

# Turlock Mosquito Abatement District

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## District Budget 2023/2024



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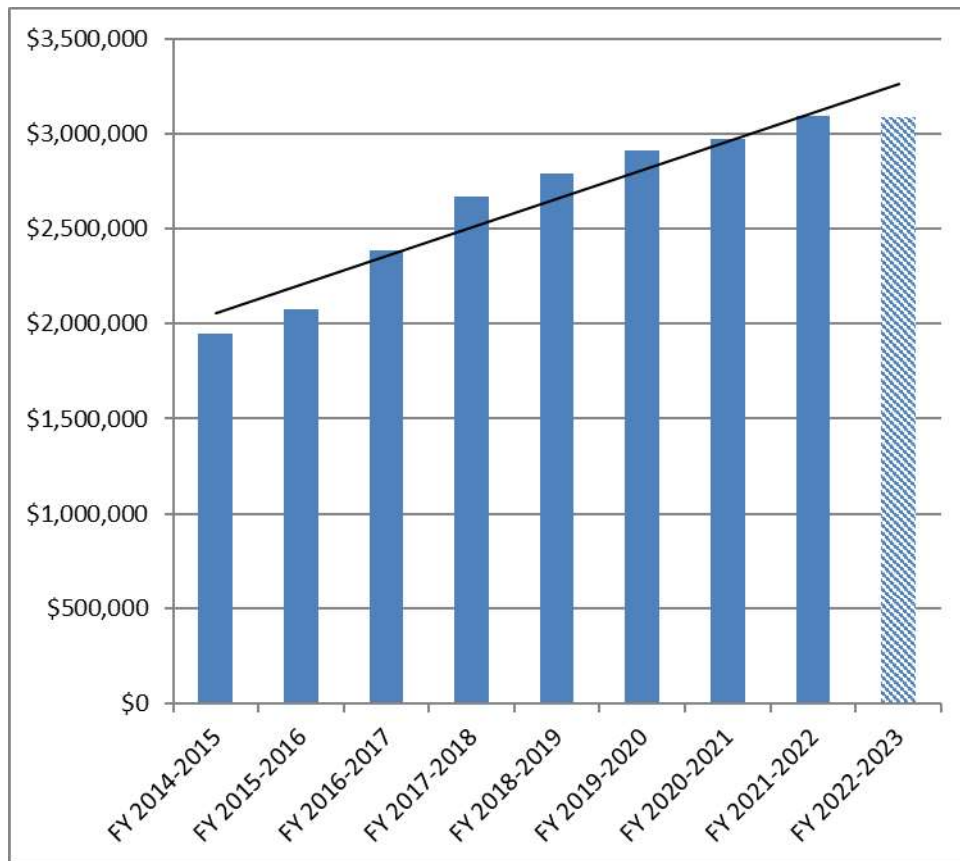
# Budget Message

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## *Introduction*

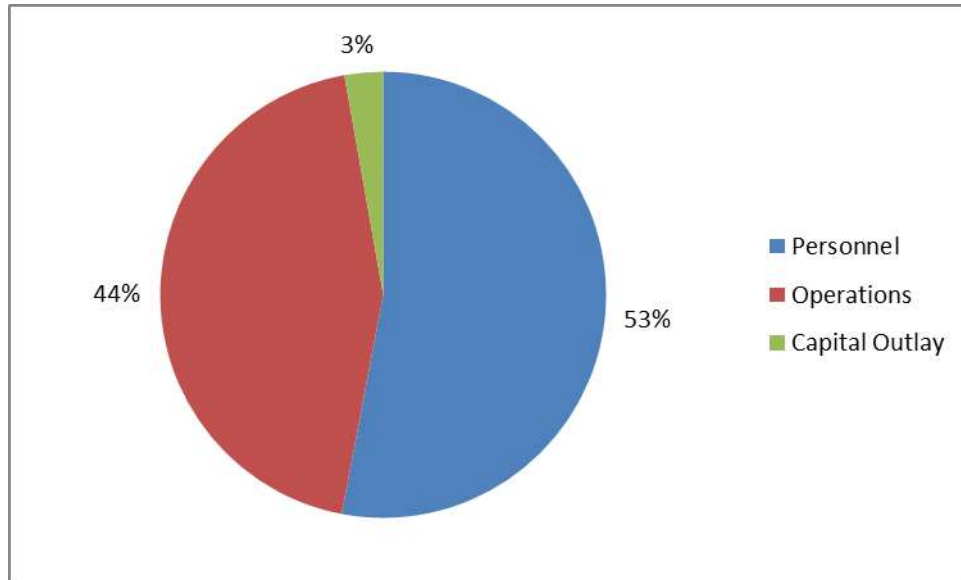
This Budget document represents the Board of Trustee’s financial plan and policy direction to meet the needs of the District’s communities for mosquito abatement, disease prevention and fiscal responsibility.

