ \$25,000, formal bidding shall be required. Such bidding process shall require that a notice be posted at the District office at least ten (10) days prior to the bid opening and that formal requests for bids be solicited either by

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newspaper publication, trade journal publication, use of a bid service, or other reasonable solicitation. Solicited sealed bids shall be reviewed by the Board and awarded to the lowest responsible bidder based on the Purchasing Agent's analysis and recommendation, unless the Board makes a determination that it would be in the public's best interest to do otherwise. All bids will be retained as part of the District's official record per District record retention policy. See Appendix 800-1.

202.4 Bidding is Not Required for the Following:

- (a) when an emergency situation exists – Designation of an emergency shall be determined by District General Manager with the consent of the Board President or available Board officer;
- (b) when requiring the services of specialized professionals, such as scientists, engineers, attorneys, or accountants;
- (c) when the item or service can only be obtained from one vendor; or
- (d) when the public interest may otherwise require that bidding be dispensed with, provided that the facts constituting the basis for the exception are documented by the Board or General Manager as appropriate. Documentation for exceptions shall be retained as part of the District's official records for at least two years.

Any warrant issued under this Section 202.4 shall indicate on the warrant list the specific exemption relied upon.

202.5 The General Manager shall first review all bids received to determine if they are responsive to the bid request. The General Manager is authorized to waive minor deviations and irregularities in the bids.

202.6 The General Manager shall also have the authority to inspect and test products for quality and fitness described or identified in any bid to determine its appropriateness, and further, may investigate the character and reputation of any bidder to determine responsibility and capability. The General Manager's analysis of these factors shall be used in the determination and recommendation of the lowest responsible bidder.

202.7 The District contract shall be awarded to the lowest responsible bidder, except as otherwise provided above. If two or more bids are substantially identical, the District may accept any such bid. In its sole discretion, the District may reject any and all bids received, and it may re-advertise for additional bids, have District staff perform such work, or negotiate with the lowest bidder.

Section 203. Contracts

- 203.1 The ~~District~~ General Manager is hereby authorized to sign and enter into contracts on the District's behalf when the dollar value of the contract is ~~\$7,500~~ \$25,000 or less.
- 203.2 The Board authorizes the ~~District~~ General Manager to enter into contracts that are consistent with the objectives of the budget upon receiving approval from the Board.

Section 204. Warrants

- 204.1 The Board shall review warrants at ~~least monthly each business meeting~~ to ensure expenditures are within the limitations of the budget, and to raise questions, when appropriate, about any of the listed expenditures.
- 204.2 The Board hereby authorizes the withdrawal of funds from the ~~County treasury~~ general fund upon a warrant signed by one member of the Board and the ~~District General~~ Manager, or his/ her designee.

Section 205. Meeting Stipends

- 205.1 Consistent with Health and Safety Code section 2030, the members of the Board of Trustees may receive their actual and necessary traveling and incidental expenses incurred while on official business. In lieu of paying for actual expenses, the Board of Trustees may by resolution provide for the allowance and payment to each Trustee a sum not to exceed one hundred dollars (\$100) per month for expenses incurred while on official business. A Trustee may waive the payments permitted by this subdivision. Such compensation is in addition to any reimbursement for meals, lodging, travel and expenses consistent with this policy. (Health & Safety Code § 2051.)
- 205.2 Meetings and Service Subject Monthly In Lieu of Allowance. To be entitled to the monthly In Lieu Allowance under this policy, the official business in question must constitute one of the following:
- (a) A meeting of the District Board of Trustees within the meaning of Government Code section 54952.2(a);
 - (b) A meeting of a District committee within the meaning of Government Code section 54952(b);
 - (c) An advisory body meeting within the meaning of Government Code section 54952(b);

- (d) A conference within the meaning of Government Code section 54952.2(c)(2);
- (e) A meeting of any multi-jurisdictional governmental body on which the District General Manager serves as the District's designated representative; or
- (f) Any meeting attended or service provided on a given day at the formal request of the District Board of Trustees and for which the District Board of Trustees approves payment of In Lieu of Allowance stipend.

Section 206. Travel and Payment of Expenses While on Official Business

206.1 Travel and Payment of Expenses While on Official Business will be approved if:

- (a) There is a substantial benefit to the citizens-residents of the Alameda Alameda CountyCounty Mosquito Abatement District;
- (b) It includes discussion of the community's concerns with local, regional, state and federal officials;
- (c) There is participation in local, regional, state and national organizations whose activities affect the District;
- (d) Educational seminars are attended designed to improve officials' skill and information levels; and
- (e) Public service, team building, or leadership and moral maorale is promoted with service to ACMAD.

Section 207. ACMAD Expense Policy

The following policy governs expenditures of District funds and reimbursement of expenses:

- 207.1 Authorized Expenses. District funds, equipment, supplies (including letterhead), titles and staff time must only be used for authorized District business. The following types of expenses generally constitute authorized expenses, as long as the other requirements of this policy are met:
- (a) Expenses associated with communicating with representatives of regional, state and national government on District adopted policy positions;
 - (b) Expenses associated with attending educational seminars designed to improve officials' skill and information levels;

- (c) Expenses associated with participating in regional, state and national organizations whose activities affect the District's interests;
- (d) Expenses associated with recognizing service to the District (for example, thanking an employee with a retirement gift or celebration of nominal value and cost of less than \$50.00);
- (e) Expenses associated with attending District events;
- (f) Expenses associated with meetings, such as those listed above for which a meeting stipend is expressly authorized under this policy, or
- (g) Expenses associated with legislative and other District-related local, regional, state and federal agency business, conducted over meals, where each meal expenditure must also comply with the limits and reporting requirements of local, regional, state and federal law.

207.2 ~~All Any other~~ expenditures not included in the budget require approval by the District Board of Trustees.

The following expenses specifically require Board approval if not included in the budget:

- ~~(a) International and out of state travel, and/or~~
- ~~(b) Expenses exceeding \$200 per trip.~~

207.3 Examples of personal expenses that the District will not reimburse include, but are not limited to:

- (a) The personal portion of any trip;
- (b) Political or charitable contributions or events;
- (c) Family expenses, including partner's expenses when accompanying official on District-related business, as well as children- or pet-related expenses;
- (d) Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;
- (e) Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline; and
- (f) Personal losses incurred while on ~~city/County~~ District business.

Any questions regarding the propriety of a particular type of expense should be resolved by the approving authority before the expense is incurred.

- 207.4 Expense Report Content and Submission Deadline. Expense reports must document that each expense claimed has met the requirements of the policy. For example, if the meeting is with a legislator, the local agency official should explain whose meals were purchased, what issues were discussed and how those relate to the District's adopted legislative positions and priorities. Trustees and employees must submit their expense reports within 30 days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the required documentation. Receipts for gratuities and tolls under \$5 are not required. Inability to provide such documentation in a timely fashion may result in the expense being borne by the individual.
- 207.5 Reports to Governing Board. At the following District Board meeting, each official shall provide a brief oral or written report on meetings or functions attended at District expense. If multiple District representatives attended, a joint report may be provided.
- 207.6 Compliance with Laws. District officials should keep in mind that some expenditures may be subject to reporting under the Political Reform Act and other laws. All agency expenditures are public records subject to disclosure under the Public Records Act.
- 207.7 Violation of this Policy. Use of public resources or falsifying expense reports in violation of this policy may result in any or all of the following: (1) loss of reimbursement privileges, (2) demand for restitution to the District, (3) the District's reporting the expenses as Trustee or employee income to state and federal tax authorities, and (4) prosecution for misuse of public resources.

Section 208. Cost Control

To conserve District resources and keep expenses within community standards for public officials, expenditures should adhere to the following guidelines.

- 208.1 Transportation. District personnel are expected to use the most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements, using the most direct and time-efficient route. In the event that a more expensive transportation mode or route is used, the cost borne by the District will be limited to the cost of the most economical, direct, efficient and reasonable mode of transportation. District personnel are encouraged to use public transit when available and feasible and to carpool/[ride share](#) when several people are traveling to the same event by automobile. Automobile mileage is reimbursable at Internal Revenue Service prevailing rates in effect. These rates are designed to compensate the driver for gasoline, insurance, maintenance and other expenses associated with operating the vehicle. Parking, tolls and other similar expenses relating to travel by auto are

reimbursable if necessarily incurred in connection with a meeting or function authorized under this policy.

- 208.2 Lodging. Lodging costs will be reimbursed or paid for by the District when travel on official District business reasonably requires an overnight stay. If such lodging is in connection with a conference, lodging costs should not exceed any group rate published by the conference sponsor for the meeting in question. In any event, lodging expenses should be moderate, taking into account community standards and prevailing lodging costs for the area.
- 208.3 Meals. Meal expenses and associated gratuities should be moderate, taking into account community standards and the prevailing restaurant costs of the area. A helpful source of guidance is Internal Revenue Service per diem rates for meals and incidental expenses, which include adjustments for higher cost locations. Alcohol/personal bar bills are not an appropriate use of District resources.
- 208.4 Telephone/Fax/~~Cellular~~Mobile. Individuals will be reimbursed for actual telephone and fax expenses incurred on District business. Telephone bills should identify which calls were made on District business.
- 208.5 Airport Parking. Long-term parking should be used for travel exceeding 24 hours.
- 208.6 Cash Advance Policy. From time to time, it may be necessary for a District representative to request a cash advance to cover anticipated expenses while traveling or doing business on the District's behalf. Such request for an advance should be submitted to the District General Manager at least 14 days prior to the need for the advance with the following information:
- (a) The purpose of the expenditure(s);
 - (b) The benefits of such expenditure to the residents of District;
 - (c) The anticipated amount of the expenditure(s) (for example, actual or expected hotel rates, meal costs, and transportation expenses); and
 - (d) The dates of the expenditure(s).
- Any unused advance must be returned to the District treasury within two business days of the official's return, along with an expense report and receipts documenting how the advance was used in compliance with this expense policy.
- 208.7 Credit Card Use Policy. The District does not issue credit cards to individual Trustees, but does have credit cards for selected District expenses. Trustees may use the District's credit card for such purposes as airline tickets and hotel reservations by following the same procedures as for cash advances. Receipts documenting expenses incurred on the District credit card and compliance with this policy must be submitted within five business days of use. District credit cards may not be used for personal expenses, even if the Trustee or employee

subsequently reimburses the District. Purchasing agents have a credit card. Employees can purchase items approved in the budget. Receipts are given to the Office Assistant or Administrator. The receipts are reconciled to the statements and then recorded to the general ledger. Disbursement goes through the warrant process noted above

- 208.8 In the event circumstances should arise appearing to warrant deviation from these policies, the District [General](#) Manager shall secure the approval of the Board before making any changes.

Section 209. Conference Policy

- 209.1 Out of State National Mosquito Control Conference. The District [General](#) Manager or his/her delegate, trustees, and limited staff may be permitted to attend.
- 209.2 Mosquito and Vector Control Association of California Conference - Outside of the Bay Area. The District [General](#) Manager may require the Field Operations Supervisor, the Lab Director, and the community education staff to attend, or their designees. Any additional staff or Trustees may request approval, and this approval will be based on workload and conference involvement.
- 209.3 Mosquito and Vector Control Association of California Conference - Within the Bay Area. The District [General](#) Manager may select any number of District personnel to attend such sessions as he or she may designate from which, in his/her opinion, the employees and the District would derive the most benefit.
- 209.4 Mosquito and Vector Control Association of California (MVCAC) Seminars and Workshops. Trustees are encouraged to represent the District at MVCAC seminars, workshops, committee meetings and regional meetings. [Approved cost for registration, travel, lodging, and meal will be reimbursed.](#)

Section 210. Loss or Damage to Personal Property

The District will not be responsible for loss or damage to personal items when the loss or damage incurred was not worked related. Each occurrence of loss or damage to the employee's personal property will be reviewed by the Board on a case-by-case basis.

Section 211. Policy for Disposition of Fixed Assets

- 211.1 Fixed assets of \$5,000 or greater current value are considered Capital Assets, have an expected useful life of three years or greater, and must have Board approval before disposal. Disposal of other fixed assets must be approved by the Manager.

211.2 Disposition of fixed assets may be initiated by a Purchasing Agent. A disposal form must be completed by the initiator and approved by the Manager and Board, consistent with District policy, before the item is disposed of, salvaged or sold. Money received through the disposition of fixed assets shall be deposited in the County treasury in the District fund.

