



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

2009 APR 19 AM 1:49

COUNTY OF SANTA BARBARA

Department Name: Auditor-Controller
Department No.: 061
For Agenda Of: April 21, 2009
Placement: Administrative
Estimated Tme:
Continued Item: NO
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Robert W. Geis, CPA, Auditor-Controller (x2100) *Robert W. Geis*
Director(s)
Contact Info: Julie Hagen, CPA, Chief Deputy Controller (x2126)
SUBJECT: Temporary Cash Transfers

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

Adopt a Resolution to authorize the County Auditor to make temporary cash transfers from one fund to another if the Board of Supervisors has authority over each fund per Government Code 25252.

Summary Text:

The County as an Agency with multiple funds is considered an internal investment pool for financial statement reporting purposes. When an individual fund overdraws its share of pooled cash, the overdraft should be reflected as an interfund liability (loan) rather than a credit balance in the cash account (negative cash). Likewise, an equivalent amount of another fund would loan cash (interfund receivable). Generally within the County we can use the cash balance of the County General Fund for inter-fund loans but also have access to Risk Management Fund cash balances.

Background:

The County continues to experience cash flow deficiencies due to delayed billings and delayed reimbursements from the State and Federal Government in the Alcohol, Drug and Mental Health Funds. As a result, cash in these funds will continue to be insufficient to meet obligations. As of March 31, 2009 the negative cash balance in the ADMHS Funds totals approximately \$19 million.

Other potential cash flow issues could result from untimely fire incident response billings to the State and significant projects proposed for Road Funding that may require some cash advances. The County could also be put in a position to advance funds as the result of the federal American Recovery and Reinvestment Act stimulus grants, contracts or programs.

Therefore, it is requested that the County Auditor-Controller be authorized to make temporary transfers from one County controlled fund to another County controlled fund as necessary. All such temporary transfers will be repaid from any revenue proceeds from said County funds. The repayment will occur as cash in the operating funds becomes available in subsequent operating periods.

Mandates and Service Levels:

1. California Government Code Section 25252,
2. Government Finance Officers Association (GFOA) Blue Book – Positions in internal investment pools and negative cash - page 244
3. Governmental Accounting Standards Board (GASB) Statement 31,
4. American Institute of Certified Public Accountants (AICPA), State and Local Governments, Section 5.26

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

Narrative:

It would appear at June 30, 2009, the General Fund will have to loan approximately \$15 to \$20 million to the Alcohol, Drug and Mental Health Funds. Other operating funds may also need temporary transfers, but these amounts are estimated to be for lower amounts. The County General Fund currently has almost \$40 million and the Risk Management Funds approximately \$30 million in cash available for temporary loans.

Special Instructions:

None

Attachments:

Attachment A: Resolution

Authored by:

Julie Hagen, Chief Deputy Controller Ext 2126

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

IN THE MATTER OF AUTHORIZING THE COUNTY AUDITOR TO)
MAKE TEMPORARY TRANSFERS OF CASH FROM ONE FUND)
TO ANOTHER IF THE BOARD OF SUPERVISORS HAS AUTHORITY) RESOLUTION NO. _____
OVER EACH FUND)

WHEREAS, Section 25252 of the Government Code provides in part that the Board of Supervisors may, by resolution, authorize the County Auditor to transfer money from one fund to another if the Board of Supervisors has authority over each fund; and

WHEREAS, Generally Accepted Accounting Principles prescribe that overdrawn cash be recorded as an interfund liability within a fund rather than negative cash.

NOW THEREFORE, BE IT AND IT IS HEREBY ORDERED AND RESOLVED that the Board of Supervisors of Santa Barbara County does hereby authorize and direct the County Auditor of the County of Santa Barbara to make temporary transfers from one fund to another if the Board of Supervisors has authority over each fund. Said temporary transfers are to be repaid from the revenues and other sources accruing to each such fund, including interest.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, this 21th day of April 2009 by the following vote:

AYES:

NOES:

ABSENT:

CHAIR, BOARD OF SUPERVISORS

ATTEST:
CLERK OF THE BOARD OF SUPERVISORS

BY _____

APPROVED AS TO FORM:
DENNIS MARSHALL
COUNTY COUNSEL

BY 
DEPUTY COUNTY COUNSEL

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, C.P.A.
AUDITOR-CONTROLLER

BY 
DEPUTY AUDITOR-CONTROLLER