Since FY 2013-2014, the District has observed a general increase in revenue to the dissolution of Redevelopment Agencies (RDA), an increase in property values, and the collection of the District’s Special Tax.



The Budget expenditure summary is split into:

- Personnel
- Operations and Maintenance
- Capital Outlay



### *Mission Statement*

The Budget supports the District's Mission Statement:

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

### *Core Values*

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

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

### *Policy Issues*

**Special tax:** In 1981, residents within the District passed Measure "C", District Resolution 5-81, giving the District the authority to collect a "Special Tax" to augment District funds. Subsequent to Proposition 13, the District was not collecting adequate funds solely from property taxes to provide the level of

mosquito control and service that the public wanted; so, Measure C was placed on the ballot to provide the District additional revenue needed for a more robust mosquito control program.

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

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

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

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

Using the above tax rates, it is estimated that the District will generate approximately \$380,000 in additional revenue.

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

***Pesticide use:*** We received notice from Clarke that CocoBear larvicidal oil will be increasing again approximately 25% from approximately \$17/gallon to \$21/gallon. Before COVID-19, Clarke manufactured CocoBear in California; however, now the product will be manufactured in Illinois resulting in increased shipping costs.

The MapVision data management system has been implemented to track costs and chemical usage. Each zone has a budget which can only be met by the operator making smart control decisions. This includes not only the type of product selected but the timing of applications and how those products are applied. By tracking costs of property owners and APNs, District staff will be able to quickly identify those properties where a disproportionate amount of District resources are being used. We can then work with the property owner to reduce or eliminate the breeding source or perhaps reimbursing the District for control work. This is all in an effort to meet the growing challenges in mosquito control in California.

***Long-term financial planning:*** There are several policy issues currently affecting the District and mosquito control in California that may have long-term financial impacts for the District. The cost of providing mosquito control services is forecast to increase as regulatory burdens increase along with the methods of mosquito control and the price of chemicals. As such, the District will need a long-term plan

to stay ahead of industry changes to minimize budgetary impacts and regulatory burdens. The following is a discussion of each policy issue with accompanying background information and expected impacts.

*Invasive species:* California currently has (3) new invasive species within its borders, the Yellow Fever mosquito (*Aedes aegypti*), the Asian Tiger mosquito (*Aedes albopictus*) and *Aedes notoscriptus* from Australia. With these invasive species comes a potential for the transmission of disease such as: Zika, Yellow Fever, Dengue, and Chikungunya virus. At one time, these mosquitoes and the viruses they transmit were limited to more tropical environments but climate change has been a catalyst for major changes worldwide. West Nile virus was once a fairly stable disease in Northern Africa; however, in only 10-15 years it is now found globally. Diseases such as Dengue and Chikungunya are on the move and may follow the path of West Nile virus across the United States – this becomes much more possible if the vector mosquitoes become established in California.

In August 2019, *Ae. aegypti* was discovered in Newman and was collected in low numbers throughout the east side of the city. Since this initial discovery, *Ae. aegypti* has been found in most areas of Stanislaus County. In the 2020-2021 Fiscal Year, the District purchased an A-1 Super Duty Mist Sprayer for use in conducting WALs (Wide Area Larvicide Spraying) treatments which have been found to be successful in controlling *Aedes aegypti*. District staff will continue to conduct surveillance throughout the District to detect if these mosquitoes have migrated into other areas and communities.

Now that *Ae. aegypti* is found throughout the County, it is recommended that the Board not continue to place funds in the Invasive Species Fund Balance account and that these funds be used over time as needed. Once funds are depleted, it is recommended this account be closed and the costs associated with control of invasive mosquitoes become part of the District's general program.

