



Legislation Text

File #: 07-1698, Version: 2

Transportation Department recommending the Auditor-Controller be authorized to make intermittent temporary cash advances from the General Fund to three of the funds managed by the Department of Transportation: Erosion Control, South Lake Tahoe Transit and Road Fund to prevent negative cash balances in these funds; advanced funds are to be reimbursed with interest as determined by the Auditor-Controller.

RECOMMENDED ACTION: Approve.

BUDGET SUMMARY:		
Total Estimated Cost		\$0.00
Funding		
Budgeted	\$	
New Funding	\$	
Savings	\$	
Other	\$	
Total Funding Available	\$	
Change To Net County Cost		\$0.00

Fiscal Impact/Change to Net County Cost: Any General Fund advances would provide temporary operating cash only and would be repaid with interest such that there is no expenditure incurred by the General Fund and therefore no appropriation is required.

Reason for Recommendation: All of the funds requiring pre-authorization for General Fund cash advances are fully funded with restricted funding sources but those sources occasionally lag behind the related expenditures with the result being a potential cash shortfall.

The Erosion Control Funds experiences heavy demands on cash in the summer months when construction projects are underway with subsequent reimbursement being made sometimes as much as 90 days after. This lag between the cash outlay for expenditures and the grantor's reimbursement frequently creates a negative cash flow. Due to cash advances from the granting agencies, the Erosion Control program has realized interest earnings in the past where these earnings are utilized to fund the interest expense associated with the General Fund advances. Staff makes every effort to maximize advances from the granting agencies and to expedite the reimbursement process to minimize the need for General Fund advances.

The South Lake Tahoe Transit Fund is fully funded through Transportation Development Act Funds (TDA) and a Federal Grant. Cash receipts are typically not available in the first quarter of the year as the claim is dependent on the preceding year end close and current year budget adoption; but cash payments to the transit operator are made on a monthly basis, causing a cash shortfall where the

General Fund provides the operating cash and charges interest on the advanced funds. The operating fund typically realizes sufficient interest earnings to pay for the interest expense associated with any General Fund advance.

The Road Fund is fully dependent on either revenue generated through time and material billings or from allocations. The payment of Gas Tax is level, with payments received monthly, but other sources are received in an irregular pattern. For example Road District Tax (RDT) is received in the winter and spring, Federal Forest in the winter and Public Utility Tax in the spring. Nearly all other sources are received on a time and material basis where reimbursements can lag behind expenditures somewhat, creating short periods where cash is low, especially at the end of summer when costs are high. The Department has routinely requested authorization from your Board for cash advances as a precautionary measure since December 2001 but has not been required to utilize an advance until this fall and that was for a short period. On an annual basis, the Road Fund realizes interest earnings on cash balances that are anticipated to more than offset interest costs associated with these short term advances from the General Fund.

Action to be taken following Board approval: Upon approval of the recommendation, the Auditor will have the authorization to make cash advances from the General Fund to the Erosion Control, South Lake Tahoe Transit and Road Fund operating funds as needed to cover negative cash balances.

Contact: Richard W. Shepard, PE

Concurrences: