

Mayor and Council Communication

DATE: 06/24/25

M&C FILE NUMBER: M&C 25-0584

LOG NAME: 13ROCK CREEK PID CUSTODIAL AND WALSH RANCH PID CUSTODIAL FUNDS

SUBJECT

(ALL) Authorize Moving Appropriations and Financial Transactions from the FWPID #17 – Rock Creek Fund to the Rock Creek PID Custodial Fund, and from the FWPID #16 - Quail Valley Fund to Walsh Ranch PID Custodial Fund, Two Successor Custodial Funds, with No Substantive Change to the Use of Funds and No Financial Impact to the City

RECOMMENDATION:

It is recommended that the City Council authorize staff to move appropriations and financial transactions from the FWPID #17 – Rock Creek Fund to the Rock Creek PID Custodial Fund and from the FWPID #16 - Quail Valley fund to the Walsh Ranch PID Custodial Fund, with no change to how such funds are used and no financial impact to the City, in order to comply with Governmental Accounting Standards Board Statement No. 84 Fiduciary Activities.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize staff to move appropriations and other financial transactions from the existing operating funds FWPID #16 - Quail Valley and FWPID #17 – Rock Creek to successor fiduciary funds serving the same purpose in order to comply with guidance of Governmental Accounting Standards Board (GASB) Statement No. 84. Making this technical change would have no impact to the substance of how these funds are used and no financial impact to the City.

GASB 84 statement provides the criteria for three types of activities: 1) fiduciary component units, 2) pension and OPEB arrangements that are not component units, and 3) other fiduciary activities.

Under GASB 84, activity is considered "other fiduciary activity" if all of the following criteria are met:

A. The assets associated with the activity are controlled by the government.

B. The assets associated with the activity are not derived either:

(1) Solely from the government's own-source revenues or

(2) From government-mandated nonexchange transactions or voluntary nonexchange transactions with the exception of pass-through grants for which the government does not have administrative involvement or direct financial involvement.

C. The assets associated with the activity have one or more of the following characteristics: (1) The assets are (a) administered through a trust in which the government itself is not a beneficiary, (b) dedicated to providing benefits to recipients in accordance with the benefit terms, and (c) legally protected from the creditors of the government.

(2) The assets are for the benefit of individuals and the government does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the government's provision of goods or services to those individuals.

(3) The assets are for the benefit of organizations or other governments that are not part of the financial reporting entity. In addition, the assets are not derived from the government's provision of goods or services to those organizations or other governments.

Based on the above criteria, FWPID #16 - Quail Valley fund and FWPID #17 – Rock Creek fund meet A, B, and C(1) and; therefore, meet the definition of other fiduciary activities.

Current Fund Structure

Currently, FWPID #16 - Quail Valley fund and FWPID #17 - Rock Creek fund are operating funds.

Proposed Change

In order to comply with GASB 84 guidance, the appropriations and transactions from the FWPID #16 - Quail Valley fund and FWPID #17 – Rock Creek fund will be moved to custodial funds, with the new fund designated " Walsh Ranch PID Custodial Fund and Rock Creek Trust PID Custodial Fund ." The custodial funds' beginning fund balances will be restated to reflect the changes to the reporting entity as recommended in GASB Statement No. 100.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this recommendation will have no material effect on City funds.

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