*Chemical resistance:* During 2014, the District closely examined chemical resistance in both larval and adult mosquitoes. A population of *Aedes nigromaculis* mosquitoes was found to be resistant to methoprene. Adult *Culex pipiens* were tested from throughout the District and over 90% were found to be resistant to pyrethrin which is the main product available to mosquito abatement districts to control adult mosquitoes. The vast majority of these resistant mosquitoes were homozygous for the gene responsible for pyrethrin resistance (*kdr*), meaning potential mates and subsequent offspring would be homozygous as well. This provides very little room to breed susceptibility back into the native population.

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

*Capital outlay:* Staff is recommending the following, as part of this budget's Capital Outlay plan:

- Exterior paint and repairs of all buildings (\$40,000)
- Replacement of (2) fogger units with SprayVision Units

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

*Risk management:* The District is a member of the Vector Control Joint Powers Agency (VCJPA), which is a risk pooling self-insurance authority created under the provisions of California Government Code Section 990. Administered by the VCJPA, for general liability, the Pooled Liability Program (PLP) offers liability coverage up to \$25 million. The District has a retained limit of \$25,000 and the difference between the retained limit up to \$1 million is pooled with the VCJPA. The amount of \$24 million in excess of the \$1 million is pooled with other joint power authorities through California Affiliated Risk Management Authorities (CARMA). Through the PLP, the District participates in the Employment Risk Management Authority (ERMA) program which offers coverage of \$1 million, limit per occurrence, for allegations of workplace wrongdoing. The Pooled Workers' Compensation Program (PWCP) offers workers compensation coverage up to \$300 million, the District retained limit is \$25,000. The District also participates in the Pooled Auto Physical Damage (APD) Program which covers vehicle damage up to \$30,000, with a \$500 deductible.

Turlock Mosquito Abatement District  
FY 2023-2024

General Operating Budget

<b>Revenues</b>	<b>Budget 2023-2024</b>	Budget 2022-2023	Projected 2022-2023	Actual 2021-2022	Increase (Decrease)
<b>Property Taxes &amp; Assessments</b>	<b>2,800,000</b>	<b>2,700,000</b>	<b>2,839,077</b>	<b>2,810,022</b>	<b>3.7%</b>
<b>Other Governmental Revenues</b>	<b>180,000</b>	<b>180,000</b>	<b>219,834</b>	<b>167,660</b>	<b>0%</b>
<b>Interest</b>	<b>30,000</b>	<b>30,000</b>	<b>34,158</b>	<b>26,733</b>	<b>0%</b>
<b>Miscellaneous</b>					
Weed Program Billings	40,000	40,000	49,769	44,224	0%
Aggressive Source Reduction	20,000	20,000	14,944	14,043	0%
Abated Property Billings	0	0	5,064	0	0%
Miscellaneous	10,000	30,000	9,064	32,619	0%
<b>Total Miscellaneous</b>	<b>70,000</b>	<b>90,000</b>	<b>78,841</b>	<b>90,886</b>	<b>(28.6%)</b>
<b>Total Operating Revenue</b>	<b>3,080,000</b>	<b>3,000,000</b>	<b>3,087,807</b>	<b>3,095,301</b>	<b>2.6%</b>



<b>Expenses</b>	<b>Budget 2023-2024</b>	Budget 2022-2023	Projected 2022-2023	Actual 2021-2022	Increase (Decrease)
<b>Personnel</b>					
Wages	1,100,00	1,000,000	994,226	905,799	10%
Payroll Tax Expense	90,000	85,000	86,893	74,353	5.9%
PERS	80,000	80,000	99,158	128,810	0%
POB Payment	165,000	165,000	124,300	55,805	0%
Health/Life Insurance	180,000	200,000	157,047	196,278	0%
<b>Total Wages</b>	<b>1,615,000</b>	<b>1,530,000</b>	<b>1,461,624</b>	<b>1,361,045</b>	<b>5.6%</b>
<b>Operations &amp; Maintenance</b>					
Operating Supplies	375,000	353,000	376,022	157,451	6.2%
Aerial Services	150,000	125,800	123,668	60,551	19.2%
Aerial Pesticide	300,000	270,000	250,102	123,728	11.1%
Public Outreach	35,000	35,000	24,297	4,186	0%
Uniforms	15,000	11,000	11,500	11,356	36.4%
Telephone/Communication	14,000	14,000	12,802	14,057	0%
Janitorial	6,500	6,500	6,765	6,637	0%
Insurance	100,000	100,000	103,042	95,768	0%
Vehicle Lease	100,000	115,000	97,283	102,635	(13.0%)
Equipment Maintenance	25,000	20,000	28,046	21,463	25%
Structure Maintenance	15,000	15,000	11,365	330	0%
Membership	20,000	17,000	18,916	17,115	17.6%
Miscellaneous	10,000	5,000	8,323	7,838	100%
Office Expense	10,000	10,000	7,000	9,092	0%
Professional Services	125,000	125,000	116,856	113,274	0%
Equipment Rental	1,000	1,000	99	0	0%
Small Tools	1,000	1,000	0	0	0%
District Special Expenses	500	500	0	0	0%
Other Employee Benefits	500	500	0	0	0%
Transportation	50,000	40,000	48,570	45,008	25%
Travel	10,000	15,000	8,783	5,723	(33%)
Utilities	6,000	5,000	5,868	5,228	20%
Judgments/Damages	500	500	0	0	0%
Contributions	0	0	0	0	0%
<b>Total Operations &amp; Maintenance</b>	<b>1,348,000</b>	<b>1,285,800</b>	<b>865,467</b>	<b>801,440</b>	<b>4.8%</b>
<b>Total Operating Expenses</b>	<b>2,985,000</b>	<b>2,815,800</b>	<b>2,330,121</b>	<b>2,162,485</b>	<b>5.2%</b>

	<b>Budget 2022-2023</b>	Budget 2022-2023	Projected 2022-2023	Actual 2021-2022	Increase (Decrease)
<b>Capital Outlay</b>					
Structural Improvements	40,000	76,554	36,554	0	91%
Motor Vehicles	0	0	0	10,347	0%
Office & Lab Equipment	0	15,000	7,703	0	-%
Spray Equipment	40,000	0	9,050	53,845	-%
Safety Equipment	0	0	0	0	0%
<b>Total</b>	<b>80,000</b>	<b>91,554</b>	<b>65,652</b>	<b>64,192</b>	<b>(12.6%)</b>

**Fund Balances**

Non-spendable (inventory/deposits)	534,977*			534,977	
Assigned for contingencies/public health emergency	334,088			323,278	
Assigned for invasive species	120,070			131,204	
Assigned for compensated absences	56,530			56,530	
Assigned for operations	1,185,200			1,154,433	
Assigned for capital replacement	552,970			428,614	
Unassigned	1,306,795*			1,504,221	
<b>Total</b>	<b>4,122,123</b>			<b>4,133,257</b>	

*\*Number will change with next audit*

VCJPA – Member Contingency Fund (Deposits – Non-Current)	37,552			30,460	
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<b>Fund Balance</b>	<b>Maximum Balance</b>	<b>Minimum Balance</b>	<b>Current Balance</b>
Public Health Emergency Fund	668,176	334,088	334,088
Compensated Absences Fund		56,530	56,530
Invasive Species Fund	-	-	120,070
Operations Fund	1,777,800	1,185,200	1,185,200
Capital Replacement Fund	478,066		478,066

Fund balance changes from FY 2021 – 2023:

\$77,482 from Unassigned to Capital Replacement Fund (FY 2021-2022); \$86,066 from Unassigned to Capital Replacement Fund (FY 2022-2023)

\$250,000 from VCJPA – Member Contingency Fund to CalPERS Pension Unfunded Liability (FY 2021-2022)

\$10,810 from Unassigned to Public Health Emergency Fund (FY 2023-2024); \$30,767 from Unassigned to Operations Fund (FY 2023-2024)

\$155,849 from Unassigned to Capital Replacement Fund (FY 2023-2024)

\$750,000 from Unassigned to Pension Obligation Bond (FY 2023-2024)

## *Revenue*

The fiscal year runs from July 1, 2021 to June 30, 2022. The District receives revenues from property taxes collected by the County of Stanislaus through property tax bills. To generate additional revenue the District may also implement a Special Tax, approved through a 2/3 vote in 1981, which is also collected by the County of Stanislaus. The District's three main sources of revenue are property taxes, pass-thru revenues, and its special tax. Revenue from property taxes is deposited directly to the County of Stanislaus Investment Pool until required. Pass-thru income can be deposited directly to the County of Stanislaus Investment Pool, as well, or may come directly from redevelopment agencies.

