

AGENDA
EXECUTIVE FINANCE COMMITTEE

November 9, 2017 at 10:00 A.M.

Location: Treasury Conference Room, KC Admin. Bldg., Room 653 (6th Floor)

Committee Members: Councilmember Dave Upthegrove, Chair, Dwight Dively, Director PSB; Ken Guy, Director FBOD; Caroline Whalen, County Administrative Officer

Staff: Scott Matheson, Treasury Operations Manager; Mike Smith, Chief Investment Officer; Christine Denis, Credit Analyst; Manny Cristobal, Financial Accounting Supervisor

AGENDA ITEMS

1. **Briefing:** Background on the interfund loan request by the Des Moines Metropolitan Park District.
Mike Smith, Chief Investment Officer
2. **Action:** Interfund Loan of Surplus King County Cash (Chapter 4.24 of KC Code): Consideration of the request from the Des Moines Metropolitan Park District to borrow up to \$300,000 as an *Automated Interest Loan* to fund critical repairs of the Mt. Rainier Pool. The loan will be repaid from revenue generated by increasing the district's levy rate. The term of the loan requested is December 31, 2018. (pages 2-9)

OTHER BUSINESS

ADJOURNMENT



King County DISTRICT APPLICATION FOR INTERFUND LOAN

DISTRICT CONTACT INFORMATION

District name: Des Moines Pool Metropolitan Park District

Contact name: Scott Deschenes Contact title: District General Manager

Phone: (206) 429-3852 Fax: N/A E-mail: scott.deschenes@desmoinespool.org

District address: 22015 Marine View Dr. S. #2B

City: Des Moines ZIP code: 98198

BORROWING REQUEST DETAILS

Fund name: Fund number:

Term of loan requested (projected start and end date): November 15, 2017 – December 31, 2018

Maximum negative daily cash balance during term of loan (estimated): \$270,000 (March 2018)

Loan Amt: \$300,000

Why is this borrowing necessary? The District's \$734,000 pool refurbishment project has exceeded the budget by \$568,000 due to unforeseen, critical repairs that must be completed for the pool to reopen.


Why are the funds not being borrowed from another district fund (i.e., construction fund, etc)? N/A

Why is bank financing not being used? The District attempted to secure bank financing but due to a technical legal issue relating to the ballot title used when the District was created by the voters in 2009, the District's bond counsel is unable to provide an "unqualified" opinion as requested by the bank.

What will be the source of the funds to repay the interfund loan? The District is going to raise the levy rate by \$.06/1000 over the next year to cover repayment.

List the most recent district bond issue that has been rated by either Standard & Poor's, Moody's, or Fitch: This was our District's first attempt to secure bonding.

DISTRICT AUTHORIZED SIGNATURE (REQUESTING INTERFUND LOAN)

Signature: 

Print Name: Toni Overmyer

Title: Board President

Date: 10/31/17

Please Include the Following Attachments:

- (1) Copy of monthly cash flow forecast showing district's cash needs over the expected borrowing horizon.
- (2) Copy of most recent financial statements and budget.
- (3) Copies of the two most recent Washington State Auditor's Office reports on the district.
- (4) Copy of the governing body's resolution approving and requesting the interfund loan from King County.

KING COUNTY EXECUTIVE FINANCE COMMITTEE REVIEW (COUNTY USE ONLY)

Interfund loan approved? Yes No Date Approved/Denied: Loan rate:

Maximum interfund loan amount approved \$ Loan termination date:

Other special loan terms or comments:

LOAN AGREEMENT

1. If the district believes it will exceed any of the terms approved by King County, they must notify King County and submit an addendum to the original loan request immediately.
2. King County may not approve an extension or modification of the original loan agreement and reserves the right to make the district's warrants interest bearing at anytime.
3. By signing below, the district's representative is accepting the terms of interfund loan approved by the Executive Finance Committee. After signing below, return by fax: 206-296-7345 or mail: Treasury Operations; 500 4th Ave, Rm 611; Seattle, WA 98104. (King County will return a signed copy to the district.)

DES MOINES POOL METROPOLITAN PARK DISTRICT

RESOLUTION NO. 2017-08

REQUESTING INTERFUND LOAN FROM KING COUNTY
EXECUTIVE FINANCE COMMITTEE

WHEREAS, The Des Moines Pool Metropolitan Park District "District" was approved by the voters at the November 2009 general election.

WHEREAS, the voters authorized the District to levy a regular property tax levy.

WHEREAS, the District will incur increased expenses associated with urgent, critical repairs to the Mount Rainier Pool prior to its next tax levy and collections.

WHEREAS, the District has identified the cost/revenue projections reflected in the attached Exhibit A, documenting the District's need for a loan of up to \$300,000 to be reimbursed by December 31, 2018.

WHEREAS, the District hereby rescinds Resolution No. 2017-07 which contained an incorrect loan amount.

WHEREAS, the District has statutory authority to contract indebtedness pursuant to RCW 35.61.100.

WHEREAS, the King County Executive Finance Committee has the ability to provide interfund loans to taxing Districts in anticipation of future tax revenues.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the BOARD OF COMMISSIONERS of DES MOINES POOL METROPOLITAN PARK DISTRICT hereby requests that the King County Executive Finance Committee authorize an interfund loan to the District in the amount of \$300,000 pursuant to terms and a repayment schedule to be negotiated between the District and the Finance Committee consistent with King County Code chapter 4.24 and the interfund borrowing policy.