Section 212. Policy on Petty Cash

The District shall maintain a petty cash fund of \$100 to be used for incidental District expenditures. All reimbursements to employees must be approved by the ~~District~~ General Manager, and the transaction documented by pre-numbered voucher with attached receipt of purchase and signed employee request for reimbursement form. The fund disbursements shall be reviewed by the Board.

Section 213. Fraud Policy

213.1 District Management is responsible for the detection and prevention of fraud, misappropriations, and other irregularities. "Fraud" is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his/her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his/her area of responsibility and be alert for any indication of irregularity. Any fraud that is detected or suspected must be reported to the ~~District~~ General Manager or alternatively, to the ~~Chair of the~~ Finance Committee, who coordinates all investigations.

213.2 Actions Constituting Fraud. The terms "fraud," "embezzlement," "misappropriation," and other fiscal irregularities refer to, but are not limited to:

- (a) Any dishonest or fraudulent act;
- (b) Forgery or alteration of any document or account belonging to the District;
- (c) Forgery or alteration of a check, bank draft, or any other financial document;
- (d) Misappropriation of funds, securities, supplies, equipment, or other assets;
- (e) Impropriety in the handling or reporting of money or financial transactions;
- (f) Disclosing confidential and proprietary information to outside parties;
- (g) Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to the District;
- (h) Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; or

(i) Any similar or related irregularity.

- 213.3 Investigation Responsibilities. The District Finance Committee has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. The Finance Committee may utilize whatever internal and/or external resources it considers necessary in conducting an investigation. If an investigation substantiates that fraudulent activities have occurred, the Finance Committee will issue reports to the appropriate personnel, and if appropriate, the District Board of Trustees. Decisions to prosecute or refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final dispositions of the case.
- 213.4 Confidentiality. The Finance Committee will treat all information received confidentially. Any employee who suspects dishonest or fraudulent activity will notify the ~~District~~ General Manager or the Finance Committee Chair immediately, and should not attempt to personally conduct investigations or interviews related to the suspected fraudulent act. (See Reporting Procedures in Section 212.6, above.) Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the District from potential civil liability.
- 213.5 Investigation Authority. Members of the District Finance Committee will have free and unrestricted access to all District records and premises and authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises, without the prior knowledge or consent of any individual who may use or have custody or any such items or facilities, when it is within the scope of the Committee's investigations.
- 213.6 Reporting Procedures. Care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is underway.

An employee who discovers or suspects fraudulent activity will contact the ~~District~~ General Manager or the ~~Chair of the~~ Finance Committee immediately. Alternatively, the employee may use the Employee Risk Management Authority (ERMA – this is a part of the VCJPA self-insurance group coverage) Employee Reporting Line at 1-877-651-3924 to make an anonymous report. This line is monitored 24 hours a day.

The employee or other complainant may remain anonymous **to the extent that the law will allow**. All inquiries concerning the activity under investigation from the suspected individual(s), his/her/their legal counsel, or any other inquirer should be directed to the Finance Committee or District legal counsel. No information concerning the status of an investigation will be given out. The proper response to any inquiry is, "I am not at liberty to discuss this matter."

The individual making the report should be counseled to not contact the suspected individual in an effort to determine facts or demand restitution and to not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the District legal counsel or the Finance Committee.

Section 214. Security

- 214.1 Accounting Security. Petty cash is stored in a locked file cabinet. The Office ~~Assistant or Administrator and the District~~ General Manager ~~or designee~~ will be the only employee(s) with keys to the petty cash cabinet.
- 214.2 Access to Electronically Stored Accounting Data. It is the policy of the District to utilize passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system.
- 214.3 Storage of Backup Files. It is the policy of the District to maintain back-up copies of electronic data files. Access to back-up files shall be limited to individuals authorized by management.
- 214.4 General Office Security. During normal business hours, all visitors are required to check in at the front counter. After hours, a key and security passcode are required for access to the District's office. Keys are issued only to employees (and janitorial services).

Commented [BB3]: By stating "designee" if the position title changes the policy doesn't need updating.

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Section 215. Financial Transactions

- 215.1 Warrant Authorization Signers. Warrant Requests require two signatures from the following group: Board Members and the District General Manager or his/her designee.
- 215.2 Electronic Funds Transfers. The District General Manager is authorized to transfer funds between ~~Local Agency Investment Fund (LAIF), reserve accounts,~~ the ~~County account~~ general fund, and ~~any vendors where electronic payments are a more efficient process-VCJPA.~~ The District General Manager will get pre-approval from the Board at the previous meeting. Approval will be noted in Board Minutes via the warrant authorization process in the previous section.
- 215.3 Cash Receipts. When miscellaneous checks come in the mail, ~~the Office Assistant or Administrator~~ staff will prepare a ~~County~~ deposit form and mail to the ~~general fund -County~~ with the check. The District keeps a copy of the check for records. All revenue shall be ~~entered into~~ entered in the ~~accounting software once a year- ledger.~~
- 215.4 Bank and Cash Account Reconciliations. ~~LAIF Reserve accounts~~ and VCJPA statements shall be reconciled once a year at the end of the year. The general

~~fund County~~ cash general ledger detail is reconciled as soon as it is received. The Payroll imprest account is reconciled monthly.

Section 216. Liabilities and Assets

- 216.1 Pension Liability. The District's retirement fund shall be at least 80% funded.
- 216.2 Capital Assets. The Office Assistant or Administrator maintains a capital depreciation schedule. Items valued over \$5000 are placed on the depreciation schedule. Disposal or sale of capital assets must have Board approval.

Section 217. Payroll and Benefits

- 217.1 The District uses a third party administrator (TPA) for payroll. Payroll is paid bi-monthly. The TPA prepares 941 and DE6 forms. The TPA delivers payroll checks to the District. Employees have the option to have direct deposit handled by the TPA.
- 217.2 ~~The Office Assistant or Administrator records payroll~~ Payroll will be recorded to the general ledger twice a month. Payroll is paid out of a separate imprest bank account. Employees enter time into the District database. The reports are reviewed monthly by the management staff.
- 217.3 Administrative/Finance Manager prepares a payroll spreadsheet that is approved and signed by the District ~~General~~ Manager. This report is support for the transfer of funds from the County cash account to the payroll account.

Section 218. District Fund Policy

218.1 Policy Statement

- 218.1.1 The District recognizes the importance of adopting policies for financial reserves and reserve funds that adhere to Government Accounting Standards Board (GASB) guidelines and professional standards/best practices such as those identified by, but not limited to Government Finance Officers Association (GFOA). Written, adopted financial policies regarding designated reserves are a critical element of sound short- and long-term fiscal management. The designation of funds for long-term financial goals is an important element of prudent fiscal management and a cornerstone of long- ~~Written, adopted financial policies regarding designated reserves are a critical element of sound short- and long-term fiscal management. The designation of funds for long-term financial goals is an important element of prudent fiscal management and a cornerstone of long-term financial planning. A written and adopted policy on these funds facilitates the attainment~~

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Commented [RC6]: Agreed

~~of program goals. This policy was developed to clearly identify specific, designated funds. It is the intent of this policy to clearly identify funds, articulate the purpose of each fund, designate the way the funds are replenished and set target levels that are consistent with the District's mission, and the philosophy of its Board of Trustees. This policy shall be known, and may be cited as, the Alameda County Mosquito Abatement District Fund Policy.~~

~~218.1.2 Objectives: This policy has been developed to provide for the following:~~

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

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~~218.1.3 This policy will be reviewed on an annual basis in order to incorporate appropriate changes, additions and/or deletions.~~

218.2 Fund Policy

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218.2.1 This policy follows the guidelines set in the Governmental Accounting Standards Board ("GASB") Statement No. 54, regarding Fund Balance Reporting and Governmental Fund Type Definitions.

218.2.2 In order to achieve the objectives of this policy, the Board of Trustees shall adhere to the guidelines as set forth herein.

218.2.3 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.

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

- (a) Restricted Funds shall be segregated, and limited in use to specific and designated purposes as defined and established by the Board of Trustees. According to GASB 54, Restricted Funds are those that are constrained to specific purposes by the constitution, external resource providers (such as grantors, bondholders, and higher levels of government), or through enabling legislation. ~~The District currently has no Restricted Funds.~~ Examples of Restricted Funds, but not limited to, are pension stabilization, Other Post-Employment Benefits (OPEB)
- (b) Non-restricted Funds may be classified as “Committed” or “Assigned.” These funds do not require the physical segregation of funds, but maybe segregated if desirable.
- (c) Committed Funds are defined by GASB 54 as those that are constrained to specific purposes by a formal action of the agency’s highest level decision-making authority (the District’s Board of Trustees). Committed Funds cannot be used for any other purpose, unless the District takes the same highest level action to remove or change the constraint. ~~The District’s Committed Funds include the Capital Improvement Fund and the Public Health Emergency Fund.~~ Examples of Committed Funds, but not limited to, are Capital Improvement Fund, Public Health Emergency Fund, Working Capital Fund, Fleet Equipment Fund. The District’s Committed funds include the Public Health Emergency, Repair and Replace, Operating Reserve, and Capital Reserve funds
- (d) Assigned Funds are defined as those that are intended for a specific purpose, but do not meet the criteria to be classified as Restricted or Committed. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. ~~The District’s Assigned Funds include the Working Capital Fund.~~ currently has no Assigned Funds.

218.2.5 Investment earnings from Restricted and Non-Restricted Funds shall be credited to the District General Fund, unless otherwise stated herein.

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

218.2.7 The Board of Trustees shall maintain a written Fund Policy.

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

218.3. Funds

218.3.1 The Board of Trustees hereby establishes and ~~designates commits~~ the following funds:

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(a) Public Health Emergency Fund. Appendix 200-1

(b) ~~Capital Improvement Fund~~Repair and Replace Fund. Appendix 200-2.

(c) ~~Working Capital Fund~~Operating Reserve Fund. Appendix 200-3.

(d) Capital Reserve Fund. Appendix 200-4

218.3.2 The Board of Trustees hereby establishes and restricts the following funds:

(a) Pension Stabilization Fund. Appendix 200-5

(b) Other Post-Employment Benefits (OPEB) Fund Appendix 200-6

218.4. Target Fund Levels

218.4.1 The Board of Trustees shall establish a stated target fund level for each designated fund.

218.5 Annual Evaluation

218.5.1 The District General Manager shall perform a review and analysis of each designated fund for presentation to the Board of Trustees at a public meeting upon the occurrence of the following:

(a) Upon consideration by the Board of Trustees of the annual budget;

(b) Upon any significant change to and/or expenditure(s) from a designated fund; or

(c) Upon determination that a fund balance is less than the established target fund level for a designated fund.

APPENDIX 200-1

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT PUBLIC HEALTH EMERGENCY FUND

Purpose of Fund:

The purpose of the Public Health Emergency Fund is to mitigate the financial impact of unusually high levels of vector-borne disease activity or prevent a future threat to public health from a newly detected invasive mosquito species.

~~The primary role of the District is to prevent and manage threats to public health as they relate to vectors and vector-borne diseases. Due to a wide range of dynamic biological and environmental factors, the abundance and disease levels of vectors and vector-borne disease can vary from year to year. In addition, three new species of mosquitoes have entered California in recent years, and have brought with them the potential for the transmission of human disease not previously endemic to California. In either case, an increased threat to public health is possible, and the District has the duty to respond according to its Integrated Pest Management program and to obtain guidance from the California Department of Public Health as stated in the "Invasive Aedes Response Plan in California" and the "California Mosquito-Borne Virus Response Plan."~~

Policy:

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

1. This fund shall be known as the "Public Health Emergency Fund."
2. The Public Health Emergency Fund shall be designated as a Committed Fund.
3. These funds will be used to replenish operating cash flow in the General Fund should circumstances cause the District to incur greater than normal expenses to prevent or manage an imminent threat to public health from vectors and vector-borne disease.
4. Expenditure of Public Health Emergency Funds must be authorized by the Board of Trustees at a publicly noticed meeting.
5. Expenditures from this designated fund that are subsequently recovered, either partially or fully, from State sources, shall be utilized solely for the purpose of refunding the Public Health Emergency Fund.
6. Investment earnings from the Public Health Emergency Fund may be credited to the District's General Fund.

7. The Public Health Emergency Fund may be invested in financial institutions and instruments that maintain the highest level of liquidity, such as checking, savings, and interest earning savings accounts LAIF.
8. Annual replenishment will vary, depending upon other designation requirements and current year expense requirements.
9. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

Target Fund Level:

The target balance of this fund is ~~\$500,000~~. This target is based on an estimate of likely operational needs should the most likely public health threat scenario become reality. This target balance will be reviewed annually and adjusted as needed to remain current. However it is recognized that having a minimum fund balance of \$500,000 would be prudent.

