



County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

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24
JOE HARN, CPA
Auditor-Controller

BOB TOSCANO
Assistant Auditor-
Controller

October 28, 2008

Submitted by Joe
Auditor
at Board Hearing of 10/28/08

Board of Supervisors
County of El Dorado
330 Fair Lane
Placerville, California 95667

Subject: Authorization for Cash Advances and Background on Cash Flow Matters

Ladies and Gentlemen:

Recommendation: The Auditor-Controller recommends that the Board of Supervisors authorize cash advances for the period July 1, 2008 through June 30, 2009, to the Accumulative Capital Outlay Fund (ACO) 13-200, the Community Services Fund 11-107, the El Dorado County IHSS Public Authority Fund 12-175, the El Dorado County Public Housing Authority Fund 12-176, the Mental Health Special Revenue Fund 11-110-001, the Public Health Special Revenue Fund 11-109, the Airport Capital Improvement Fund 31-414, the Erosion Control Fund 11-101, the South Lake Tahoe Transit Fund 31-405, and the Road Fund 11-103.

Reason for Recommendation: Without cash advances these funds would be unable to pay their bills on a timely basis. For the past several years, these funds have received cash advances that have been approved by the Board of Supervisors.

Background on Cash Flow Matters: The County Treasurer, Cherie Raffety invests the monies of the County, the special districts, and the schools on a pooled basis. Ms. Raffety makes her investment decisions based the total amount of cash in the pool. El Dorado County has been well served by Ms. Raffety's investment decisions as of late. Many Counties have incurred significant investment losses recently due to losses related to Commercial Paper.

As indicated on Attachment #1, as of September 30, 2008, \$349,256,767 was on deposit with the County Treasurer, as compared to \$373,546,240 as of September 30, 2007.

It is my opinion, that the County has adequate funds at this time to make cash advances to the above listed funds.

Mental Health:

Despite the fact that the Mental Health Special Revenue Fund currently has a \$3,319,000 long-term loan from the General Fund, it had a negative cash balance of \$2,849,096 as of October 27. Mental Health cash flow performance during the first quarter of the current fiscal year is worse than its performance during the first quarter of last fiscal year.

Board of Supervisors

County of El Dorado

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Page 2

October 28, 2008

Sales and Use Tax:

The adopted budget for the General Fund is based upon overstated estimated Sales and Use Tax Revenue. The adopted budget is based on a 6% increase in Sales and Use Tax when compared to last year's actual. At this time I estimate a 3% reduction in Sales and Use Tax when compared to fiscal 07/08. This would indicate that this revenue account is overstated by \$727,000.

Prop 172 Public Safety Sales Tax Revenue:

The adopted budget for Prop 172 Sales Tax Revenue is significantly overstated. The adopted budget is based on a 10% increase in Prop 172 Sales Tax Revenue. At this time I estimate a 4.3% reduction in Prop 172 Sales Tax Revenue. This would indicate that this revenue account is overstated by \$1,424,645.

General Fund Interest Revenue:

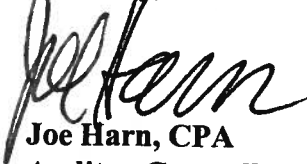
The adopted budget for Interest Revenue is significantly overstated. Today, my office is predicting Interest Revenue of \$400,000 for fiscal 08/09, while the adopted budget reflects \$1,600,000. The estimated Interest revenue appears to be overstated by \$1,200,000.

Other General Fund Revenues:

Two other classifications of Discretionary Revenues are significantly overstated in the fiscal 08/09 Budget. Supplemental Property Taxes are overstated by at least \$400,000, while Property Taxes in lieu of VLF are overstated by \$555,000. SB-90 Revenues are understated by \$478,000. My office is watching closely a number of other classifications of Discretionary Revenues where collections appear to be slow. My office may determine that these estimated revenues may need to be adjusted downward in the near future.

