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Chief Administrative Office, on behalf of Department of Human Services, Health Services Department, and the Department of Transportation, recommending the Auditor-Controller be directed to make cash advances from the General Fund to various funds within those Departments to prevent negative cash balances:
1) Accumulative Capital Outlay (ACO) Fund 13-200
2) Community Services Fund 11-107
3) El Dorado County IHSS Public Authority Fund 12-175
4) El Dorado County Public Housing Authority Fund 12-176
5) Mental Health Special Revenue Fund 11-110
6) Public Health Special Revenue Fund 11-109
7) Airport Capital Improvement Fund 31-414
8) Erosion Control Fund 11-101
9) South Lake Tahoe Transit Fund 31-405
10) Road Fund 11-103
Advanced funds will be reimbursed with interest as determined by the Auditor-Controller.

FUNDING: General Fund advances to be reimbursed from various non-General fund sources in each department.
Fiscal Impact/Change to Net County Cost:
General Fund advances would provide temporary operating cash only and is therefore not considered expenditure to the General Fund, requiring no appropriation. General fund advances will be repaid with interest as determined by the Auditor-Controller.

Background:
The requesting departments rely on funding from various State, Federal and other revenue sources to fund operations in their special revenue funds. Revenues for these programs are typically received on a reimbursement basis, often several months after services have been provided and costs have been incurred. This can result in a temporary cash shortfall where a General Fund Advance would be required to carry the funds until revenues are received.

The affected funds are identified below.

Human Services:
Community Services Fund 11-107.
El Dorado County IHSS Public Authority Fund 12-175.
El Dorado County Public Housing Authority Fund 12-176.
Federal and State annual allocations that are received several months into the fiscal year, and program specific grants/funding received as reimbursement in arrears may create temporary cash shortfalls in these funds.

Health Services:

Mental Health:

Mental Health Special Revenue fund 11-110.

Programs in this fund are supported by various restricted State, Federal, and other revenues, as well as realignment revenues. Annual allocations that are sometimes received several months into the fiscal year, and program specific grant or other funding that is received as reimbursement in arrears, can create temporary cash shortfalls.

Public Health:

Public Health Special Revenue Fund 11-109.

Programs in this fund are supported by various restricted State, Federal, and other revenues, as well as Public Health realignment revenues. Annual allocations that are sometimes received several months into the fiscal year, and program specific grant or other funding that is received as reimbursement in arrears, can create temporary cash shortfalls.

Transportation:

All programs are fully funded with restricted funding sources but those sources occasionally lag behind the related expenditures with the result being a potential cash shortfall from time to time.

Accumulative Capital Outlay (ACO) Fund 13-200.

State and Federal agency grants for construction projects currently in process are primarily received in arrears on a reimbursement basis, at times creating a temporary cash shortfall.

Airport Capital Improvement Funds 31-414-101 (Placerville), 31-414-102 (Georgetown)

State and Federal agency grant funding for capital projects currently in progress. Some grants provide up to 80% funding as advances however the remaining 20% as well as funding provided by reimbursement grants would be received as reimbursement.

Erosion Control Fund 11-101

Erosion Control experiences heavy demands on cash in the summer months when construction projects are underway with subsequent reimbursement from State and Federal funding being made sometimes as much as 90 days after. Due to cash advances from the granting agencies, the program has realized interest earnings in the past where these earnings are used to fund the interest expense associated with General Fund advances. Staff makes every effort to maximize advances from granting agencies and expedite the reimbursement process to minimize the need for General Fund advances.

South Lake Tahoe Transit Fund 31-405

This program is fully funded through Transportation Development Act (TDA) funds. In prior years this fund has required an advance. The department has worked with the Tahoe Regional Planning Agency and has an approved TDA claim that will allow for receipt of funds on a monthly basis. The contract with South Tahoe Area Transit Authority (STATA) to provide the transit services includes payment language whereas payment to the vendor is dependent on actual TDA receipts therefore minimizing the likelihood of requiring a cash advance.

Road Fund 11-103

The Road Fund is fully dependent on either revenue generated through time and materials billings or from allocations. The payment of State Gas Tax has been delayed and other sources are received in an irregular pattern. For example, Road District Tax (RDT) is received in the winter and spring, 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, creating short periods where cash is low, especially at the end of summer when costs are high. 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.

Reason for Recommendation:
The requesting departments will closely monitor cash balances in the affected funds and if a low cash balance is forecast they will work to maximize revenues and control expenditures to minimize the impact on the cash balance in the fund and prevent negative cash balances to the extent possible.

Action to be taken following Board approval:
The Auditor-Controller is directed to make cash advances from the General Fund to the requesting department's special revenue funds as needed to cover negative cash balances in the funds.

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