REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION

June 23, 2020

FROM
ENSEN MASON, Auditor-Controller/Treasurer/Tax Collector

SUBJECT
Temporary Transfer of Funds – Needles Unified School District

RECOMMENDATION(S)
1. Approve and adopt the recommendation of the Auditor-Controller/Treasurer/Tax Collector for temporary transfer of funds to Needles Unified School District in the total amount of $977,626, for Fiscal Year 2020-2021, as listed on Attachment A.
2. Adopt **Resolution No. 2020-117** pertaining to the temporary transfer of funds in the custody of the San Bernardino County Treasurer and the necessity for providing such funds for meeting the obligations of the Needles Unified School District (6100), as listed on Attachment A.

(Presenter: Tori Roberts, Assistant Auditor-Controller/Treasurer/Tax Collector, 382-7005)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES
Operate in a Fiscally-Responsible and Business-Like Manner.
Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT
Approval of this item will establish a "line-of-credit" in the amount of $977,626 for Needles Unified School District (District) to draw on, as needed, to be repaid by April 26, 2021. Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost); however, San Bernardino County (County) interest earnings will be reduced when the District utilizes the temporary transfer of funds (TTF). Additionally, the District TTF is non-interest bearing and potentially reduces the amount of the County funds available for County use until repayment is completed.

BACKGROUND INFORMATION
The Auditor-Controller/Treasurer/Tax Collector (ATC) has received a request from the District for a TTF, in accordance with the provisions of Article XVI, Section 6 of the California Constitution and Section 42620 of the California Education Code. These provisions require the Board of Supervisors (Board) to order the County Treasurer to make a TTF to the District from any funds of the County not immediately needed to pay claims of the County, if the District has established a need for the funds.

The TTF must not exceed 85% of the anticipated property tax revenue that will accrue to the District and shall be repaid from property tax collections before these collections are used to pay any other obligation of the District.

The District has requested a TTF for $977,626. ATC considered several factors, including the District's deepest projected cash deficit and the anticipated tax revenue that will accrue to the District in arriving at its recommendation. A TTF is generally requested to cover temporary cash flow issues prior to property tax distributions in December. The District had requested and received a TTF for previous fiscal year 2019-2020.

ATC recommends TTFs in amounts that are the lesser of the District's request, 85% of its anticipated tax revenue, or 125% of its deepest projected cash deficit. Upon review of the District's cash needs, ATC finds that the District has satisfactorily demonstrated a reasonable need for a TTF and recommends a TTF totaling $977,626. The recommended TTF amount is based upon the District's deepest cash deficit and represents approximately 52% of the District's anticipated property tax revenue for fiscal year 2020-21, as outlined in Attachment A.

The TTF will be made by establishing a "line-of-credit" for the District within the County's SAP System. TTFs are terminated and funds are re-transferred beginning with the first full property tax apportionment occurring after November 1, 2020, and ending no later than April 26, 2021.

PROCUREMENT
N/A

REVIEW BY OTHERS
This item has been reviewed by County Counsel (Robert F. Messinger, Principal Assistant County Counsel, 387-5455) on June 8, 2020; Finance (Carl Lofton, Administrative Analyst, 387-5404) on June 9, 2020; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on June 9, 2020

Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Josie Gonzales Seconded: Robert A. Lovingood
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY _____
DATED: June 23, 2020

cc: W/RESOLUTION
File- Auditor-Controller/Treasurer/Tax Collector w/attach

la 06/25/2020