The rate of County Spending needs to be significantly reduced or a material degregation of our financial position will occur during fiscal 08/09. If you have any questions, please contact me.

Sincerely,



Joe Harn, CPA
Auditor-Controller

Cc: Gayle Erbe-Hamlin
C.L. Raffety

ATTACHMENT 1**EL DORADO COUNTY
Cash Held by County Treasurer**

FUND TYPE	NAME	September 30, 2008	September 30, 2007
		<u>POOLED CASH</u>	<u>POOLED CASH</u>
10	GENERAL FUND	\$ (2,409,233.28)	\$ 7,685,901.69
11	SPEC REV FUND	8,473,717.43	5,838,595.53
12	SPEC REV: BOS GOV DIST	26,378,193.58	24,873,287.39
13	CAPITAL PROJECTS	5,054,002.75	5,466,413.32
15	DEBT SVC FUND	2,161,957.17	1,799,420.76
20	CNTYWIDE SPEC REV	101,494,433.88	132,298,592.03
31	ENTERPRISE FUND	647,013.47	562,879.55
32	INTERNAL SVC FUND: RISK Mgmt	39,895,437.59	34,681,816.54
32	INTERNAL SVC FUND: Fleet Mgmt	2,317,361.50	2,353,421.03
40	COUNTY ENDOWMENT FUNDS	3,563,840.99	3,280,646.13
41	AGENCY FUNDS: COUNTY TRUST FUNDS	<u>11,445,777.50</u>	<u>15,984,309.60</u>
		<u>\$ 199,022,502.58</u>	<u>\$ 234,825,283.57</u>

**EXTERNAL FUNDS: NOT UNDER BOS CONTROL
Cash Held by County Treasurer**

42	CEMETERY ENDOWMENT FUNDS	\$ 26,848.06	\$ 19,473.96
44	SPECIAL DISTRICTS	59,428,174.31	63,985,045.50
49	SCHOOLS	<u>90,779,242.34</u>	<u>74,716,436.87</u>
		<u>\$ 150,234,264.71</u>	<u>\$ 138,720,956.33</u>
	Total County Treasury	<u>\$ 349,256,767.29</u>	<u>\$ 373,546,239.90</u>

ATTACHMENT 2

**EL DORADO COUNTY
FUND TYPE 11
SPECIAL REVENUE FUND
Cash Held by County Treasurer**

<u>FUND</u>	<u>NAME</u>	September 30, 2008	September 30, 2007
		<u>POOLED CASH</u>	<u>POOLED CASH</u>
101	DEPT OF TRANS: EROSION CONTROL	693,487.76	359,817.92
103	DEPT OF TRANS: ROAD FUND	3,309,545.90	330,993.60
104	DEPT OF TRANS: COUNTY ROAD DISTRICT	117,811.01	559,900.10
105	SPECIAL AVIATION: GENERAL SERVICES	198.24	93.33
106	FISH AND GAME PRESERVATION	20,271.51	19,662.90
107	COMMUNITY SERVICES	527,270.31	907,847.23
109	HEALTH	1,831,712.88	1,535,964.89
110	MENTAL HEALTH:	(1,960,506.26)	(1,449,101.28)
110	MENTAL HEALTH: MENTAL HLTH SVCS ACT	2,379,164.10	1,940,449.52
113	SOCIAL SERVICES	430,281.52	376,113.70
114	PLANNING: EIR DEVELOPMENT COSTS	25,023.60	24,191.48
115	TOBACCO SETTLEMENT	13,678.55	13,223.71
116	FEDERAL FOREST RESERVE	389,709.94	433,165.62
117	COMMUNITY ENHANCEMENT	478,169.65	462,335.52
118	JAIL COMMISSARY	45,977.39	118,433.03
119	PLACERVILLE UNION CEMETERY	171,921.33	205,504.26
	TOTAL FUND TYPE 11	\$ 8,473,717.43	\$ 5,838,595.53