Commented [RC7]: I agree, it would allow the District to update fund balances without updating the policy manual.

APPENDIX 200-2

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT CAPITAL IMPROVEMENT FUND REPAIR AND REPLACE FUND

Purpose of Fund:

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

Policy:

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

1. This fund shall be known as the "Capital Improvement Fund Repair and Replace Fund."
2. The Capital Improvement Fund Repair and Replace Fund shall be designated as a Committed Fund.
3. These funds will be used to pay for capital assets according to the District budget and purchasing policies.
4. Each year, funds can be transferred from the Repair and Replace Fund Capital Improvement Fund to the General Fund to cover the cost of capital purchases designated and approved during the annual budgeting process.
5. Funds transferred from the Repair and Replace Fund Capital Improvement Fund shall be expended solely for the purpose of replacement, repair and upgrade of existing District vehicles and equipment, or for renovations or replacement of District facilities.
6. The Repair and Replace Fund Capital Improvement Fund may be invested in financial institutions and instruments that maintain the highest level of liquidity, such as checking, savings, and LAF reserve accounts.
7. Investment earnings from the Capital Improvement Fund may be credited to the District's General Fund.

8. Annual replenishment will vary, depending upon other designation requirements and current year expense requirements.
9. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

Target Fund Level:

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

APPENDIX 200-3

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
~~WORKING CAPITAL~~OPERATING RESERVE FUND

Purpose of Fund:

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

Policy:

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

- ~~1. 1.~~ The fund shall be known as the "Operating Reserve Fund Working Capital Fund."
- ~~2. 2.~~ The Operating Reserve Working Capital Fund shall be designated as an Assigned-Committed reserve fund.
- ~~3. 3.~~ Each year, funds can be transferred from the General Fund to the Operating Reserve Fund to ensure the target fund balance is met.
- ~~4. 4.~~ Funds transferred from the Operating Reserve Fund shall be expended solely for the purpose covering unforeseen losses in revenue caused by drastic reductions in property taxes.
- ~~3. 3.~~ ~~The District Manager is authorized to approve the expenditure of Working Capital Funds, without prior approval of the Board of Trustees, in response to day-to-day cash flow requirements.~~
- ~~4. 4.~~ ~~The Working Capital Fund will be held in the District's account in the County Treasury.~~
- ~~5. 5.~~ Investment earnings from the Operating Reserve Working Capital Fund may be credited to the District's General Fund.

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~~6. 6.~~ Annual replenishment will vary, depending upon other designation requirements and current year expense requirements.

~~7. 7.~~ This policy shall be reviewed on an annual basis for long-term adequacy and use restrictions.

Target Fund Level:

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

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

APPENDIX 200-4

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

Purpose of Fund:

The purpose of the Capital Reserve Fund is to set aside money for large projects rather than withdrawing those funds from the general fund account.

Policy:

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

1. This fund shall be known as Capital Reserve Fund.”
2. The Capital Reserve Fund shall be designated as a Committed Fund.
3. These funds will be used to finance large projects that may be identified in the strategic plan.
4. Each year, funds can be transferred from the General Fund to Capital Reserve Fund to ensure the target fund balance is met.
5. Funds transferred from the Operating Capital Reserve shall be expended solely on strategic plan-identified capital projects.
6. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

Target Fund Level:

The target balance of this fund is based on large future capital project needs. This target balance will be reviewed annually and adjusted as needed to remain current.

APPENDIX 200-5

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
PENSION STABILIZATION FUND**

Purpose of Fund:

The purpose of the Pension Stabilization Fund is to ensure that increasing pension costs are offset by investments in interest-earning accounts.

Policy:

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

7. This fund shall be known as the "Pension Stabilization Fund."
8. The Pension Stabilization Fund shall be designated as a Restricted Fund.
9. These funds will be used to offset increases in pension costs from unfunded liabilities.
10. The Pension Stabilization Fund will be invested in financial institutions that restrict the funds for only pension-related expenses.
11. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

Target Fund Level:

The target balance of this fund is based on the annual CalPERS actuarial report of unfunded liability.

APPENDIX 200-6

**ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
OTHER POST-EMPLOYEE BENEFITS (OPEB) FUND**

Purpose of Fund:

The purpose of the Other Post-Employee Benefits (OPEB) Fund is to ensure that agreed-upon health, dental, and vision benefits to retired employees, will be fulfilled.

Policy:

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

12. This fund shall be known as the "Other Post-Employee Benefits (OPEB) Fund."
13. The Other Post-Employee Benefits (OPEB) Fund shall be designated as a Restricted Fund.
14. These funds will be used to annually replenish expenses occurred in the General Fund used to provide health, dental, and vision benefits to qualified retired employees along with fund management.
15. The Other Post-Employee Benefits (OPEB) Fund will be invested in financial institutions that restrict the funds for only OPEB-related expenses.
16. This policy shall be reviewed on an annual basis for long-term adequacy and use restriction.

Target Fund Level:

The target balance of this fund is based on an actuarial report provided by an independent audit firm based on the current requirements of the Government Accounting Standards Board (GASB)

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
LIST OF WARRANTS DATED JANUARY 15, 2018.

WAR NO	PAYEE		ACCT NO	AMT OF CHARGE	AMT OF WARRANT
035518	Biological Specialist	Total salary less deductions for payroll period	600001	\$ 2,783.46	
035518	Mosq Control Tech	"	600001	\$ 2,428.43	
035518	Lab Seasonal	"	600001	\$ 808.69	
035518	Lab Seasonal	"	600001	\$ 873.77	
035518	Vector Biologist	"	600001	\$ 2,936.79	
035518	Vector Biologist	"	600001	\$ 2,894.61	
035518	Mosq Control Tech	"	600001	\$ 2,303.43	
035518	Regulatory & Public Affairs Director	"	600001	\$ 2,920.65	
035518	District Manager	"	600001	\$ 3,941.53	
035518	Asst Mosq Control Tech	"	600001	\$ 2,327.80	
035518	IT Director	"	600001	\$ 3,087.25	
035518	Lab Director	"	600001	\$ 3,279.60	
035518	Outreach seasonal	"	600001	\$ 893.96	
035518	Field Operations Supervisor	"	600001	\$ 3,664.44	
035518	Lab Seasonal	"	600001	\$ 853.44	
035518	Accounting Associate	"	600001	\$ 2,161.16	
035518	Vector Biologist	"	600001	\$ 3,694.30	
035518	Lab Seasonal	"	600001	\$ 601.31	
035518	Mosq Control Tech	"	600001	\$ 2,761.04	
035518	Mosq Control Tech	"	600001	\$ 2,391.02	
035518	Mechanical Specialist	"	600001	\$ 3,399.42	
035518	IRS	Federal tax withheld (payroll)	600001	\$ 8,648.47	
035518		Medicare Tax Withheld (payroll)	600001	\$ 962.47	
035518		District Contribution to Medicare (payroll)	600401	\$ 962.47	
035518	State of California	State Tax withheld (payroll)	600001	\$ 2,613.79	
035518	EDD	Ca Disability	600001	\$ 618.08	
035518	Bank of America	Transfer to Bank of America (Change in Salary for EE)	600001	\$ 158.84	\$ 64,970.22
035618	Public Employees' Retirement System	Employee Contributions	600001	\$ 16.00	
		Employee Paid Member Contributions, 7% & 6.5%	600001	\$ 4,660.97	
		Employer Contribution 9.599% & 6.908%	600201	\$ 5,831.82	\$ 10,508.79
035718	Aetna Life & Annuity	Employee Contributions	600001	\$	150.00
035818	CALPERS 457 Plan	Employee Contributions - PERS 457	600001	\$	2,530.00
035918	Delta Dental Plan	Monthly Premium	600601	\$	4,411.85
036018	Vision Service Plan	Health premium	600601	\$	651.36
036118	The Hartford	Life Insurance	600601	\$	78.71
036218	All-Ways Green Services	Janitorial Service	620021.1	\$	410.00
036318	Automatic Fire Inc	Extinguishers	610461.7	\$	2,263.36
036418	Beck's Shoes	Boots for M.W	610001	\$	164.52
036518	Cintas	Laundry service	610011	\$ 431.16	
		Personal supplies	610001	\$ -	\$ 431.16
036618	Corporate Park Landscaping	Landscape maintenance	610122.1	\$	195.00
036718A	California Special Districts Association	Financial Advising	610261.12	\$	1,895.54
036718	Grainger	Shop supplies	610141	\$ 29.67	
		Shop supplies	610461.7	\$ 42.45	\$ 72.12
036818	Leading Edge Association, Inc.	MapVision	620042	\$	7,410.00
036918	Mar-Len Supply	Shop supplies	610461.6	\$ 55.00	
		Shop supplies	620141.1	\$ 95.00	\$ 150.00
037018	NBC Supply Corp	Shop supplies	610461.7	\$	831.25
037118	PFM Asset Management	Investment advisory services	610261.11	\$	1,741.11
037218	PG & E	Utilities	610021.2	\$	409.72
037318	PC Professional	Remote Support	620042	\$	75.00
037418	Pitney Bowes	Postage	620041	\$	94.82
037518	Treds	Tire disposal	610141	\$	1,814.12
037618	Techniclean	Towels	620021.2	\$	89.18
037718	VCJPA	Employee Assistance Program	610261.4	\$	217.92
037818	Waste Management	Garbage Service	610021.1	\$	221.49

WAR NO	PAYEE	ACCT NO	AMT OF CHARGE	AMT OF WARRANT
037918	U.S Bank			
	Amazon - Refund	620141.1	\$ (12.06)	
	Amazon - Wooden paint paddle	620141.1	\$ 69.21	
	Amazon - Styrofoam	620141.5	\$ 50.96	
	Thornton Plastics Company - Lab supplies	620141.5	\$ 180.82	
	MVCAC - Registration for Jan	610191.3	\$ 290.00	
	Lifetech - Lab supplies	620141.3	\$ 350.76	
	Lifetech - Taqman Qsy	620141.3	\$ 850.80	
	Lifetech - Taqman Qsy	620141.3	\$ 212.70	
	Lifetech - Lab supplies	620141.7	\$ 35.61	
	Stericycle - Monthly fuel charge/online training	620141.7	\$ 197.47	
	Qiagen - DNeasy blood & Tissue kit	620141.7	\$ 569.13	
	Lifetech - Lab Supplies	620141.7	\$ 915.81	
	Fisher Scientific - Biocooler cold box	620141.7	\$ 404.41	
	Lampire - Chicken blood	620141.7	\$ 233.25	
	Qiagen - PCR Purification kit	620141.8	\$ 485.41	
	Amazon - (5) Notebooks	620141.8	\$ 80.00	
	Fisher Scientific - Agarose	620141.8	\$ 256.28	
	MVCAC - Registration for E.C	610191.3	\$ 290.00	
	Marriott - Hotel for E.C	610191.3	\$ 218.49	
	Douglass Parking - Parking	610191.3	\$ 24.00	
	EB Second National - Registration for E.C	610191.3	\$ 150.00	
	The Home Depot - Garden Stake	610451	\$ 25.94	
	Affordable Display - Brochure Tour	610451	\$ 222.58	
	Constant Contract - Contract	610451	\$ 20.00	
	Marriott - Hotel for J.H	610191.3	\$ 218.49	
	MVCAC - Registration for J.H	610191.3	\$ 290.00	
	Round Table - Food for training	610191.7	\$ 165.41	
	Office Depot - Office Supplies	620041	\$ 52.69	
	Amazon - Boots for M.W & M.C	610001	\$ 301.45	
	The Ford Store - Battery	610141	\$ 127.31	
	Just Smog - Smog V#21	610141	\$ 31.75	
	Just Smog - Smog V#45	610141	\$ 31.75	
	Amazon - (2) Tire repaid kits	610141	\$ 24.12	
	FoodMaxx - Party supplies	610191.7	\$ 149.05	
	Smart N Final - Items for staff party	610191.7	\$ 99.94	
	Smart N Final - Ice	610191.7	\$ 7.22	
	Amazon - Fish food	610461.4	\$ 67.14	
	The Home Depot - Tools	620261	\$ 81.42	
	Northern Tool - Tools	620261	\$ 214.80	
	Northern Tool - Tools	620261	\$ 52.89	
	The Home Depot - Tools	620261	\$ 89.25	
	MVCAC - Registration for S.E	610191.3	\$ 290.00	
	Cal Chamber - Office Supplies	620041	\$ 108.51	
	Acco - Redbooks	620041	\$ 304.49	
	Quill - Office supplies	620041	\$ 172.01	
	Quill - Office supplies	620041	\$ 8.22	
	Communications (phone)	610022.1	\$ 1,156.44	
	TPX Communications - Communications (phone)	610022.1	\$ 1,174.86	
	MVCAC - Registration for R.F	610191.3	\$ 235.00	
	Marriott - Hotel for J.B	610191.3	\$ 218.49	
	7-Eleven - Board supplies	610191.4	\$ 37.34	
	Digital Deployment - Work with website	610451	\$ 3,250.00	
	Amazon - (4) Seneye Slide Ammonia	610461.4	\$ 152.32	
	Amazon - Calendar, planner	620041	\$ 40.78	
	JAMF Software - Software	620042	\$ 32.00	
	Upwork - Refund	620042	\$ (2.91)	
	Upwork - Refund	620042	\$ (7.09)	
	Upwork - Contract business intelligence	620042	\$ 7.09	
	Upwork - Contract business intelligence	620042	\$ 2.91	
	Amazon - Network unit	620042	\$ 275.80	
	Comcast - Internet	620042	\$ 172.79	
	Upwork - Contract business intelligence	620042	\$ 226.05	
	Best Buy - Laptop	620042	\$ 616.79	
	Amazon - Power supply	620042	\$ 39.98	
	Amazon - Flash drives	620042	\$ 83.98	
	Amazon - (2) Wireless mouse	620042	\$ 132.76	
	Best Buy - Laptop	620042	\$ 589.95	
	Upwork - Contract business intelligence	620042	\$ 198.65	
	Best Buy - Refund	620042	\$ (199.99)	
	Sheraton - Pantry item	610191.3	\$ 4.00	
	Famous Dave's - Board party	610191.7	\$ 279.50	
	CSDA - Training R.C	610191.7	\$ 600.00	
				\$ 18,326.97
	Total Warrants January 15th			\$ 120,114.21

