



AUDITOR-CONTROLLER COUNTY OF TULARE AGENDA ITEM

ALLEN ISHIDA
District One

PETE VANDER POEL
District Two
PHILLIP A. COX
District Three

J. STEVEN WORTHLEY
District Four
MIKE ENNIS

District Five

AGENDA DATE: March 16, 2010

Public Hearing Required Scheduled Public Hearing w/Clerk Published Notice Required Advertised Published Notice Meet & Confer Required Electronic file(s) has been sent Budget Transfer (Aud 308) attached Personnel Resolution attached Resolution, Ordinance or Agreeme Chairman is marked with tab(s)/flag(s		No	N/A	line	for
CONTACT PERSON: Paul Sampietro	PHONE:	559-636-	5204		i

SUBJECT:

Approval of budget adjustment to cover unanticipated arbitrage expense on Building Debt Service Fund.

REQUEST(S):

That the Board of Supervisors:

1. Approve the necessary budget adjustments per the attached AUD 308 (4/5 vote required), which cover the unanticipated arbitrage expense on the Building Debt Service Fund.

SUMMARY:

Arbitrage is the profit that results from investing the proceeds of tax-exempt bonds in higher yielding taxable securities. Tax law generally requires a rebate of arbitrage profits to the U.S. Treasury.

In 1996, the Tulare County Public Facilities Corporation issued the 1996 Certificates of Participation (COPs), and it reinvested the proceeds in taxable securities that often earn a higher yield than the bonds, which in turn may produce a profit. Each year a portion of the profit (arbitrage rebate) is payable to the IRS, and in the final year when the bonds mature, whatever remaining arbitrage has not been paid to the IRS then becomes due. Due to the complexity of the calculation to figure the

SUBJECT: Approval of budget adjustment for unanticipated arbitrage expense.

DATE: March 16, 2010

expense the County has had an outside attorney group perform the calculation each year.

In budgeting for this year's arbitrage, which was the final year for the 1996 COPs, and taking into consideration current market conditions the Auditor's office did not anticipate such a large expense.

FISCAL IMPACT/FINANCING:

The Building Debt Service Fund has unanticipated interest income of over \$300,000, so the unanticipated expense from the arbitrage will be covered by the revenue within the fund.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

The County's five-year strategic plan includes an organizational performance initiative, which calls for effective communication, collaboration, and decision making at and between all levels of the organization. Ensuring that the budget accounts for potential expenses is a key factor in communicating to management the obligations of the County that are required to facilitate effective decision making.

ALTERNATIVES:

Since the Board cannot legally allow a fund to expend more than the budget, there is no alternative. It is recommended the board take action and approve the attached agenda item.

INVOLVEMENT OF OTHER DEPARTMENTS OR AGENCIES:

Only Tulare County Auditor's Office.

ADMINISTRATIVE SIGN-OFF:

Rita A. Woodard

Auditor-Controller/Treasurer/Tax Collector

Cc: Auditor/Controller County Counsel

County Administrative Office (3)

