



# Auditor COUNTY OF TULARE AGENDA ITEM

## BOARD OF SUPERVISORS

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 5, 2013

Public Hearing Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Published Notice Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Advertised Published Notice	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Meet & Confer Required	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Personnel Resolution attached	Yes <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
CONTACT PERSON: Tara Webley    PHONE: 559-636-5206		

**SUBJECT:** Approve the Purchase of Vehicles using Internal Borrowing

**REQUEST(S):**

That the Board of Supervisors:

1. Approve the purchase of 24 replacement vehicles for the Sheriff's Department per Attachment A; and
2. Authorize payment for those vehicles with a loan from the Workers' Compensation Insurance Fund.
3. Approve the necessary budget adjustments for the Sheriff's Department per the attached AUD 308 (4/5ths vote required).

**SUMMARY:**

The Sheriff's department wishes to purchase 24 vehicles through the use of the County's internal borrowing program. It is recommended that the vehicles/equipment be funded internally from the projected reserve in the Workers' Compensation Insurance Fund. The interest rate to repay the Workers' Compensation Insurance Fund will be at the County Treasury Pool's annual rate.

The account receivable established in the Workers' Compensation Insurance Fund as a result of the borrowing of funds would be considered part of the reserve established by an Actuary, just as any other type of investment. The account receivable would represent, at most, less than 20% of the reserve and would not compromise the liquidity of the reserve.

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Upon approval of the Board, the required funds will be transferred from the Workers' Compensation Insurance Fund to the General Fund as needed. Annual repayments to the Workers' Compensation Insurance Fund will include the interest described above. The purchase order for the vehicles will be generated in FY 12/13, however, the vehicles may not be received until FY 13/14. Participating departments' first annual payment will be made before June 30 of the fiscal year the vehicles are delivered to the County and the final payment will be paid no more than 36 months (3 years) later.

**FISCAL IMPACT/FINANCING:**

The term of repayment by participating departments is four (4) years as indicated on the Attachment A. The County is required to repay the Workers' Compensation Insurance Fund within 36 months. The reason that the term of repayment is able to be four years, despite the Workers' Compensation being limited to repayment in 36 months, is that the departments only borrow three-quarters of the total vehicle cost from the Workers' Compensation fund, and are required to pay the first quarter plus applicable interest out of department funds during the first year. Therefore, a four (4) year repayment term is possible. The required principal and interest payments at the Pool annual interest rate will be obtained by annual charges to budgets of the County agencies and funds benefiting from the use of the vehicles until the cost of the vehicles are fully amortized.

An AUD 308 is included to record the first year revenue and expenditures of the 24 replacement vehicles for the Sheriff's Department. There is no net County cost.

**LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:**

There are many advantages to borrowing funds internally versus an outside lender which effectively link to the County's five-year strategic plan that includes the Organization Performance Initiative to provide for the stability of County operations through periods of economic fluctuations and changing priorities and service demands.

- 1) The County will hold title to the vehicles immediately. If a vehicle is involved in an accident, we can process our insurance claim without the delay of dealing with a third party, who holds the pink slip.
- 2) The County will not be borrowing money any sooner than necessary. A transfer from the Workers' Compensation Insurance Fund will occur only when vehicles are actually delivered, thereby minimizing the amount of interest paid.

Pool annual interest rate is expected to be less than the interest rate charged by an outside lender, resulting in a projected savings.

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**ADMINISTRATIVE SIGN-OFF:**

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Rita A.Woodard  
Auditor-Controller/Treasurer/Tax Collector

Cc: Auditor-Controller  
County Counsel  
County Administrative Office (2)

Attachment(s)  
Attachment A-Vehicle List for FY 12/13 Financing by Vehicle Type  
Attachment B – AUD 308

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

IN THE MATTER OF: )  
APPROVE THE PURCHASE OF VEHICLES ) RESOLUTION NO. 2013-  
USING INTERNAL BORROWING )

UPON MOTION OF SUPERVISOR, SECONDED BY SUPERVISOR, THE FOLLOWING WAS ADOPTED BY THE BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD MARCH 5, 2013, BY THE FOLLOWING VOTE:

AYES: SUPERVISORS ISHIDA, VANDER POEL, COX, WORTHLEY AND ENNIS  
NOES: NONE  
ABSTAIN: NONE  
ABSENT: NONE

ATTEST: JEAN M. ROUSSEAU  
COUNTY ADMINISTRATIVE OFFICER/  
CLERK, BOARD OF SUPERVISORS

BY: \_\_\_\_\_  
Deputy Clerk

\* \* \* \* \*

1. Approved the purchase of 24 replacement vehicles for the Sheriff's Department per Attachment A; and
2. Authorized payment for those vehicles with a loan from the Workers' Compensation Insurance Fund.
3. Approved the necessary budget adjustments for the Sheriff's Department per the attached AUD 308 (4/5ths vote required).

Auditor  
Sheriff

DAY  
3/5/13