Adoption: ADOPTED by the Board of Commissioners of DES MOINES POOL METROPOLITAN PARK DISTRICT at an open public meeting of such Board on the 17th of October 2017.

DES MOINES POOL METROPOLITAN
PARK DISTRICT,
KING COUNTY, WASHINGTON



Commissioner

Commissioner



Commissioner

Commissioner



Commissioner

District Clerk

| Cash Flow Analysis Des Moines Pool M.P.D. and Mount Rainier Pool 2017 (Remainder of Year) | | | | | | Cash Flow Analysis Des Moines Pool M.P.D. and Mount Rainier Pool 2018 | | | | | | | | | | | |
|---|------------|-------------|------------|-------------|-------------|---|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | August | September | October | November | December | January | February | March | April | May | June | July | August | September | October | November | December |
| Beginning Cash | | | | | | | | | | | | | | | | | |
| General Fund | 522 | 465 | 454 | 662 | 359 | 226 | -64 | -254 | -275 | 208 | 208 | 175 | 186 | 135 | 107 | 577 | 569 |
| Capital Fund | 420 | 420 | 265 | 265 | 265 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Starting Cash Position | 942 | 885 | 719 | 927 | 624 | 226 | -64 | -254 | -275 | 208 | 208 | 175 | 186 | 135 | 107 | 577 | 569 |
| Revenues | | | | | | | | | | | | | | | | | |
| MRP Receipts | | | | | | 0 | 5 | 10 | 20 | 20 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Property Tax Collected | 11 | 17 | 370 | 30 | 20 | 3 | 25 | 45 | 543 | 67 | | 3 | 25 | 45 | 543 | 67 | |
| Bond Loan | | | | | | | | | | | | | | | | | |
| Normandy Park Fee | | | | | | | | | | | 25 | | | | | | |
| Misc Interest Income/Grant | 1 | 1 | | | | | | | | | | 75 | | | | | |
| Total Revenues | 12 | 18 | 370 | 30 | 20 | 3 | 30 | 55 | 563 | 87 | 55 | 108 | 55 | 75 | 573 | 97 | 30 |
| Expenses | | | | | | | | | | | | | | | | | |
| Administration | 33 | 38 | 36 | 75 | 30 | 76 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| Operations | 22 | | | | | 25 | 39 | 44 | 48 | 52 | 56 | 65 | 59 | 71 | 71 | 71 | 68 |
| Management Transition | | 0 | 19 | 20 | 23 | 10 | | | | | | | | | | | |
| Capital Projects | 14 | 146 | 107 | 238 | 361 | 182 | 149 | | | | | | 15 | | | | |
| Bond Repayment | | | | | | | | | | 3 | | | | | | 2 | |
| Total Expenses | 69 | 184 | 162 | 333 | 414 | 293 | 220 | 76 | 80 | 87 | 88 | 97 | 106 | 103 | 103 | 105 | 100 |
| Ending Cash Position | | | | | | | | | | | | | | | | | |
| General Fund | 465 | 454 | 662 | 359 | -35 | -64 | -254 | -275 | 208 | 208 | 175 | 186 | 135 | 107 | 577 | 569 | 499 |
| Capital Fund | 420 | 265 | 265 | 265 | 265 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total End Cash Position | 885 | 719 | 927 | 624 | 230 | -64 | -254 | -275 | 208 | 208 | 175 | 186 | 135 | 107 | 577 | 569 | 499 |
| Total Change in Position | -57 | -166 | 208 | -303 | -394 | -290 | -190 | -21 | 483 | 0 | -33 | 11 | -51 | -28 | 470 | -8 | -70 |

Prepared 10/29/17 by TSN



Washington State Auditor's Office

Government that works for citizens

Accountability Audit Report

Des Moines Pool Metropolitan Park District

King County

For the period January 1, 2012 through December 31, 2015

Published July 21, 2016

Report No. 1017153





Washington State Auditor's Office

July 21, 2016

Board of Commissioners
Des Moines Pool Metropolitan Park District
Des Moines, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the District's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

A handwritten signature in cursive script that reads "Troy X Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

TABLE OF CONTENTS

Audit Summary 4

Information About The District 5

About The State Auditor’s Office 6

AUDIT SUMMARY

Results in brief

In the areas we audited, District operations complied with applicable requirements and provided adequate safeguarding of public resources. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the Des Moines Pool Metropolitan Park District from January 1, 2012 through December 31, 2015.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the District's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Cash receipting
- Contracts/agreements
- Credit cards
- Payments/expenditures
- Open public meeting minutes

INFORMATION ABOUT THE DISTRICT

The Des Moines Pool Metropolitan Park District was created in November 2009 by voter approval to generate funds for acquisition, maintenance, operation and/or capital improvement/construction expenditures for a pool facility within the boundaries of the City of Des Moines.

An elected, five-member Board of Commissioners governs the District. The District has revenues of approximately \$575,000 per year, primarily from property taxes.

| Contact information related to this report | |
|---|--|
| Address: | Des Moines Pool Metropolitan Park District P.O. Box 98711 Des Moines, WA 98198 |
| Contact: | Scott Deschenes, General District Manager |
| Telephone: | (206) 429-3852 |

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Des Moines Pool Metropolitan Park District at <http://portal.sao.wa.gov/ReportSearch>.