



## **STAFF REPORT TO THE CITY COUNCIL**

**DATE:** Regular Meeting of September 10, 2019

**TO:** Members of the City Council

**SUBMITTED BY:** David Biggs, City Manager  
Edwin Gato, Director of Finance

**SUBJECT:** Close-Out of the 1991-01 Sewer Assessment District and the 2001 Alfred Nobel Assessment District Update

**RECOMMENDED ACTION:** Receive Informational Report

**FISCAL IMPACT OF RECOMMENDATION:** As discussed below, \$346,501.38 has been transferred from Citywide Lighting and Landscaping District Zone 5 to 2005-1 Reassessment District (John Muir Parkway) to cover debt service obligation. This action will reduce the amount of funds anticipated to have been available for improvements in the Northshore Business Park which is in Zone 5.

**DISCUSSION:** In December 2018, staff identified remaining fund balances from two assessment districts which had made use of bonds to finance improvements. These assessment district bonds have been paid off since 2015 or before, and the remaining balances had never been closed out, which is normal practice.

According to Section 8784 of the Streets and Highways Code, these remaining fund balances may as a general rule be applied at the direction of the City. In practice, this generally means that the funds are applied to maintain the improvements in the Assessment District, which was financed by the bonds. In the case of the 1991-01 Sewer Bonds, the balance of \$162,772.42 was transferred to the Sewer Fund for repair and maintenance of sewer related infrastructure. For the Alfred Nobel Assessment District, payments were made from the then current balance of \$364,001.48 to pay for the close-out report and a required Arbitrage Rebate Report at a cost of \$17,500; the balance of \$346,501.48 was transferred to the Citywide Lighting and Landscaping District 5 to maintain the improvements in the Alfred Nobel Assessment District.

Unfortunately, as a result of a recent subsequent review of all City funds as part of the year-end close process, staff found that the balance of \$346,501.48 that was transferred to the Citywide Lighting and Landscaping District 5 in December 2018 should have been posted to Reassessment District 2005-1 (John Muir Parkway) to fund debt service payment of its bond. The tax levied on the community benefiting from the particular bond-funded project is restricted and can only be used to repay its debt service obligations. Therefore, staff has transferred the identified assessment revenues from Citywide

Lighting and Landscaping District 5 to the Reassessment District 2005-1 (John Muir Parkway) fund.  
This correction will be reflected in the 2018/19 annual financial statements.

**ATTACHMENTS:**

None

<i>Financial Impact</i>			
<b>Description:</b> Close-Out of Assessment Districts Update			
<b>Funding Source:</b>			
<b><u>2005-1 Reassessment District (John Muir Parkway)</u></b>			
220-0000-490.38-10 Transfer-Out			+346,501.48
382-0000-490-22-00 Transfer-In Citywide L&L District 5			(346,501.48)
<b>Budget Recap:</b>			
Total Estimated cost:	\$	New Revenue:	\$
Amount Budgeted:	\$	Lost Revenue:	\$
New funding required:	\$	New Personnel:	\$
Council Policy Change: Yes <input type="checkbox"/> No <input type="checkbox"/>			