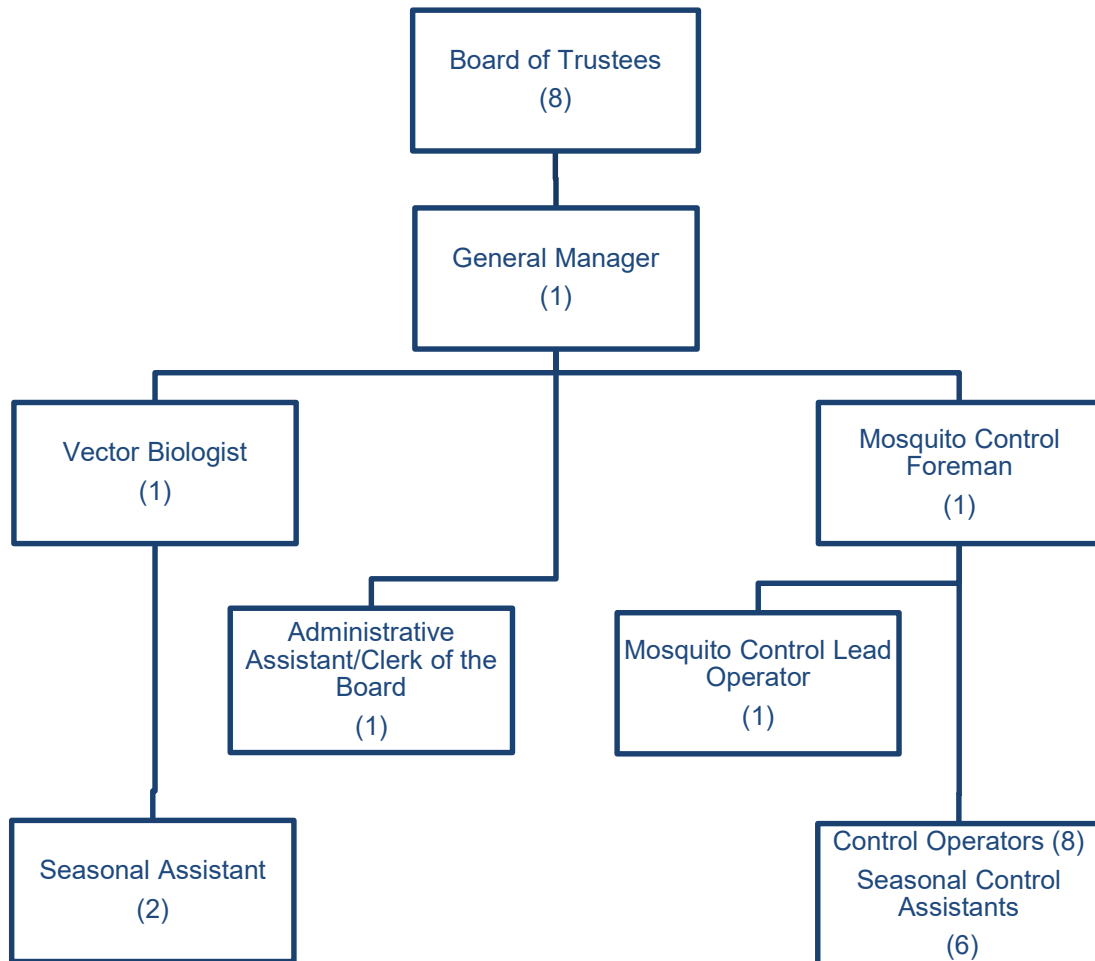
### *Primary Sources of Revenue*

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

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

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

*Organizational Chart*



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

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

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

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

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

- *RESTRICTED FUND BALANCE:*

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

- *COMMITTED FUND BALANCE:*

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

- *ASSIGNED FUND BALANCE:*

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

- *UNASSIGNED FUND BALANCE:*

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

**III. Fund Structuring.**

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

- *GENERAL FUND:*

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

- *VCJPA MEMBER CONTINGENCY FUND:*

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

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

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

**IV. General Fund**

- *RESTRICTED FUND BALANCE:*
  - **Public Health Emergency Fund (Restricted)**

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