ALAMEDA COUNTY MOSQUITO ABATEMENT DISTRICT
LIST OF WARRANTS DATED **JANUARY 31, 2018**

WAR NO	PAYEE	FOR	ACCT NO	AMT OF CHARGE	AMT OF WARRANT
038018	Biological Specialist	Total salary less deductions for payroll period	600001	\$ 2,875.48	
038018	Mosq Control Tech	"	600001	\$ 2,428.43	
038018	Lab Seasonal	"	600001	\$ 878.90	
038018	Lab Seasonal	"	600001	\$ 990.12	
038018	Vector Biologist	"	600001	\$ 3,016.59	
038018	Vector Biologist	"	600001	\$ 2,966.61	
038018	Mosq Control Tech	"	600001	\$ 2,303.43	
038018	Regulatory & Public Affairs Director	"	600001	\$ 2,996.46	
038018	District Manager	"	600001	\$ 4,255.21	
038018	Asst Mosq Control Tech	"	600001	\$ 2,327.80	
038018	IT Director	"	600001	\$ 3,234.57	
038018	Lab Director	"	600001	\$ 3,355.33	
038018	Outreach/ Office Seasonal	"	600001	\$ 985.14	
038018	Field Operations Supervisor	"	600001	\$ 3,714.16	
038018	Lab Seasonal	"	600001	\$ 711.78	
038018	Accounting Associate	"	600001	\$ 1,855.31	
038018	Vector Biologist	"	600001	\$ 3,694.29	
038018	Lab Seasonal	"	600001	\$ 965.99	
038018	Mosq Control Tech	"	600001	\$ 2,761.05	
038018	Mosq Control Tech	"	600001	\$ 2,391.01	
038018	Mechanical Specialist	"	600001	\$ 3,462.83	
038018	IRS	Federal Tax Withheld	600001	\$ 8,965.73	
038018		Medicare Tax Withheld	600001	\$ 986.58	
038018		District Contribution to Medicare	600401	\$ 986.58	
038018	State of California	State Tax Withheld	600001	\$ 2,717.22	
038018	EDD	Ca Disability	600001	\$ 628.50	\$ 66,455.10
038118	Aetna Life & Annuity	Employee contributions	600001		\$ 150.00
038218	CalPERS	Employee/ Employer contributions	600001	\$ 17.00	
		Employee paid member contributions, 7%, 6.5%	600001	\$ 4,683.20	
		District contribution 9.559%, 6.908%	600201	\$ 5,879.31	\$ 10,579.51
038318	CalPERS 457 Plan	Employees contributions - PERS 457	600001		\$ 2,570.00
038418	CalPERS	Health insurance	600601		\$ 32,943.53
	P. Robert Beatty	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ -
038518	Elizabeth Cooley	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
038618	James Doggett	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
038718	Robert Dickinson	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
038818	Eric Hentschke	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
038918	Ed Hernandez	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
039018	Humberto Izquierdo	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
039118	Elisa Marquez	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
039218	Katherine Narum	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
039318	Wendi Poulson	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
039418	Jan Washburn	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
039518	George Young	Trustee in lieu expenses - 1052nd meeting	610191.5		\$ 100.00
039618	Airgas	Dry ice pellets	620141.1	\$ 17.18	
039718	All-Ways Green Services	Floor cleaning	610122.2	\$ 2,635.00	
039818	Cintas	Laundry Service	610011	\$ 287.44	
040118	G.A Goodman Inc	Work on V#21	610141	\$ 145.70	
040218	PG & E	Utilities	610021.2	\$ 1,499.15	
040318	Regional Government Services	Contract services for month	620141.1	\$ 551.25	
040418	Sonitrol	Monitoring charges and CCTV Fees	620021.3	\$ 750.00	
040518	Treds	Tire Disposal	610141	\$ 797.56	
040618	Verizon	Communication expenses	610022.4	\$ 1,286.57	
040718	Wright Express	Fuel expenses, statement ended 01-15-18	610191.1	\$ 2,174.32	
		Total Warrants January 31st			\$ 124,672.77
		Total Warrants January 15th			\$ 120,114.21
		Total January Warrants			\$ 244,786.98

Alameda County Mosquito Abatement District Budget Summary
As of January 31, 2018. (7 of 12 mth, 58%)

Account #		EXPENDED IN (January)	EXPENDED TO DATE	BUDGETED	BALANCE	% EXPEND ED
SALARY & BENEFITS						
600001	Salary and Wages	\$ 134,876.27	\$ 1,041,889.53	\$ 1,761,305.00	\$ 719,415.47	59%
600201	Contribution to Retirement ¹	\$ -	\$ 244,342.48	\$ 253,662.20	\$ 9,319.72	96%
600401	Contribution to Medicare	\$ 1,949.05	\$ 12,871.59	\$ 25,881.00	\$ 13,009.41	50%
600601	Contribution to Health Care	\$ 5,141.92	\$ 425,714.77	\$ 506,368.08	\$ 80,653.31	84%
SERVICE AND SUPPLIES						
610001	Clothing and personal supplies	\$ 465.97	\$ 2,447.04	\$ 8,500.00	\$ 6,052.96	29%
610011	Laundry services and supplies	\$ 718.60	\$ 4,670.79	\$ 9,000.00	\$ 4,329.21	52%
610021	Utilities					
610021.1	Garbage	\$ 221.49	\$ 1,549.17	\$ 3,000.00	\$ 1,450.83	52%
610021.2	PG & E	\$ 1,908.87	\$ 12,730.47	\$ 24,000.00	\$ 11,269.53	53%
610021.3	Hayward Water & Sewage	\$ -	\$ 1,834.15	\$ 7,000.00	\$ 5,165.85	26%
610021.4	Biohazard and Chemical Waste Disposal	\$ -	\$ -	\$ 4,000.00	\$ 4,000.00	0%
610022	Communications					
610022.1	Telephone Service & Internet	\$ 2,331.30	\$ 6,957.56	\$ 14,000.00	\$ 7,042.44	50%
610022.3	Website and email hosting	\$ -	\$ 205.37	\$ 1,200.00	\$ 994.63	17%
610022.4	Cell phone service (Verizon)	\$ 1,286.57	\$ 8,926.20	\$ 17,000.00	\$ 8,073.80	53%
610022.5	Microsoft Office 365	\$ -	\$ -	\$ 4,000.00	\$ 4,000.00	53%
610141	Maintenance of equipment	\$ 3,025.82	\$ 14,096.09	\$ 45,000.00	\$ 30,903.91	31%
610122	Maintenance of structure and improvements					
610122.1	Landscaping service	\$ 195.00	\$ 1,760.00	\$ 3,600.00	\$ 1,840.00	49%
610122.2	Facility Maintenance	\$ 2,841.62	\$ 9,195.65	\$ 25,000.00	\$ 15,804.35	37%
610191	Transportation, travel, & training					
610191.1	Fuel and GPS (WexMart)	\$ 2,174.32	\$ 23,359.46	\$ 45,000.00	\$ 21,640.54	52%
610191.3	Meetings, conferences, & travel	\$ 2,228.47	\$ 13,824.10	\$ 35,000.00	\$ 21,175.90	39%
610191.4	Board meeting expenses	\$ 37.34	\$ 332.27	\$ 800.00	\$ 467.73	42%
610191.5	Board payments in lieu	\$ 1,100.00	\$ 8,200.00	\$ 16,800.00	\$ 8,600.00	49%
610461.53	Continuing Education fees	\$ -	\$ -	\$ 4,210.00	\$ 4,210.00	0%
610191.7	Staff Training (automotive, IT, staff development)	\$ 1,301.12	\$ 30,076.59	\$ 55,000.00	\$ 24,923.41	55%
610261	Professional services					
610261.1	Audit	\$ -	\$ 7,840.00	\$ 13,000.00	\$ 5,160.00	60%
610261.2	Actuarial reports	\$ -	\$ 700.00	\$ 5,500.00	\$ 4,800.00	13%
610261.3	Helicopter service	\$ -	\$ -	\$ 35,000.00	\$ 35,000.00	0%
610261.4	Legal services	\$ 217.92	\$ 714.49	\$ 13,000.00	\$ 12,285.51	5%
610261.5	MVCAC Research Foundation	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	0%
610261.7	Tax collection service - SCI	\$ -	\$ 16,048.77	\$ 35,000.00	\$ 18,951.23	46%
610261.8	Payroll service	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	0%
610261.9	Environmental consultant services for regulatory issues	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00	0%
610261.1	HR Services (Municipal Resource Group)	\$ 551.25	\$ 7,978.83	\$ 15,000.00	\$ 7,021.17	53%
610261.11	OPEB service (PFM)	\$ 1,741.11	\$ 10,607.00	\$ 22,000.00	\$ 11,393.00	48%
610261.12	Financial advising	\$ 1,895.54	\$ 4,537.71	\$ 16,270.00	\$ 11,732.29	28%
610351	Annual memberships and dues total	\$ -	\$ 15,606.00	\$ 22,130.00	\$ 6,524.00	71%
610378	Insurance total	\$ -	\$ 128,758.93	\$ 133,810.00	\$ 5,051.07	96%
610451	Community education total	\$ 3,518.52	\$ 18,932.17	\$ 53,000.00	\$ 34,067.83	36%
610461	Special expenses					
610461.1	Pesticides	\$ -	\$ 41,115.84	\$ 200,000.00	\$ 158,884.16	21%
610461.2	Field supplies (dippers etc)	\$ -	\$ -	\$ 2,200.00	\$ 2,200.00	0%
610461.4	Fish and Fish Maint.	\$ 219.46	\$ 1,182.60	\$ 6,000.00	\$ 4,817.40	20%
610461.51	Aerial Pool Survey	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	0%
610461.52	Permits ²	\$ -	\$ 6,893.38	\$ 100.00	\$ (6,793.38)	6893%
610461.54	Board plaques and nameplates	\$ -	\$ -	\$ 500.00	\$ 500.00	0%
610461.6	Spray equipment	\$ 55.00	\$ 3,128.38	\$ 30,000.00	\$ 26,871.62	10%
610461.7	Safety ³	\$ 3,137.06	\$ 5,522.97	\$ 2,000.00	\$ (3,522.97)	276%
620021.1	Janitorial service	\$ 410.00	\$ 3,170.00	\$ 6,500.00	\$ 3,330.00	49%
620021.2	Supplies	\$ 89.18	\$ 777.12	\$ 2,000.00	\$ 1,222.88	39%
620021.3	Alarm Service- Sonitrol	\$ 750.00	\$ 5,266.00	\$ 11,000.00	\$ 5,734.00	48%
620021.4	Drinking Water system & filter	\$ -	\$ 117.98	\$ 510.00	\$ 392.02	23%
620041	Office supplies	\$ 1,281.52	\$ 7,401.35	\$ 13,050.00	\$ 5,648.65	57%
620042	Information technology	\$ 9,653.76	\$ 19,303.40	\$ 73,400.00	\$ 54,096.60	26%
620141	Laboratory total	\$ 4,992.74	\$ 47,249.34	\$ 105,000.00	\$ 57,750.66	45%
620261	Small tools and instruments	\$ 438.36	\$ 1,100.21	\$ 8,500.00	\$ 7,399.79	13%
650031.1	Capital expenditures	\$ -	\$ 90,163.16	\$ 240,000.00	\$ 149,836.84	38%
TOTAL EXPENDITURES		\$ 190,755.15	\$ 2,309,098.91	\$ 4,013,802.28	\$ 1,704,703.37	58%
TOTAL WARRANTS			244,786.98			
TOTAL RESERVES EXPENDITURES		\$ 54,031.83				
AMOUNT DEPRECIATED		\$ 18,241.75				
Discrepancy from Expenditures and Warrant list		\$ 0.00				

