

SCOE BIZ

Business Services

Bulletin No. 19-18

May 23, 2019

To: District Business Officials
From: Shelley Stiles, Director External Fiscal Services
Subject: **Cash Borrowing for Next Fiscal Year**

Planning for 2019-20

As always, the monitoring of cash and projection of any anticipated deficiencies of cash for next fiscal year are essential. Currently, there are no scheduled deferrals of revenues from 2018-19 to 2019-20.

Obtaining **outside financing often takes time**, thus analyzing cash flow for the current and next fiscal year will identify future cash needs and allow district operations to run without disruption. If your district projects any fund to be in negative cash status during the next fiscal year, please consider one of the following options:

Option A – County Treasurer (Line of Credit)

- Recommend **Board approval of a Resolution**, which should be **submitted by your Board prior to June 30** for the fiscal year requested. **The amount requested should not exceed 85% of projected current year property taxes.** The Resolution allows the district to remain in a negative cash status for any fund. Negative interest will accrue to any monthly negative cash fund balance. Total of all funds should not have a negative cash balance for any single month. The LOC **expires the last Monday of April in any given year.** If a negative cash balance is anticipated subsequent to the last Monday in April, other financing options must be utilized.
- **Send the original the Board Resolution, cash-flow, and signature page to Shelley Stiles at SCOE.**
- **SCOE will send the original Board Resolution, cash-flow, and signature page to the County of Sonoma, Erick Roeser, County Auditor-Controller-Treasurer-Tax Collector.**
- The district should *receive a signed confirmation from the County Treasurer's office affirming the District's request and indicating their approval.*
- Please use the current resolution, cash flow and signature page template titled : LOC application from County Treasurer (Roeser) found at <http://www.scoe.org/pub/htdocs/fiscal-forms.html>

Option B – TRAN (tax and revenue anticipation notes)

- According to Government Code Sections 53854, an LEA may issue a TRAN payable up to 15 months after the date of issuance. Such a note is payable only from revenues received or accrued during the fiscal year in which it was issued. There is no voter approval necessary.

- Tax-Exempt short-term note often used by LEAs during the year when cash is short.
 - Taxable – “Midyear” TRAN
- **A Qualified or Negative Certification requires COE approval.**
- **TRAN agreements may contain language that relate to LEAs Interim Certifications. If an LEA is determined to be Qualified or Negative after the TRAN agreement is signed, the document may state that no further funds will be made available for cash flow purposes.** To assure the consequences of interim report submissions are fully understood, SCOE is recommending that all TRAN agreements are carefully reviewed for such language. The timing should look something as follows:
 - January 20xx: Issuance resolution and board agenda package available
 - February 20xx – April 20xx: Adopt issuance resolution at board meeting
 - March 20xx – April 20xx: Provide financial data for TRAN sizing
 - May 20xx: Finalize cash flow projections for TRAN sizing
 - June 20xx: Sell TRAN to investors
 - July 20xx: Deliver TRAN proceeds for general fund cash flow use

Option C - Interfund Borrowings

Interfund borrowings are authorized by Education Code Section 42603. It allows LEAs to borrow between funds temporarily. There are limitations which are noted below:

- No more than 75% of the money held in any fund during the current fiscal year may be transferred.
- The funds must be repaid by June 30th of the current fiscal year if the transfer was completed prior to the last 120 days of the fiscal year.
- If the funds were transferred within the last 120 days of the fiscal year, repayment of the funds must be made prior to June 30th in the subsequent fiscal year.
- **If borrowing from Fund 21, does your bond agreement allow it?**

Resolution No. _____

Dated: _____

RESOLUTION OF THE GOVERNING BOARD OF _____
DISTRICT OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA,
REQUESTING FUND TRANSFER UNDER ARTICLE XVI, SECTION 6 OF THE
STATE CONSTITUTION

RESOLVED by the Governing Board of the _____
District, a District of the County of Sonoma, State of California, that:

WHEREAS, this District does not have sufficient funds on hand to provide for the
operation of the District during the _____ fiscal year, and

WHEREAS, Article XVI, Section 6 of the State Constitution authorizes a
temporary transfer of funds in the custody of the County Treasurer upon approval of the
Board of Supervisors, and

WHEREAS, the revenues to said District for the current fiscal year,
_____, are budgeted at \$ _____;

NOW, THEREFORE, IT IS DETERMINED AND ORDERED as follows:

1. That the Board of Supervisors of the County of Sonoma be and it is hereby
requested to authorize a temporary transfer to this District on an as-needed basis of not to
exceed \$ _____ during the _____ fiscal year; said
sum will not exceed 85% of the revenues to said District during said fiscal year.
2. For the convenience of the County Auditor-Controller-Treasurer-Tax Collector,
a schedule of monthly anticipated cash flow is attached hereto.
3. That the Auditor-Controller-Treasurer-Tax Collector of the County of Sonoma
be requested to recommend that the transfer is acknowledged.
4. That certified copies of this resolution be forwarded by the Clerk of this Board
to the Board of Supervisors of the County of Sonoma and the Sonoma County Auditor-
Controller-Treasurer-Tax Collector.

The foregoing resolution was introduced by _____,
who moved its adoption, seconded by _____, and
adopted on roll call on _____ [Date], by the following
vote:

<u>Board Member</u>	<u>Vote</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Ayes: _____ Noes: _____ Absent or not voting: _____

WHEREUPON, the Chair declared the foregoing resolution adopted, and
SO ORDERED.

Chair

_____ DISTRICT

_____ CALIFORNIA _____

DATE _____

_____ FUND

ANTICIPATED MONTHLY ENDING BALANCES

From _____ to _____ [Dates]

	<u>Cash Income</u>	<u>Cash Expenditures</u>	<u>Cash Balances</u>
Beginning Cash Balance:			\$ _____
July	\$ _____	\$ _____	_____
August	_____	_____	_____
September	_____	_____	_____
October	_____	_____	_____
November	_____	_____	_____
December	_____	_____	_____
January	_____	_____	_____
February	_____	_____	_____
March	_____	_____	_____
April	_____	_____	_____
May	_____	_____	_____
June	_____	_____	_____
	*\$ _____	\$ _____	
Carry Over	_____		
Capital Outlay (Current Year)		_____	
General Reserves		_____	
Approp. for Contingencies		_____	
	\$ _____	\$ _____	\$ _____ -0-

NOTE: Copies of the Cash Flow Statement are to be attached to each Resolution.

* Total cash income includes secured and unsecured taxes to be raised in current year budget plus estimated revenues (other than current property taxes).

CLERK'S CERTIFICATE

I, _____, Clerk of the Governing Board of the _____ District of the County of Sonoma, State of California, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a special/regular meeting of the Governing Board of said District, regularly held at the regular meeting place thereof, on _____ [Date], of which meeting all the members of said Governing Board had due notice.

I further certify that said resolution has not been amended, modified, or rescinded since the date of its adoption and the same is now in full force and effect.

ATTEST: This _____ day of _____ [Date].

Clerk of the Governing Board of the _____ District
County of Sonoma, State of California

COUNTY TREASURER'S AUTHORIZATION
(Per County of Sonoma Resolution 91-0271)

The attached request for borrowing is in compliance with the requirements of Article XVI, Section 6, of the State Constitution and with Resolution 91-0271 of the County of Sonoma.

Approved By:

Erick Roeser
Auditor-Controller-Treasurer-Tax Collector
County of Sonoma

Date: _____

Amount to be collected on Property Tax Bill _____

Amount requested _____

Percent of Property Tax Bill Requested _____
(Not to exceed 85% of outstanding property taxes)