

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

732



FROM: County Executive Office

SUBMITTAL DATE:
July 19, 2010

SUBJECT: Revision of Board Policy B-14 and Approval of Resolution No. 2010-205 and a Resolution Template for Temporary Cash Loans

RECOMMENDED MOTION: That the Board of Supervisors approve:

1. Revisions of Board Policy B-14 pertaining to cash management to avoid cash deficits in county funds, as contained in Attachment A; and,
2. Resolution No. 2010-205 authorizing the county auditor to establish and abolish funds, and to make temporary transfers of money between funds under authority of the Board of Supervisors, contained in Attachment B, which supersedes Resolution No. 91-269; and,
3. A template for a resolution authorizing the county treasurer to make temporary transfers of money between funds under custody of the county treasurer, contained in Attachment C.

BACKGROUND: Draw down of the county's reserves, hesitance in the lending markets, and ongoing uncertainty regarding state deferral of payments to the county require increased vigilance and preparation to ensure adequate cash is available to meet the county's daily payment obligations. The proposed updates to Board policy will ensure appropriate authority and guidance are in place to meet these needs.

Denise C. Harden
Denise C. Harden, Principal Management Analyst

(continued)
FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER

BY: *Bruce Kincaid*
BRUCE KINCAID ASST. AUD-CONTR.

| | | | |
|-----------------------|-------------------------------|----|-------------------------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$ | In Current Year Budget: |
| | Current F.Y. Net County Cost: | \$ | Budget Adjustment: |
| | Annual Net County Cost: | \$ | For Fiscal Year: |

| | | |
|-------------------------|----------------------------------|--------------------------|
| SOURCE OF FUNDS: | Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| | Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION: APPROVE

BY: *Ed Corser*
Ed Corser

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 DON KENT, Treasurer-Tax Collector
 DATE: 7/19/10
 BY: DALE A. GARDNER
 Departmental Concurrence
 Dept't Recomm.: Consent Policy
 Per Exec. Ofc.: Consent Policy

Board Policy B-14 and Resolution No. 91-269 were adopted in 1991 in response to 1990 changes in law enabling the Board to authorize the county auditor to establish and abolish funds, and to move money between those funds in the county treasury under the authority of the Board of Supervisors. The intent of the proposed revisions is to refresh and clarify the language of those policy documents. As of July 1, 2010, the amount in this pool of funds totaled \$409 million net of the TRAns. The pool of funds not under the authority of the Board includes all fiduciary funds, such as the funds of school districts and other non-county funds held by the county treasury, and all funds of separate legal county entities including, but not limited to, the:

- County of Riverside Redevelopment Agency
- Public Financing Corporation
- Industrial Development Authority
- In-Home Supportive Services Public Authority
- Community Facilities Districts
- Housing Authority
- Flood Control and Water Conservation District
- Waste Resources Management District
- Regional Park and Open Space District

As of July 1, the amount in this restricted pool of funds totaled \$444 million. Timing of availability and repayment with interest of any temporary loans from such funds will be coordinated in advance with the funds' administrators.

Also proposed is approval of a template for resolutions to authorize the county treasurer to make temporary cash loans from and/or between the restricted funds. Pursuant to the California Constitution, such loans are made on a case-by-case basis, and the county treasurer must be authorized separately in each instance such a loan is requested.

These policy documents put in place the authority necessary to respond timely to address cash flow needs as they arise. As part of this effort, the county executive office, the auditor-controller's office, and the treasurer's office are working together to identify further internal processes and procedures necessary to manage cash flow on a day-to-day basis. The executive office will also be working with county departments to tighten cash management practices to optimize the county's cash position.

As of June 15, 2010, State Controller John Chiang anticipated exhausting the state's borrowable cash resources in July. If a state budget is not adopted by August 1, Chiang anticipates the state will fall below a prudent cushion and he will again institute deferral of state payments, including payments to community colleges, school districts, and local governments until a state budget is adopted. The recommended policy actions reinforce the authority to respond as necessary to such deferrals and other daily cash flow needs.