Notes

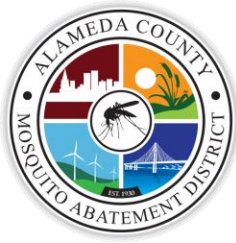
- 1 - A/C 600201 Lump sum of funds have already been transferred out of County to Bank of the West and debited to Retirement account
- 2 - Overage to be taken from contingency budget (oversight in final 2017-18 budget)
- 3 - Overage to be taken from contingency budget (mounted dash-cam not in original budget)

Investments, Reserves, and Cash Balance

Account #	Activity in January	Activity to Date	Beginning Balance 7/1/17	Current Balance	
<u>Budget Reserves</u>					
800001	Working Capital (Dry Period Cash) \$	-	\$ 2,391,220.00	\$ 2,391,220.00	
800002	Capital Replacement \$	183,553.12	\$ 500,000.00	\$ 316,446.88	
800003	Public Health \$	-	\$ 500,000.00	\$ -	
800004	Contingency \$	15,600.00	\$ 25,000.00	\$ 9,400.00	
<hr/>					
	December Balance	Activity to Date		January Balance	
<u>Investment Accounts</u>					
800005	LAIF \$	1,502,955.33	\$(1,500,000.00)	\$ 4,068.67	
	OPEB Fund \$	4,181,278.38		\$ 4,393,685.71	
800006	VCJPA Contingency \$	334,557.00		\$ 338,161.00	
800007	CAMP: Repair and Replace \$	500,187.42	\$ 500,000.00	\$ 500,792.90	
800007	CAMP: Public Health Emergency \$	500,187.42	\$ 500,000.00	\$ 500,792.90	
800007	CAMP: Operating Reserve \$	500,000.00	\$ 1,000,000.00	\$ 1,000,867.44	
800007	CAMP: Capital Reserve Fund \$	-		\$ -	
800008	PARS: Pension Stabilization ¹ \$	-		\$ -	
<hr/>					
	Cash Balances	December Balance	January Expenditures	Deposits ²	January Balance
	Bank of America (Payroll Account)				\$ 128,895.20
	Bank of The West (Transfer account)				\$ 683,565.86
	County Account	\$ 3,525,631.31	\$ 244,786.98	\$ (19,484.58)	\$ 3,354,360.74
<hr/>					
	<u>Interfund transfers</u>	Activity			
	ACH Transfers to CalPERS (Retirement) \$	21,088.30			
	ACH Transfers to CalPERS (Health) \$	32,943.53			
	Total ACH Transactions \$	54,031.83			

1- \$500,000 transferred to Bank of the West, awaiting to make transfer to PARS after February Board meeting

2 - Amount deposited in the County



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MONTHLY STAFF REPORT – February 2018

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1. OPERATIONS REPORT

Operations staff presented two posters at the annual MVCAC conference in Monterey. Sarah Erspamer presented a poster describing a new approach to mosquito larval monitoring in difficult to access sources. John Busam co-presented a poster with the ACMAD lab and Madera County Mosquito and Vector Control on new approaches to collecting adult *Aedes aegypti* mosquitoes. Both posters generated a significant amount of interest and discussion at the conference.

Limited rainfall in December and January left little water in sources throughout the county in January, despite that fact all the district's winter mosquito species were active. Larvae of *Aedes squamiger*, *Aedes washinoi*, and *Culiseta inornata* were collected, identified, and treated during the month. Operations staff continued to monitor for larvae of *Aedes sierrensis*. Operations staff also continued to encounter *Culex tarsalis* and *Culex pipiens* due to unseasonal warm temperatures. Larvae of *Culiseta incidens*, which breed year-round, were also collected, identified and treated.

Operations conducted inspections and treatments in January with the same goals exercised in the prior two months: to check all potential winter sources and treat all breeding located. The continuing goal has been to limit larvae in any given source in a proactive manner should significant rainfall arrive. Another aspect of this approach is that limited rainfall, in conjunction with unusually warm temperatures, can potentially speed up the development cycle of larvae. Under normal rainfall and temperature, *Ae. squamiger*, *Ae. washinoi* and *Ae. sierrensis* tend to emerge as adults in the later weeks of March around the spring equinox. Given the weather patterns encountered during the last few months, this emergence may well occur in early March or even before the close of February. Later instar larvae collected from the field support this idea. With all the above in mind, most winter sources have been inspected and treated at least once and, in many cases, several times over the last few months.

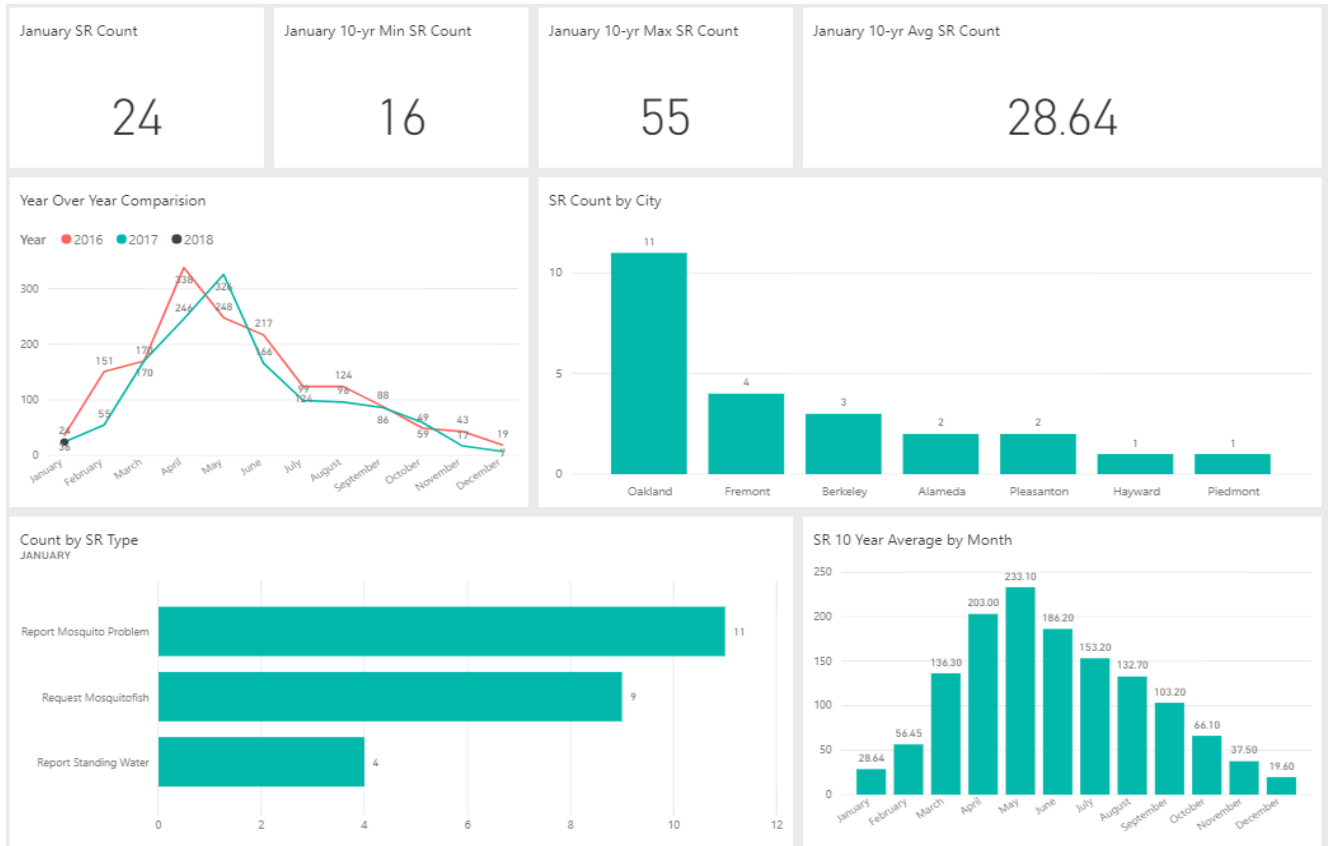
There is also an expectation that we will see more *Culex sp.* females coming out early and beginning to lay eggs in suitable sources throughout Alameda County. Operations will closely monitor this process and commence treating these sources as soon as larvae are detected. This will be a critical aspect of ACMAD's disease prevention larval control program. Data state-wide has shown that West Nile virus, and several other mosquito-borne diseases, are amplified in drought years. Thus, early and consistent control of all our *Culex sp.*, will be imperative.

January service requests were higher than those in 2017, likely due to the warmer weather and more people out in the environment. Service requests are still below the ten-year average. Close to half of the requests for service were requests for mosquito fish.

Joseph Huston
Field Operations Supervisor

A. Operational Data

1. Service Requests



2. Other

Number of all injuries during 2018 = 2

3. Activity Report

Vacation Hours Used	101
Sick Hours Used	52
Workers Comp.	0
ETO Used	43
Total Leave	196
ETO Hours Accrued	10

2. LAB

Arbovirus Surveillance

- No detection of West Nile virus (WNV), Saint Louis encephalitis virus (SLEV) or Western equine encephalitis virus (WEEV) in birds or mosquitoes during 2018.

Native Mosquito Abundance

- Because weather was cool and rainy during January 2018, EVS CO₂ traps were not placed that month (average temperature of 53 °F, 109 growing degree days, 3.08 inches of precipitation in Hayward, CA).
- All New Jersey Light Traps (NJLT) were brought in from the field during the second week of January, cleaned and repaired at District headquarters, and returned to the field during the third week of January. Mosquito abundance, as measured using NJLT, was low for the month of January (total of 197 mosquitoes over 378 trap nights; 0.52 mosquitoes / trap night)

Invasive *Aedes* Surveillance

- Invasive *Aedes* mosquitoes have not been detected in any mosquito trap placed in Alameda County during 2018.

Research

- The lab contributed five (5) poster presentations and two (2) oral presentations at the annual meeting of the Mosquito and Vector Control Association that was held January 28 – 31, 2018. The Laboratory Director participated in the Visual Gateway Workshop on January 28, during which Tableau software-based analysis of mosquito abundance data was performed.
- The lab has extended its use of the quantitative PCR assay (QPCR) for detecting permethrin resistance that is mediated by a single nucleotide polymorphism (SNP) in the knockdown resistance (*kdr*) gene of *Culex pipiens* (Figure 1). Tests of adult *Cx. pipiens* that were captured from four locations during 2017 showed that more than a third were heterozygous for the SNP that is associated with permethrin resistance, and approximately 5 % were homozygous for the resistance-associated allele (Figure 2). Notably, for mosquitoes collected near Lake Merritt (Oakland, CA), 71 % were heterozygous, and 14 % were homozygous mutant.
- Although adult *Cx. pipiens* are not easily collected in Alameda County using CO₂ EVS traps, the larvae of this species are routinely found in a wide range of locations using dippers. The QPCR assay for *kdr* analyzes genomic DNA. Consequently, the life stage of the mosquito tested does not affect the result of the assay. DNA extracted from larvae of lab colony *Cx. pipiens* showed the expected homozygous susceptible *kdr* genotype (not shown). To establish a geographically broad and data-rich understanding of pyrethroid insecticide resistance in *Cx. pipiens* that reside in Alameda County, the lab intends to begin *kdr* testing of *Cx. pipiens* larvae, whenever they are collected.
- There is currently no validated *kdr* assay for *Culex tarsalis*. To assess insecticide resistance in this species, we conducted CDC bottle bioassays and enzyme activity assays using *Cx. tarsalis* that were collected at Coyote Hills Regional Park (CH), Hayward Sewer Ponds (HSP), the most western end of West Winton Street (WWE), and Don Edwards Wildlife Reserve (DEWR). Results were compared to *Cx. pipiens* from the ACMAD lab colony (Figure 3). The enzymes tested are those that are known to metabolize and inactivate insecticides. Beta-esterase and oxidase enzyme activity was significantly higher in field-collected *Cx. tarsalis* relative to lab colony *Cx. pipiens* (Figure 4 and 5). The activity of alpha-esterase was significantly higher in *Cx. tarsalis* collected from CH relative to lab colony *Cx. pipiens* (Figure 3). Mosquitoes having increased esterase and oxidase activities may be able to more rapidly detoxify pyrethroid-based insecticides, and thus survive applications of pyrethroid insecticides. Interestingly, the activity of acetylcholinesterase was significantly lower in *Cx. tarsalis* collected from CH, and insensitive acetylcholinesterase was not detected (Figure 5), suggesting that *Cx. tarsalis* in CH may be highly sensitive to organophosphate-based insecticides.
- CDC bottle bioassays of *Cx. tarsalis* showed those that were collected from CH were more sensitive to a 90 minute exposure to permethrin relative to those collected from DEWR (Figure 6). Increasing the exposure time to 24 h resulted in mosquitoes collected from both sites displaying high permethrin-mediated mortality.

FIGURES

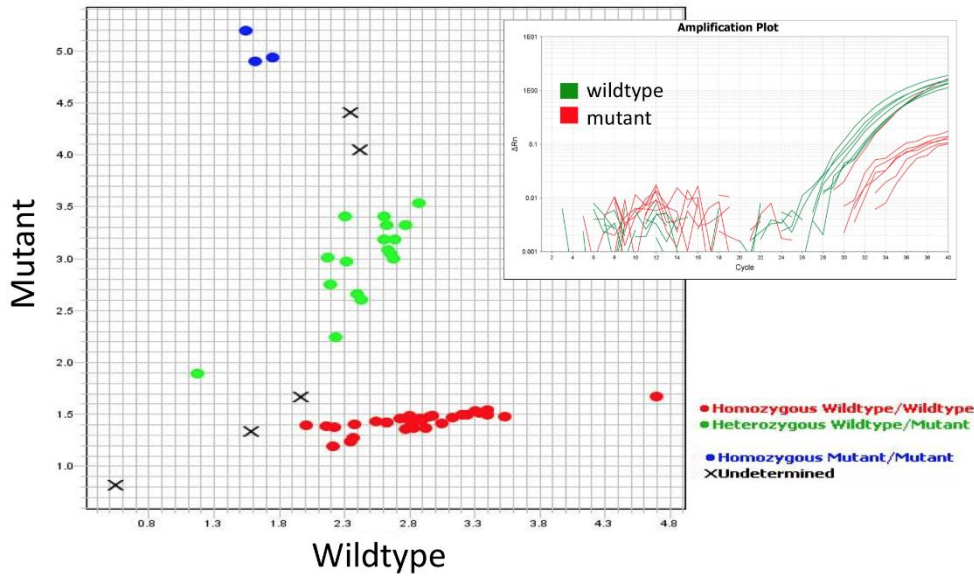


Figure 1. Allelic discrimination and amplification plot for detecting mutant or wildtype SNP of the *kdr* gene in *Cx. pipiens* that were collected from Alameda County. (Insert) Primers for the *kdr* gene and probes to detect the wildtype and mutant L1040 SNP successfully amplified DNA that was isolated from adult *Cx. pipiens*. Allelic discrimination analysis successfully categorized 94 % of the specimens (n = 80) as homozygous for the wildtype or mutant *kdr* allele, or heterozygous.

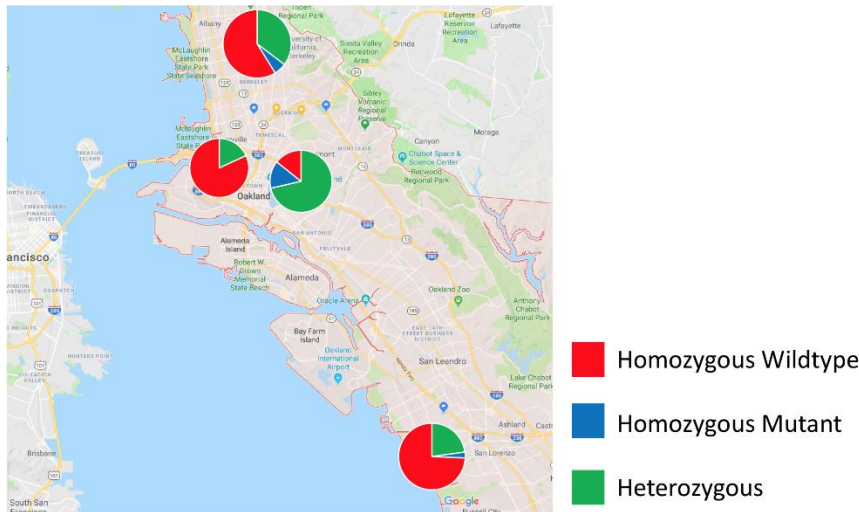


Figure 2. Geospatial distribution of *kdr* alleles of *Cx. pipiens* collected in Alameda County. Pie charts indicate location where mosquitoes were collected and the proportion of each collection that was homozygous for the wildtype or mutant allele, or was heterozygous.

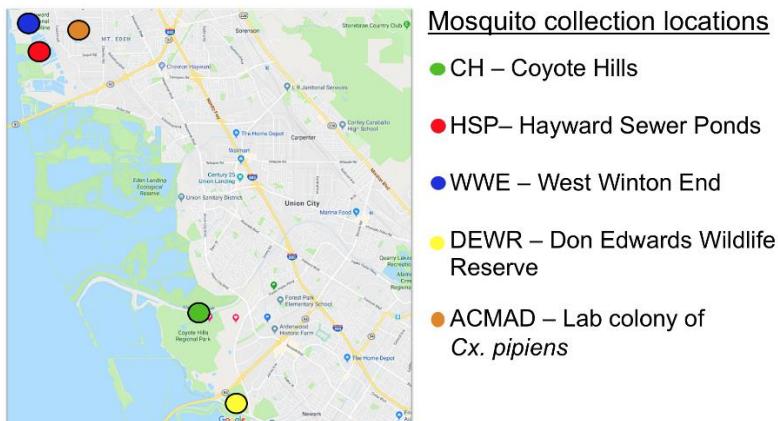
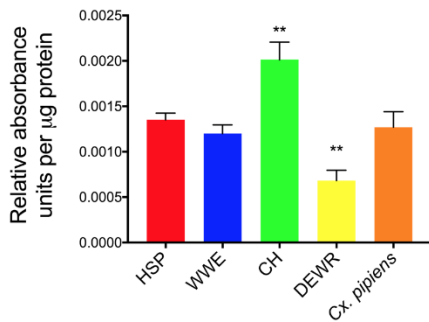


Figure 3. Locations where *Cx. tarsalis* were collected for insecticide resistance assays.

α-esterase



β-esterase

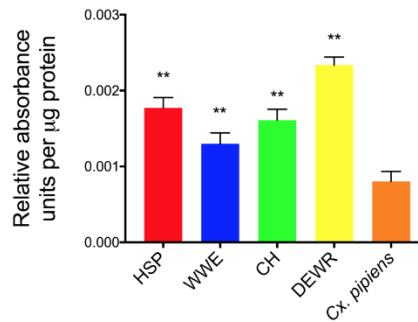
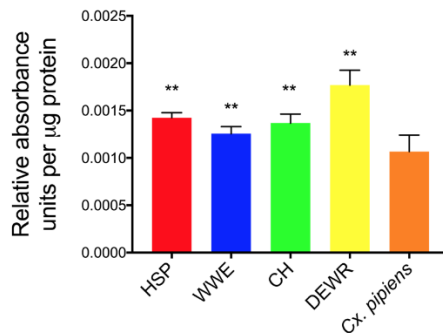


Figure 4. Activity α-esterase and β-esterase from *Cx. tarsalis* collected in AC. Activity of α-esterase in *Cx. tarsalis* collected at CH was significantly higher than what was observed for *Cx. pipiens*, while α-esterase activity in *Cx. tarsalis* collected at DEWR was significantly lower. β-esterase activity in *Cx. tarsalis* collected at each of the sites in AC was significantly higher than what was observed for lab colony *Cx. pipiens* (**multiple t-tests, P < 0.05).

oxidase



GST

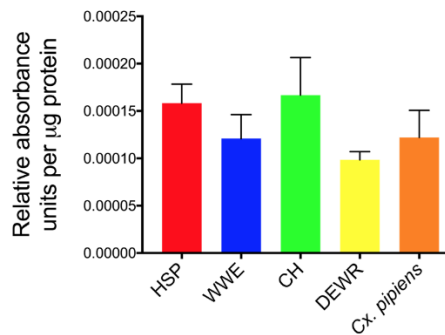
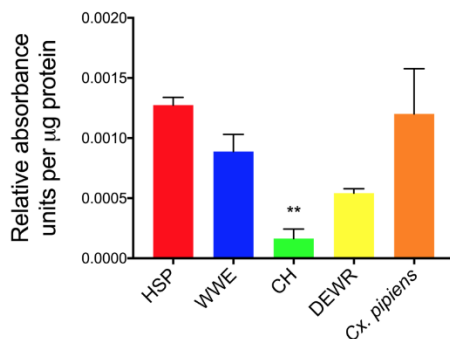


Figure 5. Activity of oxidase and glutathione-S-transferases (GST) from *Cx. tarsalis* collected in AC. The oxidase activity in *Cx. tarsalis* collected at each site was significantly higher than oxidase activity observed in lab colony *Cx. pipiens*. There was no significant difference in GST activity for field-collected *Cx. tarsalis* relative to lab colony *Cx. pipiens* (**multiple t-tests, P < 0.05).

acetylcholinesterase



insensitive acetylcholinesterase

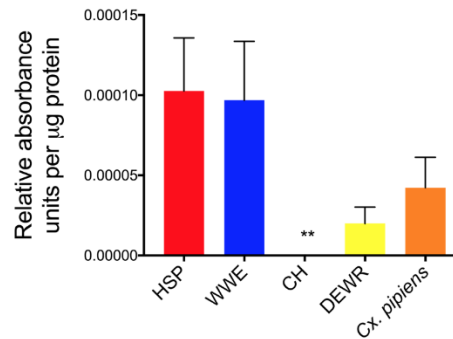


Figure 6. Activity of acetylcholinesterase and insensitive acetylcholinesterase from *Cx. tarsalis* collected in AC. The activity of acetylcholinesterase for *Cx. tarsalis* collected in HSP, WWE and DEWR was similar to the acetylcholinesterase activity found in lab colony *Cx. pipiens*. The activity of insensitive acetylcholinesterase was

low for all mosquitoes tested, and was absent from *Cx. tarsalis* that were collected at CH (**multiple t-tests, $P < 0.05$).

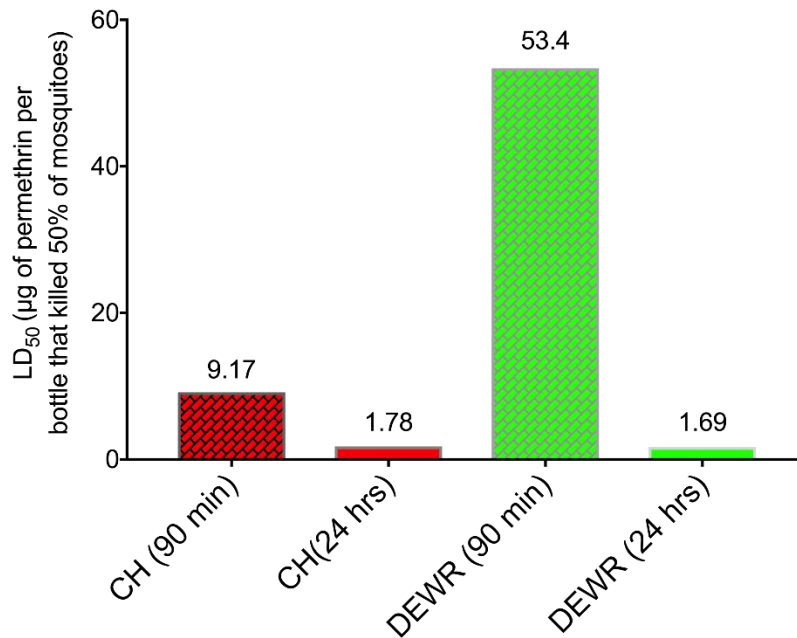


Figure 7. LD₅₀ values for *Cx. tarsalis* collected at CH and DEWR were determined using CDC-bottle bioassay. Adult *Cx. tarsalis* were placed into 250 mL bottles that were coated with permethrin (0, 0.5, 1.0, 2.0, 3.0, and 4.0 µg of permethrin per bottle). Mosquitoes were observed over the course of 90 min, and the number of immobile mosquitoes was recorded every 15 min. Bottles were gently rotated every 15 min, encouraging upright mosquitoes to change location in the bottle. The number of immobile mosquitoes was recorded again after 24 h. LD₅₀ values were calculated using linear regression. The results from the 90 min time point suggests that *Cx. tarsalis* collected in DEWR were more resistant to permethrin relative to those collected from CH. Most of the test mosquitoes died from permethrin intoxication after 24 h, suggesting that the toxic effect of permethrin on *Cx. tarsalis* continued to accumulate after 90 min.

