

Memorandum
Office of Jenine Windeshausen
Treasurer-Tax Collector



To: The Board of Supervisors
From: Jenine Windeshausen, Treasurer-Tax Collector *JW*
Date: October 24, 2006
Subject: Temporary Borrowing for Western Placer Unified School District

Action Requested:

Ratify temporary borrowing to date and approve continued temporary borrowing of Treasury funds in the estimated amount of \$5,500,000 for fiscal year 2006/07, by the Western Placer Unified School District as prescribed by the California State Constitution and approve a variance from Resolution #96-22, which prohibits temporary borrowing while an agency has outstanding proceeds from the issuance of short-term debt.

Background:

The need for temporary borrowing is typically created by an even expenditure stream combined with an uneven revenue stream. Temporary financing from the County Treasurer to local agencies is provided in accordance Article 16, Section 6 of the California Constitution. Those districts whose funds are in the custody of and paid out solely through the Treasurer are eligible for temporary borrowing. Such borrowing is facilitated by application to the Treasurer and by Resolution #96-22, Placer County Treasurer's Dry Period Financing Policy, adopted by your Board on February 6, 1996, which provides for short-term borrowing of available funds in the Treasury to cover cash flow shortfalls. Resolution #96-22 also states that borrowing will not be authorized while a district has outstanding proceeds from the issuance of short-term debt.

On September 28, 2006, Western Placer Unified School District was in immediate need of temporary borrowing due to a timing difference between the capital expenditures and the receipt of state funding. The District currently has outstanding proceeds from a 2006/07 tax and revenue anticipation note issue. However, due to timing differences between significant capital expenditures and state funding, the school district is in immediate need of temporary borrowing. A copy of the application from the District is attached.

Fiscal Impact:

The rate charged to the District on borrowed funds is the same rate of interest that the Treasurer's Investment Pool apportions to all depositors. Therefore, there is no fiscal impact to the other depositors. The District expects to repay the amounts borrowed when state funding is received by the end of November 2006.

Recommendation:

Article 16, Section 6 of the Constitution requires that funds be made available from the Treasury to districts in need of temporary borrowing. Therefore, it is recommended that your Board ratify and approve the temporary borrowing by the Western Placer Unified School District and grant the variance to the policy regarding outstanding short-term debt.

Cc: Scott Learnan, Superintendent – Western Placer Unified School District

COUNTY OF PLACER
Temporary Borrowing of Treasury Funds for Dry Period Financing
Application

(Pursuant to Resolution #96-22, Adopted Feb. 6, 1996)

Instructions:

1. Complete the following Sections in the spaces provided.
2. Sign the Declarations Section.
3. Attach copy of applicable FY proposed budget for Estimated Revenues.
4. Submit Application to the County Treasurer at least 30 days in advance of the need for funds.

APPLICANT INFORMATION

Department/District Name Western Placer Unified School District
 Fund/SubFund Numbers & Name 400/22
 Contact Name Carrie Carlson
 Contact Title Assistant Superintendent
 Phone Number (916) 434-5095
 Mailing Address 810 J Street, Lincoln, 95648

BORROWING INFORMATION

Dry period financing is not available prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year.

Fiscal Year 2006-07
 Estimated Maximum Amount \$ 10 million

Amount Required (Est.)	Date Required (Est.)	Date of Repayment (Est.)
<u>\$ 5.5 million</u>	<u>10/2/06</u>	<u>11/3/06</u>
_____	_____	_____
_____	_____	_____

DECLARATIONS

The undersigned hereby declares that he/she is an authorized representative of the above listed fund(s), that he/she has reviewed the Placer County Treasurer's Dry Period Financing (Borrowing) Policy, Resolution No. 96-22, and will comply with all requirements contained therein.

Applicant Signature Carrie Carlson

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Maximum Borrowing Limit (85% of anticipated revenue/taxes) \$ 47,205,431

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situated in a foreign country; provided, further, that irrigation districts for the purpose of acquiring water and water rights and other property necessary for their uses and purposes, may acquire and hold the stock of corporations, domestic or foreign, owning waters, water rights, canals, waterworks, franchises or concessions subject to the same obligations and liabilities as are imposed by law upon all other stockholders in such corporation; and

[Insurance Pooling Arrangements]

Provided, further, that this section shall not prohibit any county, city and county, city, township, or other political corporation or subdivision of the State from joining with other such agencies in providing for the payment of workers' compensation, unemployment compensation, tort liability, or public liability losses incurred by such agencies, by entry into an insurance pooling arrangement under a joint exercise of powers agreement, or by membership in such publicly-owned nonprofit corporation or other public agency as may be authorized by the Legislature; and

[Aid to Veterans]

Provided, further, that nothing contained in this Constitution shall prohibit the use of state money or credit, in aiding veterans who served in the military or naval service of the United States during the time of war, in the acquisition of, or payments for, (1) farms or homes, or in projects of land settlement or in the development of such farms or homes or land settlement projects for the benefit of such veterans, or (2) any business, land or any interest therein, buildings, supplies, equipment, machinery, or tools, to be used by the veteran in pursuing a gainful occupation; and

[Disaster Assistance]

Provided, further, that nothing contained in this Constitution shall prohibit the State, or any county, city and county, city, township, or other political corporation or subdivision of the State from providing aid or assistance to persons, if found to be in the public interest, for the purpose of clearing debris, natural materials, and wreckage from privately owned lands and waters deposited thereon or therein during a period of a major disaster or emergency, in either case declared by the President. In such case, the public entity shall be indemnified by the recipient from the award of any claim against the public entity arising from the rendering of such aid or assistance. Such aid or assistance must be eligible for federal reimbursement for the cost thereof.

[Temporary Transfers of Funds to Political Subdivisions]

And provided, still further, that notwithstanding the restrictions contained in this Constitution, the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers

from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed 85 percent of the anticipated revenues accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the revenues accruing to such political subdivision before any other obligation of such political subdivision is met from such revenue. *[As amended November 2, 1982.]*

[Controller's Warrants]

Sec. 7. Money may be drawn from the Treasury only through an appropriation made by law and upon a Controller's duly drawn warrant. *[New section adopted November 5, 1974.]*

[School Funding Priority]

Sec. 8. (a) From all state revenues there shall first be set apart the moneys to be applied by the State for support of the public school system and public institutions of higher education.

(b) Commencing with the 1990-91 fiscal year, the moneys to be applied by the State for the support of school districts and community college districts shall be not less than the greater of the following amounts:

(1) The amount which, as a percentage of General Fund revenues which may be appropriated pursuant to Article XIII B, equals the percentage of General Fund revenues appropriated for school districts and community college districts, respectively, in fiscal year 1986-87.

(2) The amount required to ensure that the total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B and allocated local proceeds of taxes shall not be less than the total amount from these sources in the prior fiscal year, excluding any revenues allocated pursuant to subdivision (a) of Section 8.5, adjusted for changes in enrollment and adjusted for the change in the cost of living pursuant to paragraph (1) of subdivision (c) of Section 8 of Article XIII B. This paragraph shall be operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita General Fund revenues plus one half of one percent.

(3) (A) The amount required to ensure that the total allocations to school districts and community college districts from General Fund pro-

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