

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
February 10, 2009

To: Board of Supervisors
From: Department of Finance
Subject: Resolution Directing The Director Of Finance In His Capacity As County Auditor
And Treasurer To Effect Certain Interfund Transfers

Supervisory
District(s): All

Contact: Dave Irish, Director of Finance, 874-5791

Overview

Due to the downturn in the overall economy, and the depressed values of properties in Sacramento County, the County's General Fund requires operating transfers to cover both cash and operational needs for the remainder of Fiscal Year 2008/09.

Recommendation

Approve the attached resolution authorizing the Director of Finance (as County Auditor and Treasurer) to effect an interfund transfers of \$17,313,929 between Fund 001 (General Fund) and Fund 033 (Municipal Services Agency's Internal Service Fund)

Measures/Evaluation

Not applicable.

Fiscal Impact

Without these transfers the General Fund would be required to eliminate current year appropriation of \$6,416,844 from Indigent Health programs and \$2,158,422 from Conflict Criminal Defender. In addition, the remaining \$8,738,663 of the transfer is required is needed for short-term cash needs to avoid cutting appropriations for Mental Health programs. The transfers will be repaid within five years by the General Fund beginning in Fiscal Year 2010/11.

Resolution Of The Board Of Supervisors Of The County Of Sacramento, State Of California,
Directing The Director Of Finance In His Capacity As County Auditor And Treasurer To Effect
Certain Interfund Transfers

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BACKGROUND:

The Country is currently in a recession and the Sacramento realty market has suffered significant value loss during the past two years. In addition to property and sales taxes falling far below expectations, the state's own budget challenges have dramatically reduced their funding of County run programs. The County Executive has indicated that the General Fund needs approximately \$17,313,929 in transfers from funds with available cash reserves to avoid making that amount in budget cuts before fiscal year-end.

Government Code section 25252 permits your Board to make temporary transfers among and between funds under your jurisdiction as necessary to meet the operational needs of the County.

DISCUSSION:

At the direction of the County Executive, staff was asked to identify funds with available cash that was not needed in the short-term. The Municipal Services Agency identified cash associated with accumulated retained earnings in its Internal Services fund (fund 033) for this purpose.

The cash from fund 033 is associated with activities from several operating funds in the Municipal Services Agency, and their fund managers have agreed to the transfer.

FINANCIAL ANALYSIS:

These funds must be repaid. Due to the uncertain budget situation for Fiscal Year 2009/10, the transfers will not begin repayment until the subsequent fiscal year, and will be repaid by Fiscal Year 2013/14. For the first three years 20% of the transfer amount will be repaid, with the remaining 40% paid in Fiscal Year 2013/14. County Counsel has opined that no interest should be paid on these transfers.

Respectfully submitted,

APPROVED:

DAVE IRISH
Director of Finance

TERRY SCHUTTEN
County Executive

By: _____
MARK NORRIS, Administrator
Internal Services Agency

Attachments: Resolution