

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
March 3, 2009

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

Supervisorial
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. On February 10, 2009 your Board approved a transfer of funds from various Municipal Service funds to the General Fund totaling \$17,313,929. That transfer was primarily for operational needs for the Countywide Services Agency in Health Services and the Conflict Criminal Defender. Currently staff is recommending that \$27,315,072 be transferred from several funds to the General Fund for Sheriff, District Attorney and Probation programs and the Medical Treatment Account.

Recommendation

Approve the attached resolution authorizing the Director of Finance (as County Auditor and Treasurer) to effect an interfund transfers of \$27,315,072 to Fund 001 (General Fund) from Funds 033 (Municipal Services Internal Service Fund), 073 (Clerk-Recorder), 039 (Personnel Services – Workers Compensation Internal Service Fund), Municipal Service Fee Districts (101 and 108) and Sunrise/Cordova Improvement District (6641).

Measures/Evaluation

Not applicable.

Fiscal Impact

Without these transfers the General Fund would be required to eliminate current year appropriation of \$10,870,910 from Sheriff's programs \$1,849,617 from the District Attorney, \$10,026,125 from the Medical Treatment Account and \$4,568,420 from the Probation Department. The transfers will be repaid within five years by the General Fund beginning in Fiscal Year 2010/11.

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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 an additional \$27,315,072 in transfers from funds with available cash reserves to avoid making that amount in budget cuts before fiscal year-end. On February 10, 2009 your Board approved similar transfers of \$17,313,929.

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 Administrator of the Municipal Services Agency, Clerk Recorder and Director of Personnel Services have identified funds that are not required for immediate use and are available for a short-term transfer.

The cash from these funds (attached) are associated with activities from several operating funds in the Municipal Services Agency, the Clerk-Recorder's Modernization and Conversion Fund and the Department of Personnel's Workers Compensation Fund. The fund managers have agreed to these transfers.

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:
TERRY SCHUTTEN

DAVE IRISH
Director of Finance

By: _____
MARK NORRIS, Administrator
Internal Services Agency

Attachments: Exhibit 1 - Resolutions
Exhibit 2 - Source of Transfers