When the State Controller's Office deferred certain payments last year, the county joined the County of Sacramento and others in a suit to compel payment, and the Executive Office recommends consideration of joining any similar suits in the future to compel the state to make payments on duly appropriated amounts. If necessary, the Executive Office also recommends consideration of curtailing state programs for which payment is deferred to the extent necessary to protect the county's own cash position.

COUNTY OF RIVERSIDE, CALIFORNIA
BOARD OF SUPERVISORS POLICY

| <u>Subject:</u> | <u>Policy Number</u> | <u>Page</u> |
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| POLICY FOR CASH MANAGEMENT TO AVOID CASH DEFICITS IN COUNTY FUNDS | B-14 | 1 of 2 |

Policy:

County Funds

No fund over which the Board of Supervisors has authority shall be allowed to remain in a cash deficit position. All funds over which the Board of Supervisors has authority shall be treated without restriction as a single pool of funds for the purpose of determining whether cash is available to pay warrants. Pursuant to Section 25252 of the Government Code and Board Resolution No. 2010-205 (Attachment A), the Auditor-Controller is authorized to establish or abolish funds as necessary for the proper transaction of the business of the county; and, for those funds over which the Board of Supervisors has authority, is authorized to transfer money from one fund to another as the public interest requires.

The funds over which the Board of Supervisors does not have authority includes all fiduciary funds, such as the funds of school districts and other non-county funds held by the county treasury, as well as all funds of separate legal entities of the county, including but not limited to: the Redevelopment Agency, the Public Financing Corporation, the Industrial Development Authority, the In-Home Supportive Services Public Authority, the Community Facilities Districts, the Housing Authority, the Flood Control and Water Conservation District, the Waste Resources Management District, and the Regional Park and Open Space District.

All county department heads responsible for county funds will endeavor to avoid cash deficits throughout the fiscal year. If material cash deficits occur, or are projected to occur, in a particular fund, or if working capital is required, the department head responsible will request a formal cash advance from the Board and resolve the negative cash balance by June 30th of that fiscal year.

Other Funds

Boards of directors and officials of separate legal entities of the county, independent special districts, and school districts have primary responsibility for managing the cash balances of their respective funds in the county treasury, and for taking corrective action to avoid cash deficits.

**COUNTY OF RIVERSIDE, CALIFORNIA
BOARD OF SUPERVISORS POLICY**

| <u>Subject:</u> | <u>Policy Number</u> | <u>Page</u> |
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| POLICY FOR CASH MANAGEMENT TO AVOID CASH DEFICITS IN COUNTY FUNDS | B-14 | 2 of 2 |

Other Policy Items

Warrants shall not be issued from any fund determined to be in a "want of funds" or cash deficit condition.

Temporary loans may be made by the County Treasurer pursuant to resolution of the Board of Supervisors under Section 6 of Article 16 of the California Constitution, a template for which is provided in Attachment B to this policy.

Reference:

Minute order 3.66 of 05/14/91

Minute order 3.17 of 01/21/92

Minute order 3.3 of 04/10/07

1 Board of Supervisors

County of Riverside

2
3 RESOLUTION NO. 2010-205

4
5 A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE
6 AUTHORIZING THE COUNTY AUDITOR TO ESTABLISH AND ABOLISH FUNDS
7 AND MAKE TEMPORARY TRANSFERS OF MONEY BETWEEN FUNDS
8 UNDER THE AUTHORITY OF THE BOARD OF SUPERVISORS
9

10 WHEREAS, California Government Code Section 25252 authorizes the Board of
11 Supervisors to establish and abolish those funds necessary for the proper transaction of the business of the
12 County and further provides that the Board of Supervisors may authorize the County Auditor to perform
13 this function; and,

