

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY

DEPT: Auditor-Controller

BOARD AGENDA #: *B-2

AGENDA DATE: June 7, 2016

SUBJECT:

Approval to Authorize the Auditor-Controller to Temporarily Loan Funds to Oakdale Fire Protection District for Operational Expenses Under Government Code 23010 in an Amount Not to Exceed \$1,530,000

BOARD ACTION AS FOLLOWS:

No. 2016-274

On motion of Supervisor Chiesa, Seconded by Supervisor Withrow
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, DeMartini, and Chairman Monteith

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST: Elizabeth A. King
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No. DF-8-C-4

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Auditor-Controller
Urgent Routine

BOARD AGENDA #: *B-2

AGENDA DATE: June 7, 2016

SK

CEO CONCURRENCE: *AK*

4/5 Vote Required: Yes No

SUBJECT:

Approval to Authorize the Auditor-Controller to Temporarily Loan Funds to Oakdale Fire Protection District for Operational Expenses Under Government Code 23010 in an Amount Not to Exceed \$1,530,000

STAFF RECOMMENDATIONS:

1. Authorize the Auditor-Controller to loan funds under Government Code 23010 for operational expenses to Oakdale Fire Protection District in an amount not to exceed \$1,530,000 (or 85 percent of anticipated revenue in the amount of \$1,800,000).

DISCUSSION:

The County has received a request from Oakdale Fire Protection District (District) dated April 21, 2016 for a temporary loan of funds for the 2016-2017 Fiscal Year. This loan of funds is intended to address the District's cash needs for the 2016-2017 Fiscal Year. The request is made under the provision of Government Code Section 23010.

During the year, the District will experience negative cash flow due to the timing of property tax revenue apportionments. The dry funding provision acts similar to a line of credit in that it allows the District to utilize the County Treasury funds, on a temporary basis. The Auditor-Controller staff monitors the cash flow of the District to ensure the District does not exceed the 85 percent limitation during the fiscal year.

The loan being requested will ensure the continuation of critical public safety services to District residents. Funds loaned may only be used to meet maintenance and operational expenses.

POLICY ISSUE:

Government Code Section 23010 states that counties may lend any of its available funds to special districts, including fire protection districts, who maintain their funds in the custody of the County Treasury. It also stipulates that the loan shall not exceed 85 percent of the district's anticipated revenue for the fiscal year in which the loan is made or for the next ensuing fiscal year. The loan requires Board of Supervisors' approval.

FISCAL IMPACT:

As stipulated in Government Code Section 23010 the District's cash is pooled with the cash of the County. During the period of negative cash flow, the District draws from the County's Treasury. Interest expense is charged based on the amount and the length of the negative

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cash balance. The interest rate is equal to the average rate of return in the County's Treasury. As the District's cash flow improves, the County's cash balance is replenished.

The Oakdale Fire Protection District is requesting the maximum loan of 85 percent of the District's anticipated revenue of \$1,800,000. Based on the anticipated revenue during the 2016-2017 Fiscal Year, the maximum amount of dry period financing is \$1,530,000. The table below does not factor in the interest earned and simply represents the maximum loan and principal amounts related to the recommended action.

Cost of recommended action:	\$ 1,530,000
Source(s) of Funding:	
Oakdale Fire Protection District Loan Repayment	1,530,000
Funding Total:	\$ 1,530,000
Net Cost to County General Fund	\$ -

Fiscal Year:	2016-2017
Budget Adjustment/Appropriations needed:	No

Fund Balance as of N/A

BOARD OF SUPERVISORS' PRIORITY:

The recommended action will allow the Oakdale Fire Protection District to operate during the dry period that precedes property tax apportionment in the 2016-2017 Fiscal Year and is in alignment with the Board of Supervisors' priority of Efficient Delivery of Public Services.

STAFFING IMPACT:

If approved, monitoring of the loan would be performed with existing staff in the Auditor-Controller's Office.

CONTACT PERSON:

Sam Groves, Manager II

Telephone: (209) 525-5786

ATTACHMENT(S):

- A. Oakdale Fire Protection District Dry Funding Request Letter

ATTACHMENT A

"To Save Life & Property"

OAKDALE FIRE PROTECTION DISTRICT



1398 EAST "F" STREET
OAKDALE, CALIFORNIA 95361
PHONE (209) 847-6898
FAX (209) 847-1520

Board Members *John Bairos—Chairman* *Bety Gripenstraw* *Raymond Martin* *Ryan Cope* *Vincent Victorine*

April 21, 2016

Stanislaus County
Board of Supervisors
1010 10th Street, Suite 6500
Modesto, CA 95354

Re: Dry Period Funding for Fiscal Year 2016-2017

Dear Board of Supervisors,

The Oakdale Fire Protection District continually strives to operate within the budget it sets each year. Even with the uncertainty of what our apportionment of ad valorem property taxes will be each year, we consistently balance our budget between revenues and expenditures.

Our anticipated revenue for the 2016-2017 fiscal year is \$1,800,000.00. Our District has always depended on the dry-period funding authorized by the County wherein we are able to operate on funds "loaned" by the County until our property taxes are apportioned to us beginning in December. Therefore, we respectfully request that pursuant to Government Code Section 23010 that the County approves to advance the Oakdale Fire Protection District funds to perform its functions and meet its obligations. Our funds are deposited and held by Stanislaus County and the District understands that any tax apportionments received will be repaid to the County prior to any other obligations. Further, we request that the dry-period funding be approved for FY2016-2017 in the amount of \$1,530,000.00, which is 85% of our projected revenue.

We would appreciate your consideration of this request as soon as possible since our ability to continue operations is dependent on having a consistent cash flow.

Sincerely,

John Bairos
Board Chairperson

cc: Lauren Klein-Auditor Controller
Stan Risen-Stanislaus County CEO

RECEIVED
APR 21 2016 4:47
AUDITOR CONTROLLER