Building Loans Fund	•	County	of Tular	e Budge	t Adjustn	nent For	m				5:21 PM
Building Loans Fund		03/0	01/10						08/10		2010
Action Fund Dept Action Agency Name Contact Person Phone Ext	Date				1		Doc ID	Δ	APRD fm fm fy	fy	Budget F/Y yy
Agency Name							Buildin	a Loane Fund	Pa	ul Sampietro 6-5	204
Action Fund Oegst APPR #								<u> </u>	Contact Person	Phone	Ext
C 024 024 0242 0243 0242 0242 0243 0242 0243 0242 0243 0242 0243											-
C 024 024 0242				ļ				1 EVEL 4 E 1 11			
This level may not balance due to			-	-					10,000	ļ	
Dalance due to revenue lines posted	C	024	024	-	0242			4 ``		3,000	3,000
Tevenue lines posted				-							-
In In In In In In In In				ļ <u></u>				4			-
Appropriations Total								-			-
Action								in level 2 below.			-
Action											-
Action											-
C 024 024 2242 0243 3095	Appro	oriations	s Total						10,000	108,000	98,000
C		Fund	Dept	Unit	Appr#	Object	Rev	LEVEL 2 Start Here	Current Amt	Revised Amount	Inc / Dec Amt
C	A.U,D							l ine Totals			_
C		024	024	2242	0243	3095			10 000	103 000	93 000
C				 				_	10,000		
C	-			 				_		ļ	
Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date: () Approved () Disapproved By: Board of Supervisors Action: No. Date: () Approved (Supervisors Action: No. Date: () Approved (Supervisors Action: No. Date: () Approved (Supervisors Action: No. Date: () Date: () Approved (Supervisors Action: No. Date: () Approved (Supervisors Action: No. Date: () Date: () Approved (Supervisors Action: No. Date: () Date: () Date: () Approved (Supervisors Action: No. Date: () Date: () Date: () Date: () Approved (Supervisors Action: No. Date: () Date: () Date: () Approved (Supervisors Action: No. Date: () Date: () Date: () Approved (Supervisors Action: No. Date: () Date: () Date: () Date: () Approved (Supervisors Action: No. Date: () Date: () Date: () Approved (Supervisors Action: No. Date: ()		_		 	0243	3033	4010	-	65 102		
Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date:	· ·	024	024	2243			4010	-	03,102	103,102	(50,000)
Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date:								-			
Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date:				ļ				_			-
Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date:				-	<u> </u>			-	-		-
Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date:								-			
Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date: () Approved () Disapproved Board of Supervisors Action: No. Date: Board of Supervisors Action: No. Date: Board of Supervisors Action: No. Date: *** Action Codes: A=Add, C=Change, D=Deactivate Total Ind/Dec must be zero								_			
Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date: () Approved () Disapproved Board of Supervisors Action: No. Date: Board of Supervisors Action: No. Date: *** Action Codes: A=Add, C=Change, D=Deactivate Total Inc/Dec must be zero \$ 75,102 \$ 271,102 \$ Perform a SMART BUDGET ROLL-UP before VALIDATING. Auditor Use Only Entered By: Date: Distribution: 1: BOS/CAO/Auditor			<u> </u>	ļ							
Reason for Adjustment (To Avoid Correspondence, State Reason in Detail) Perform a SMART BUDGET ROLL-UP before VALIDATING. To cover unanticipated arbitrage expense in object line 3095, and other related adjustments to budgeted amounts. Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date: Date: Date: Distribution: 1: BOS/CAO/Auditor By: Board of Supervisors Action: No. Date: ** Action Codes: A=Add, C=Change, D=Deactivate											-
Reason for Adjustment (To Avoid Correspondence, State Reason in Detail) Perform a SMART BUDGET ROLL-UP before VALIDATING. To cover unanticipated arbitrage expense in object line 3095, and other related adjustments to budgeted amounts. Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date: Date: Date: Distribution: 1: BOS/CAO/Auditor By: Board of Supervisors Action: No. Date: ** Action Codes: A=Add, C=Change, D=Deactivate											-
Reason for Adjustment (To Avoid Correspondence, State Reason in Detail) Perform a SMART BUDGET ROLL-UP before VALIDATING. To cover unanticipated arbitrage expense in object line 3095, and other related adjustments to budgeted amounts. Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date: () Approved () Disapproved By: Board of Supervisors Action: No. Date: ** Action Codes: A=Add, C=Change, D=Deactivate			<u> </u>	<u> </u>							-
Auditor and CAO Use Only Checked By: County Executive Office Action: No. Date: Distribution: 1: BOS/CAO/Auditor By: Board of Supervisors Action: No. Date: ** Action Codes: A=Add, C=Change, D=Deactivate Auditor Use Only Entered By: Entered By: Date: Distribution: 1: BOS/CAO/Auditor	Each f	und mus	st balan	ce				Total Inc/Dec must be zero	\$ 75,102	\$ 271,102	-
By:	Audito Checke	r and CA ed By:	AO Use (Only		-			Auditor Use Or Entered By:	nly	
By:							ate:			1 500/5151	
Board of Supervisors Action: NoDate:	()	Approv	ea	()1	sapprovار	ed			Distribution:	1: BOS/CAO/Au	iditor
** Action Codes: A=Add, C=Change, D=Deactivate			, -								
* Whenever a 33XX account budget is adjusted, a corresponding 67XX account revenue budget must be adjusted in the billing agency.								27V 2000000 200000 1	الله منافضين فمرم	tad in the billion	

BEFORE THE BOARD OF SUPERVISORS COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF UNANTICIPATED ARBITRAGE EXPENSE FOR BUILDING DEBT SERVICE FUND FOR FISCAL YEAR 2009/2010) RESOLUTION NO
UPON MOTION OF SUPERVISO	OR SECONDED BY
SUPERVISOR	_, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OF	FICIAL MEETING HELD
, BY THE FOLLOWING VOTE:	
AYES: NOES: ABSTAIN: ABSENT:	
ATTEST:	JEAN M. ROUSSEAU COUNTY ADMINISTRATIVE OFFICER/ CLERK, BOARD OF SUPERVISORS
BY:	Deputy Clerk
* * * * * *	* * * * * * * * * *

1. Approved the necessary budget adjustments per the attached AUD 308 (4/5 vote required), which cover the unanticipated arbitrage expense on the Building Debt Service Fund.