

Heber Public Utility District Report to the Board of Directors

MEETING DATE: November 16, 2017

FROM: Laura Fischer, General Manager

SUBJECT: Adopt Resolution 2018-09 Approving a Payment Schedule to Ensure the Wastewater Fund Repays the Parks Fund for Monies Owed Over a Ten Year Period

ISSUE:

Shall the Heber Public Utility Board of Directors adopt Resolution 2018-09 approving a payment schedule to ensure the wastewater fund repays the parks fund for monies owed over a ten year period?

GENERAL MANAGER RECOMMENDATION:

Adopt Resolution 2018-09 approving a payment schedule for monies owed from the Wastewater Fund to the Parks Fund.

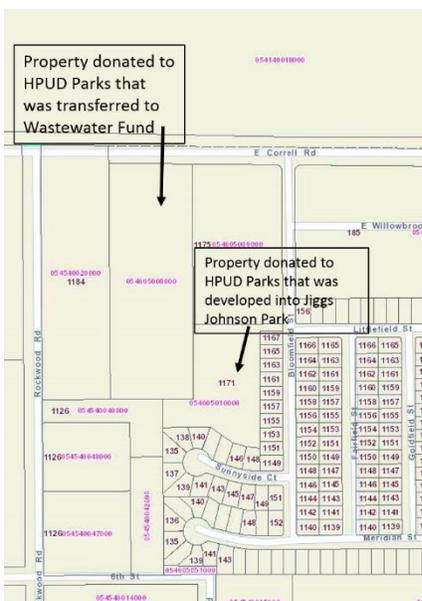
FISCAL IMPACT:

Adopt Resolution 2018-09 will not have an impact on the FY 2018-19 budget as the funds will be transfer from Wastewater Fund Balance and deposited into Parks Fund Balance.

The total amount due from the Water Fund to the Wastewater fund is \$48,828 annually.

DISCUSSION:

In 2007, Pacific Century Homes donated two parcels to the Heber Public Utility District under the condition that the HPUD develop a park. The two parcels are identified on the map below.



One parcel was developed into what is now called Jiggs Johnson Park. The other parcel was transferred from the Parks and Recreation Fund Asset List to the Wastewater Fund Asset List. This was done as an internal transfer and no money was transferred for the value of the asset, and no liability was recorded to indicate that the wastewater fund owes the parks fund for the value of the asset.

The Resolution before you in intended to correct this transaction and establish a fund transfer schedule of funds from wastewater to parks.

At the time of the asset transfer, the asset had a market value of \$488,276. The attached page of the HPUD Financial Statement for 2010 shows this asset value being moved from Governmental Activities (Parks and

Recreation) to Business Type Activities (in this case the wastewater fund). The Resolution establishes a payment plan over ten year with zero percent interest. This allows the wastewater fund to pay the parks fund the entire asset value over a longer period of time. The payment will be transferred from Fund Balance, thus a budget amendment for FY 2018-19 will not be needed.

The payment must be reviewed and approved by the HPUD Board of Directors annually during the budget review process. Should the Board determined that the transfer is not financially feasible, the transfer payment can be deferred until such time as the Board authorizes the transfer. The payment must be included in the Financial Reserve Resolution adopted annually by the Board of Directors. This resolutions sets aside reserves for specific purposes and tracks the projected fund balance of each fund.

These conditions are listed in the Resolution for your consideration. Should the Board approve this Resolution, staff will bring the Reserve Resolution adopted in 2018 for modification to include the transfer of funds scheduled for FY 2018-19 according to the payment schedule.

CONCLUSION:

This transaction was made in 2010 and should be corrected to ensure that the Parks Fund is made whole. Staff recommends adopting Resolution 2018-09 establishing a payment plan to repay the Parks Fund by transferring funds from Fund Balance annually over a ten year period with zero interest.

ALTERNATIVES:

- a) Adopt Resolution 2018-09 with changes to the terms and conditions of the repayment schedule.
- b) Do not adopt Resolution 2018-09, which will postpone the correction to the 2010 transaction.
- c) Provide alternate direction to staff.

Respectfully Submitted,

Laura Fischer, General Manager

Attachments: Resolution 2018-09

RESOLUTION NO. 2018-09

A RESOLUTION OF THE HEBER PUBLIC UTILITY DISTRICT APPROVING A PAYMENT SCHEDULE TO ENSURE THE WASTEWATER FUND REPAYS THE PARKS FUND \$488,276 IN MONIES OWED OVER A TEN (10) YEAR PERIOD BEGINNING FY 2018-19

Whereas, in 2007 the Heber Public Utility District Parks and Recreation Fund accepted two parcels of land, which were donated by Pacific Century Homes; and

Whereas, the Heber Public Utility District Parks and Recreation Fund expended monies to develop one of the parcels, identified as APN#054-605-010-000, into a park, which is now known as Jiggs Johnson Park; and

Whereas, in 2010 the Heber Public Utility District transferred ownership of one parcel, identified as APN# 054-605-008-000, from the Parks and Recreation Fund to the Wastewater Fund, which was accomplished by moving the asset value of the parcel from the Parks and Recreation Fund to Wastewater Fund, which was identified on the Heber Public Utility District Asset List, and Audited Financial Statements; and

Whereas, the Wastewater Fund did not compensate the Parks and Recreation Fund for the value of the parcel; and

Whereas, the parcel, which was transferred from Parks and Recreation to Wastewater, was valued at \$488,276. This valuation was provided by the Imperial County Assessor's Office in 2010, and;

Whereas, the Wastewater Fund has sufficient reserve funds to guarantee payment to the Parks and Recreation Fund through annual inter-fund transfer payments; and

Whereas, the Heber Public Utility District desires to implement a payment schedule to ensure the Wastewater Fund repays the Parks and Recreation Fund the full amount, without interest, in equal payments over a ten year period; and

Whereas, the transfer from Wastewater Fund to Parks Fund through annual inter-fund transfer payments must be reviewed and approved annually by the Board of Director during the budget review process; and

Whereas, should the Board of Directors determine that the inter-fund transfer, of the annual payment from Wastewater Fund to Parks Fund, is not feasible and should not be made, the payment may be deferred until such time as the Board of Directors approves the transfer; and

Whereas, the transfer of funds from the Wastewater Fund to the Parks Fund must be included in the Financial Reserve Resolution which is adopted annually by the Board of Directors.

Now Therefore, the Heber Public Utility District does resolve to:

- 1) Make annual Inter-Fund Transfers from the Wastewater Fund to the Parks and Recreation Fund, and
- 2) Review the financial feasibility of the transfer annually during the budget review process and take action to authorize or defer payment, and
- 3) To include this transaction in the Financial Reserve Resolution according to the following schedule:

FY 2018-19	48,828
FY 2019-20	48,828
Fy 2020-21	48,828
FY 2021-22	48,828
FY 2022-23	48,828
Fy 2023-24	48,828
FY 2024-25	48,828
FY 2025-26	48,828
Fy 2026-27	48,828
FY 2027-28	48,828
TOTAL	488,276

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Heber Public Utility District held on the 19th day of July 2019.

AYES: _____
NOES: _____
ABSENT: _____

Martin Nolasco, Jr., Board President

ATTEST:

I, RAQUEL R. CARRILLO, Secretary to the Clerk of the Board of the Heber Public Utility District, County of Imperial, State of California, DO HEREBY CERTIFY that the foregoing resolution was dully passed, approved and adopted by the Board of Directors of the Heber Public Utility District at its regularly scheduled meeting held on the 19th day of July 2018.

By _____
Raquel R. Carrillo, Secretary to Clerk of the Board