City of Needles, California
Request for City Council Action

☐ CITY COUNCIL ☒ NPUA ☐ SARDA ☒ Regular ☐ Special

Meeting Date: September 10, 2019

Title: FY 18 Due to / Due from

Background: The Depository Statement is created annually after the annual utility budgets are approved. The Depository Statement authorizes staff to make transfers monthly based on original budgeted amounts to cover the expenditures of the utility departments. The transfers occur according to this schedule. Bills are paid continually throughout the year regardless if enough funding was transferred.

The Due to/Due from accounts are reconciled annually as part of the year end process and verified by the auditors. Attached is the audited analysis of changes to the FY 18 Due to/Due from balances. The Due to/Due from balances change from year to year from the "Due from" side to the "Due to" side depending on the level of activity. When budget increases are approved during the year, the depository agreement is not updated because the balances at that point in time are not audited numbers, thereby creating a strain on the general checking account to facilitate the continued payment of utility department bills and resulting in a higher balance in NPUA cash as is currently the case.

Over the years, staff has discussed a true up of balances with the Board of Public Utilities. In the past the decision has been to carry the balances forward until now. At the August 6, 2019 Utility Board meeting, the Board recommended the transfer of the FY 18 Due to/Due from amount. In addition, the Board recommended an amendment to the Depository Agreement to transfer an additional $100,000 per month to decrease the prior years' balance. Keep in mind that these are not excess funds that will be transferred to the Due to Funds, rather they are the reimbursement of expenses in excess of the regular reimbursements.

Fiscal Impact: Deficit on the City side utility & GF cash balance and high cash balance in NPUA will be reduced

Recommendation: As recommended by the Board of Public Utilities, transfer the FY 18 Due from NPUA to the City side funds that were insufficiently reimbursed in the amount of $931,313.82, and amend the FY 20 Depository Agreement to include an additional $100,000 per month to draw down the remaining balance

Submitted By: Sylvia Miledi, Director of Finance

City Management Review: Rick **Date:** 9/3/19

Approved: ☐ Not Approved: ☐ Tabled: ☐ Other: ☐

Agenda Item: 9

NPUA		FISCAL YEAR 2018		
DUE TO / DUE FROM Analysis of Changes by Year:				
	Balance: End	FY 18 Changes	Amount of	Balance: End
	FISCAL 2017	Description	Change	FISCAL 2018
NPUA owes to:				
All American Canal	(373,257.74)	Expenses in excess of reimbursement from NPUA	(14,569.42)	(387,827.16)
City Electric	(1,624,597.31)	Expenses in excess of reimbursement from NPUA	(171,931.17)	(1,796,528.48)
City Water	(231,319.16)	Expenses in excess of reimbursement from NPUA	(294,652.30)	(525,971.46)
City Wastewater	(41,055.00)	Expenses in excess of reimbursement from NPUA	(123,517.13)	(164,572.13)
General Fund	(179,249.97)	Purchase payment adjustment	(326,643.80)	(505,893.77)
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	(2,449,479.18)		(931,313.82)	(3,380,793.00)
Net Balance Per Vasquez Audit:	(2,449,479.00)			(3,380,793.00)
NET DUE FROM NPUA			**NET DUE FROM NPUA**	