Submitted respectfully by Eric Haas-Stapleton, PhD on February 6, 2018.

3. PUBLIC EDUCATION

A. Events

i. Upcoming

- **Spring Home & Garden Show** - Friday, February 16th to Sunday, February 18th (Alameda County Fairgrounds, Pleasanton)
- **2nd National Living Shorelines Technology Transfer Workshop** – Wednesday, February 21st and Thursday, February 22nd (Hilton Oakland Airport)
- **Dublin St. Patrick’s Day Celebration** – Saturday, March 17th and Sunday, March 18th (Dublin Civic Center)

B. Google Analytics

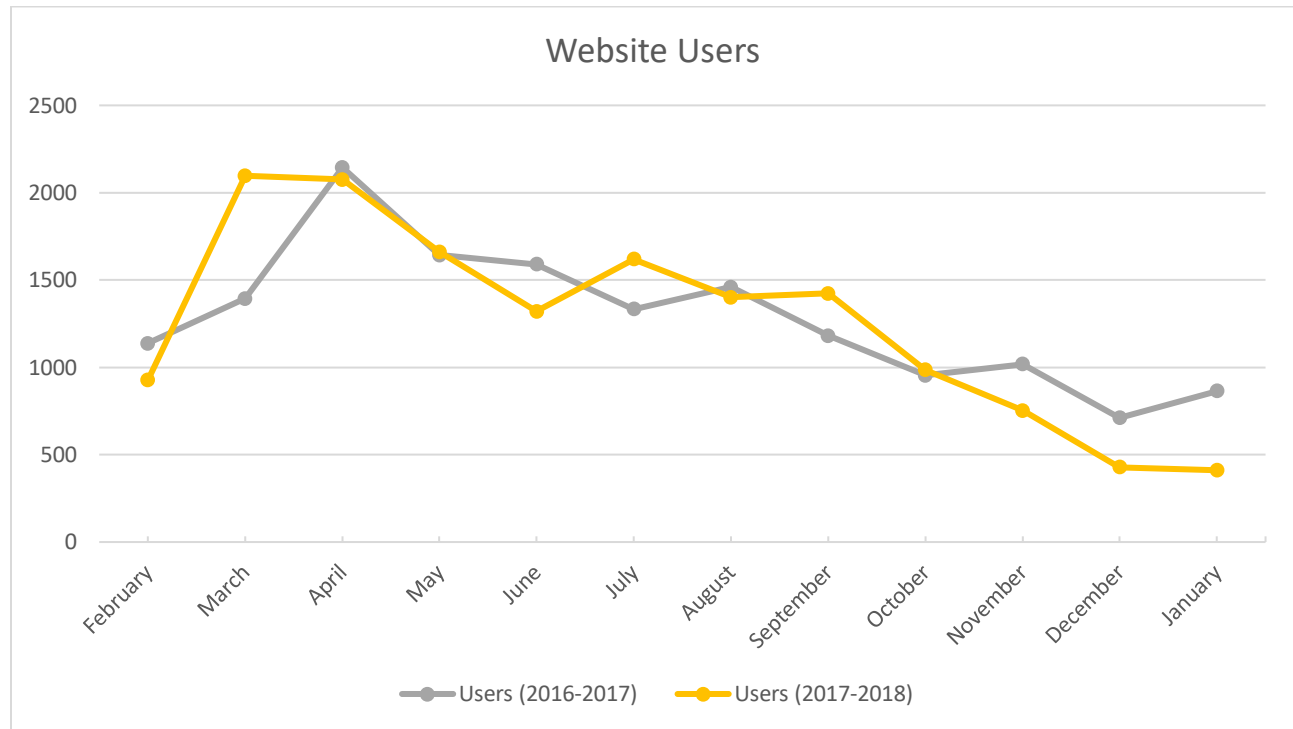
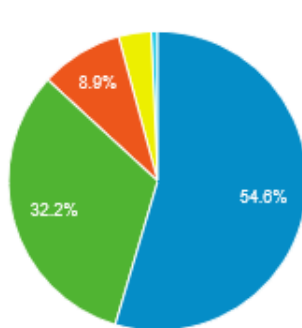


Figure 1. Comparison of website users over the past two years

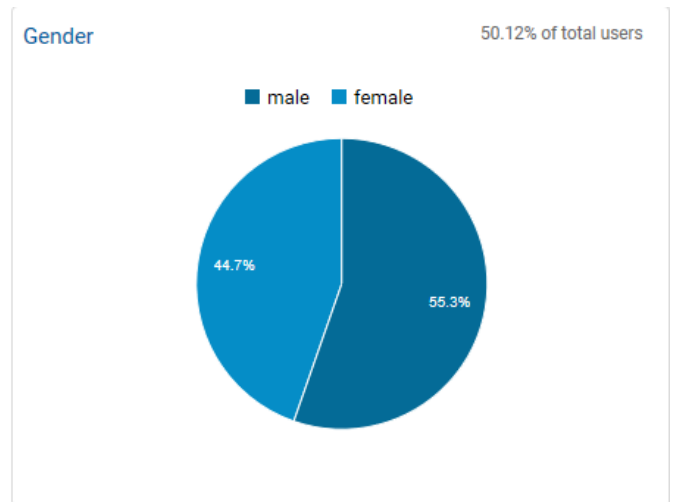
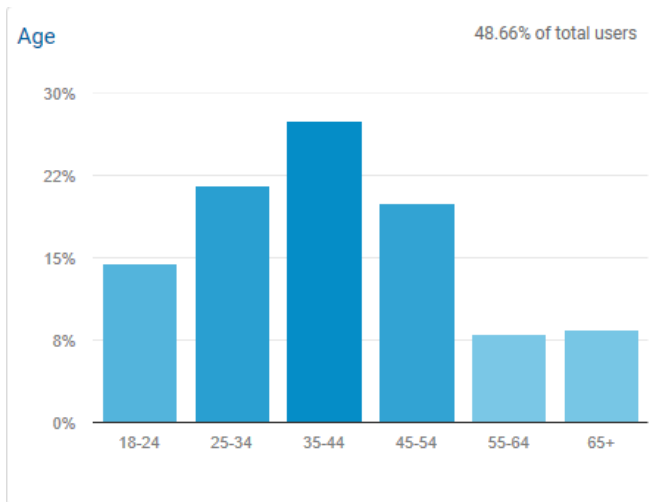
Top Channels



- Direct
- Organic Search
- Referral
- Social
- Email

- **Organic Search** - The website was found through a search engine, such as Google.
- **Direct** - The website URL was typed directly into the search bar.
- **Referral** - The website was accessed through another website.
- **Social** - The website is accessed through links on our social media accounts.
- **Email** – The website is accessed through a link sent in an email.

Figure 2. Top channels to our website in January



Figures 3 and 4. Breakdown of users in the month of January by age and gender

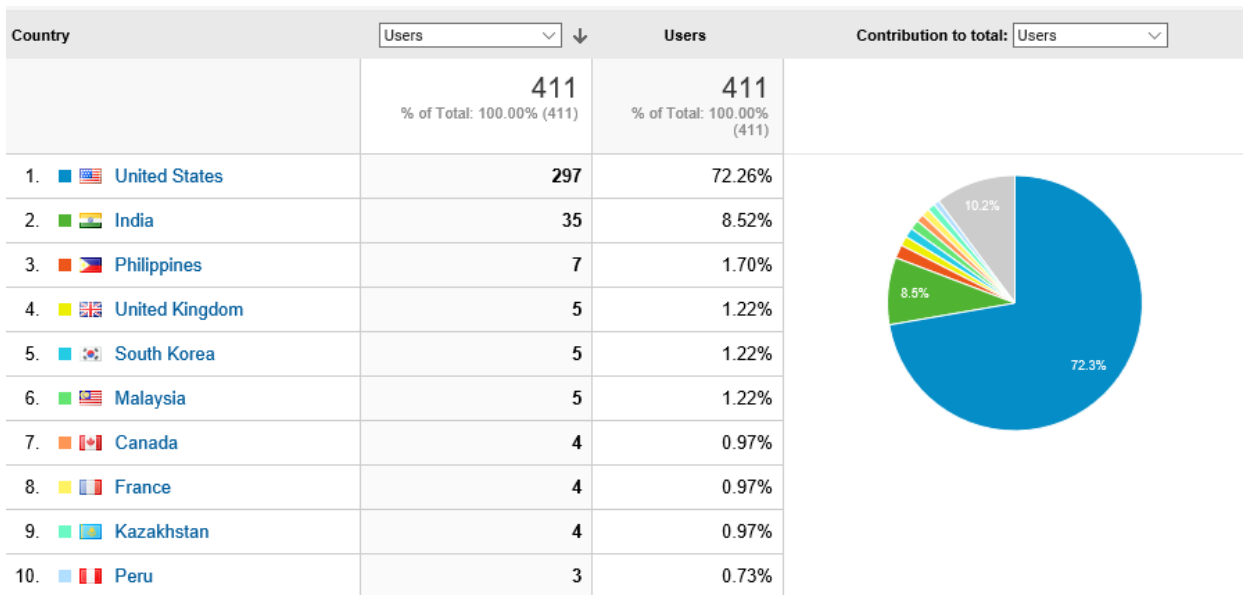


Figure 5. January visits to the website by country

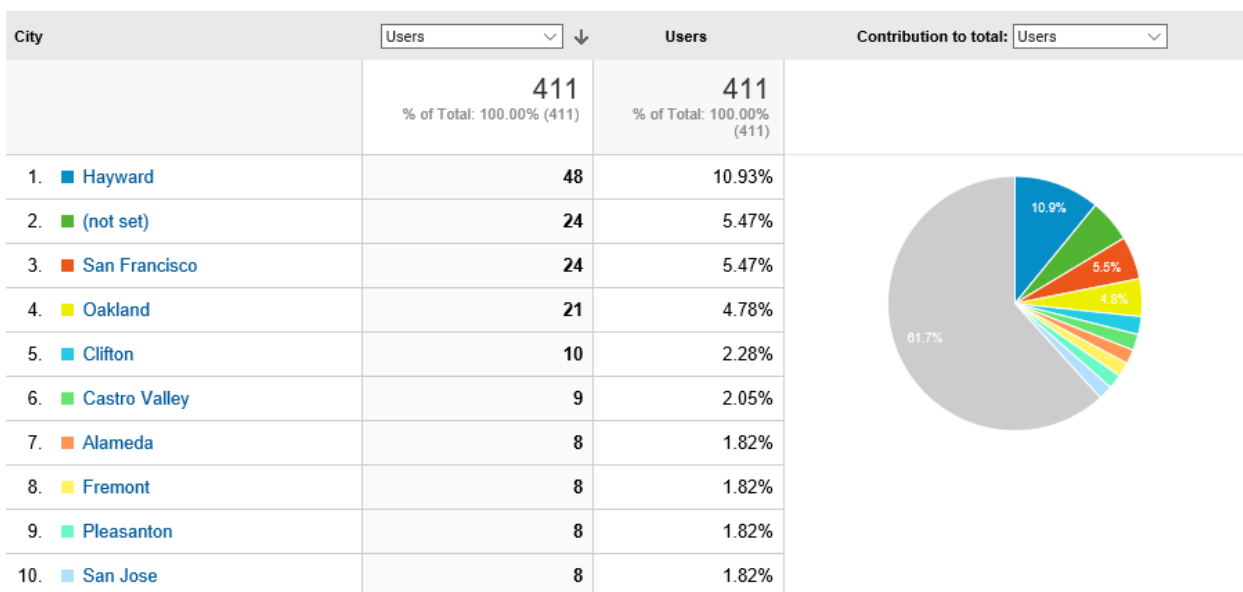


Figure 6. January visits to the website by city

Page Depth ?	Users ?	Sessions ?	Pageviews ?
1	251	309	309
2	100	140	280
3	51	58	174
4	39	44	176
5	21	24	120
6	12	12	72
7	13	14	98
8	7	10	80
9	6	7	63
10	6	6	60
11	6	6	66
12	1	1	12
13	3	3	39
14	1	1	14
15	1	1	15
16	1	1	16
17	4	4	68
18	1	1	18
19	1	1	19
20+	18	18	1,196