14 WHEREAS, California Government Code Section 25252 authorizes the Board of
15 Supervisors to make transfers from one fund to another as the public interest requires and further provides
16 that the Board may by resolution authorize the County Auditor to make such transfers of money from one
17 fund to another if the Board of Supervisors has authority over each fund, as the public interest requires;
18 and,

19 WHEREAS, the Board of Supervisors deems it in the public interest to authorize the County
20 Auditor to establish and abolish funds and to make temporary transfers of money between funds under the
21 authority of the Board of Supervisors in order to assist the County with cash management needs;

22 NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of
23 Riverside assembled in regular session on _____ that:

- 24 1. The above recitals are true and correct.
- 25 2. The Board of Supervisors hereby authorizes the County Auditor to make temporary
26 transfers of money between those funds under the authority of the Board of Supervisors as the public
27 interest may require. All such transfers shall be done in such a way and at such time as they will not
28 negatively affect the funds from which they are drawn, and shall be reimbursed to the funds from which
29 they are drawn in sufficient time such that they have no negative effect on the ability to conduct lawfully
30 budgeted transactions.
- 31 3. The County Auditor and any other County officers and employees are authorized to
32 take such additional actions necessary or convenient to carry out the effect of this resolution.
- 33 4. This resolution shall take effect from and after the date of its adoption.

FORM APPROVED COUNTY COUNSEL
BY *Dale A. Gardner* 7/17/10
DALE A. GARDNER DATE

Board of Supervisors

County of Riverside

RESOLUTION NO. XXXX-XXX

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE
AUTHORIZING THE COUNTY TREASURER TO MAKE TEMPORARY TRANSFERS OF MONEY
BETWEEN FUNDS UNDER CUSTODY OF THE COUNTY TREASURER

WHEREAS, California Constitution Article 16 Section 6 provides that the County Treasurer shall have the power and duty to make temporary transfers from the funds in custody as necessary to provide for meeting the obligations incurred for maintenance purposes by any city, county, district, or other political subdivision whose funds are in custody and are paid out solely through the County Treasurer's office; and,

WHEREAS, California Constitution Article 16 Section 6 provides such temporary transfer to any political subdivision shall be made only upon resolution adopted by the Board of Supervisors authorizing the County Treasurer to make such temporary transfer; and,

WHEREAS, California Constitution Article 16 Section 6 provides such temporary transfer shall not exceed 85 percent of the anticipated revenues accruing to the political subdivision; and,

WHEREAS, California Constitution Article 16 Section 6 provides such temporary transfer shall not be made prior to the first day of the fiscal year, nor after the last Monday in April of the current fiscal year; and,

WHEREAS, California Constitution Article 16 Section 6 provides such temporary transfer shall be replaced from the revenues accruing to such political subdivision before any other obligation of such political subdivision is met from such revenue; and,

WHEREAS, the Board of Supervisors deems it in the public interest to authorize and direct such temporary transfers of money in order to assist _____ (the "Agency") in meeting the Agency's maintenance obligations;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Riverside assembled in regular session on _____ that:

1. The above recitals are true and correct.
2. The Board of Supervisors authorizes the County Treasurer to make temporary transfers from the funds in custody as may be necessary to provide funds to the Agency for meeting its obligations for maintenance purposes, provided that:

- a. Such temporary transfer shall not exceed 85 percent of the anticipated revenues accruing to the Agency in the fiscal year in which the transfer shall occur; and,

1 b. Such temporary transfer shall not be made prior to the first day nor after the
2 last Monday in April of the fiscal year in which the transfer shall occur; and,

3 c. Such temporary transfer shall be repaid and replaced from revenues accruing
4 to the Agency before any other obligation of the Agency is met from such revenue.

5 4. The Board of Supervisors authorizes the County Treasurer, the County Auditor, and
6 any other County officer and employees to take such additional actions necessary or convenient to carrying
7 out the effect of this resolution.

8 5. This resolution shall take effect from and after the date of its adoption.