

OCEANO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017 04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY SERVICES DISTRICT APPROVING THE REPAYMENT OF INTERFUND DEBT

WHEREAS, from fiscal year 2002-03 through 2013-14, the Oceano Community Services District ("District") approved several inter-fund loans; and

WHEREAS, the District's construction of real property improvements completed on August 15, 2002 and leased to the County for the Sheriff was originally accounted as an asset of the Water Fund and Sewer Fund without recording inter-fund indebtedness; and

WHEREAS, during the fiscal year 2015-16 audit, the District has contracted with an independent auditor to recognize a change in accounting for the purpose of establishing inter-fund indebtedness; and

WHEREAS, the District has also incurred other inter-fund indebtedness between the Water Fund and the Governmental Fund and between the Water Fund and the Garbage Fund; and

WHEREAS, the District intends to formally establish the terms for repayment of its inter-fund indebtedness including the principal amounts owed at July 1, 2015, annual payment amounts, and rates of interest.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

1. The District hereby approves the following principal amounts at July 1, 2015:
 - a) The Amount of \$591,943.06 due to the Sewer Fund from the Governmental Fund.
 - b) The Amount of \$519,247.00 due to the Governmental Fund from the Water Fund.
 - c) The Amount of \$60,149.00 due to the Garbage Fund from the Water Fund.

2. The District hereby establishes the following interest rates on in its inter-fund debt:
 - a) The interest rate on inter-fund debt to finance the Sheriff's Building at 6% based on the rate used in calculating the lease payments for the facility.
 - b) The interest rate on all other inter-fund debt shall equal the rate of interest that the District is earning on its investments.

3. The District hereby approves the following annual payments commencing in fiscal year 2016-17 until each inter-fund loan is paid in full:
 - a) The amount of \$113,940 from the Governmental Fund to the Sewer Fund.
 - b) The amount of \$31,500 from the Water Fund to the Governmental Fund.
 - c) The amount of \$7,500 from the Water Fund to the Garbage Fund.
 - d) Once either of the Water Fund inter-fund loans has been paid-off, the annual payment to pay the other Water Fund loan shall increase to \$39,000.

4. The attached amortization tables are hereby approved with the estimated fiscal year that each inter-fund loan will be paid-off:
 - a) Exhibit "A" – Amortization Schedule for Repayment of Inter-fund Debt owed by the Governmental Fund to the Sewer Fund.
 - b) Exhibit "B" – Amortization Schedule for Repayment of Inter-fund Debt owed by the Water Fund to the Governmental Fund.
 - c) Exhibit "C" – Amortization Schedule for Repayment of Inter-fund Debt owed by the Water Fund to the Garbage Fund.


5. The inter-fund balances illustrated in the attached Amortization Schedule may be adjusted if determined by the District's Auditor. If any such adjustment could delay full repayment of any of the inter-fund loans to a subsequent fiscal year, then modification of annual payment amounts shall be considered by the Board of Directors during its annual budget hearing.

6. In the event that interest rates increase above the amounts illustrated in the attached exhibits and require an increase in the annual payment amount so that full repayment is not delayed to subsequent fiscal years, then modification of annual payment amounts shall be considered by the Board of Directors during its annual budget hearing.

Upon the motion of Director Angello, seconded by Director Austin and upon the following roll call vote, to wit:

AYES: Director Angello, Vice President Austin,
 Director Brunet, President White
NOES: None
ABSENT: Director Coalwell
ABSTAIN: None

The foregoing Resolution is hereby passed and adopted this 28 day of Jun, 2017.



Karen White, PRESIDENT

ATTEST: 