Figure 7. January breakdown of how many pages were viewed during each session

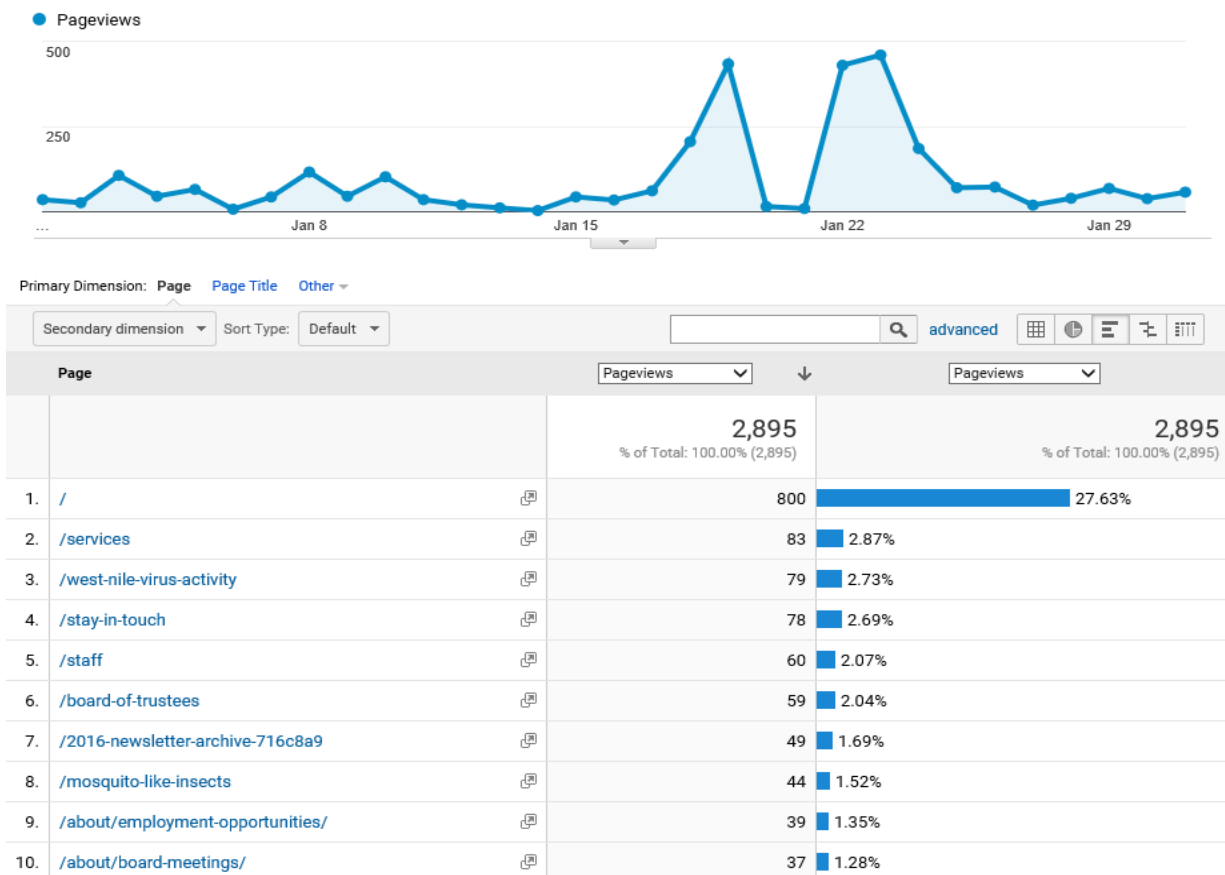
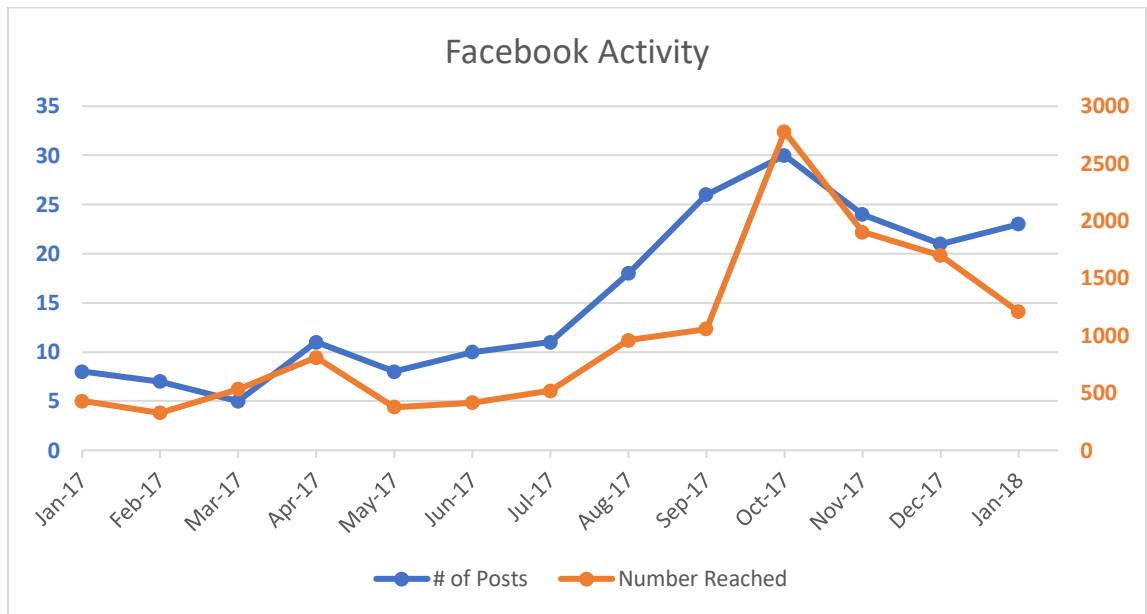


Figure 8. January breakdown of the top pages visited

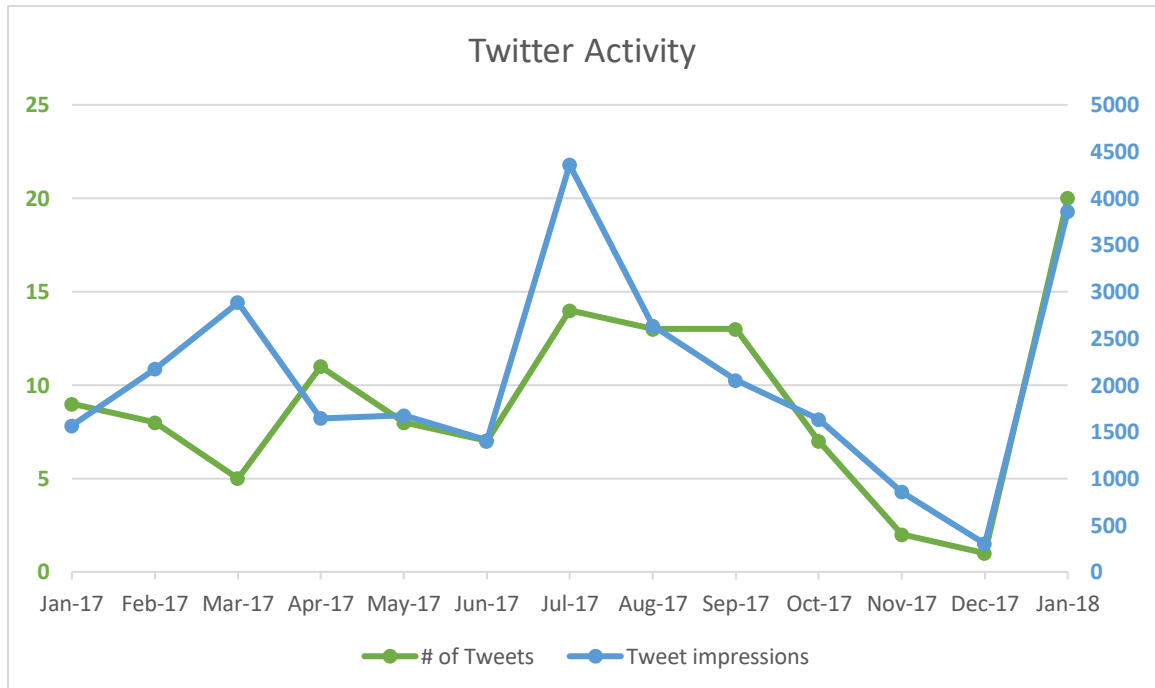
C. Facebook



Total Number of Followers: 152 (up from 151 in December)

January's Most Popular Post: Happy New Year! We're hoping for good health for everyone in this new year and to help achieve that we recommend good mosquito prevention. Remember to dump any containers that could be holding standing water in your yard and wear an insect repellent when outside to prevent mosquito bites. [Picture]

D. Twitter

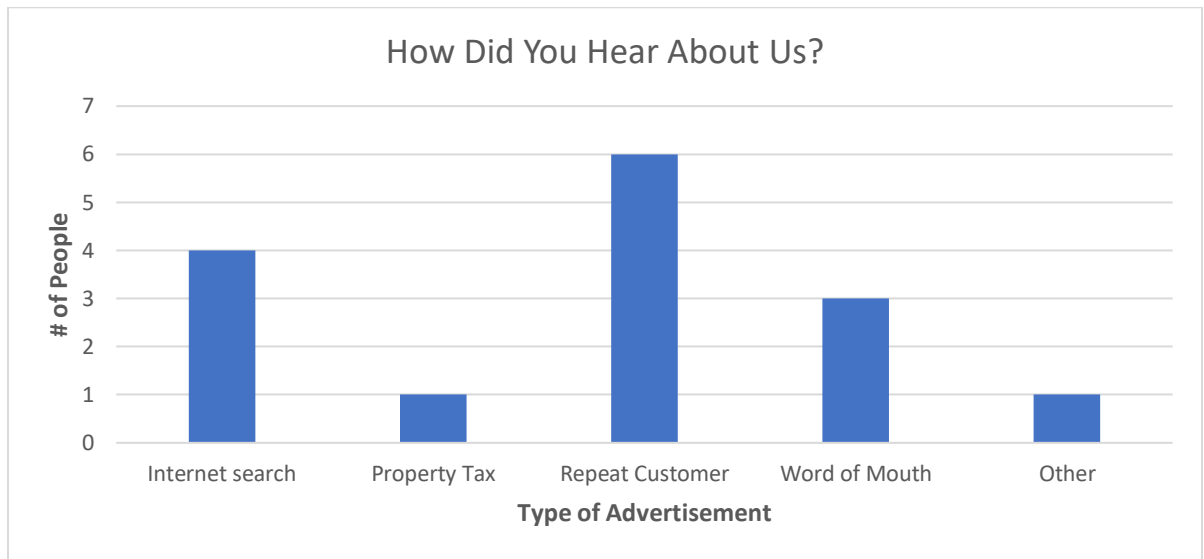


Number of Profile Visits in January: 299

Total Number of Followers (New This Month): 560 (8)

Top January Tweet: We were very proud to play a part in this course by offering up our knowledge and mentoring a team: First Hacking for Impact Class Buzzes Around the Mosquito Problem <https://spectrum.ieee.org/view-from-the-valley/at-work/education/.WI685cC0o-8.twitter>

E. Service Request Referral Summary



Note: Billboard Ad, Movie Theater Ad, Internet Ad, News Story, Social Media, Phone Book, District Vehicle or Employee, and Event are also options for this question, but were not included on this chart, because they were not selected in the month of January.

4. LEGISLATIVE UPDATE: 2018

	Bill Name	Status	ACMAD Position	ACMAD Action
MVCAC				
	None			
CSDA				
	None			
AMCA				
	S.340 Sensible Environmental Protection Act of 2017	Introduced	Support	None*
	H.R.953 Reducing Regulatory Burdens Act of 2017	Passed House	Support	Support Letter

* Bill is not accepting position letters at this point.