



## *Central Marin Police Authority*

Staff Report

**TO:** Central Marin Police Council

**FROM:** Management Committee, Central Marin Police Authority Council  
Cathy Orme, Finance Director

**DATE:** August 3, 2017

**RE:** UPDATE REGARDING CASH DEFICIT PAYMENT FOR FISCAL YEAR 2015/2016

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### **ACTION REQUESTED**

None. Informational only.

### **BACKGROUND**

The 2014/15 audit report identified the growing deficit in the Insurance Fund. The Management Committee was aware of the developing deficit and reported it to the Police Council last year. At that time, it was believed the Authority would have sufficient cash to address the deficit without asking for additional contributions from the member agencies. At the end of fiscal year 2015/16 the deficit in the Insurance Fund stood at \$1,083,427. The increase was due to a large number of liability and worker compensation claims. Additionally, the Operating Fund (Authority's General Fund) ended 2015/16 fiscal year with a \$268,797 deficit, mainly due to a short fall in anticipated revenue for asset forfeiture and grants. The total cash deficit for the Authority at fiscal year-end 2016 was \$1,242,370.

Each of the member agencies would share the deficit equally (\$414,123) to be covered by the reserves balances held by each agency. Both Corte Madera and Larkspur contributed \$376,082 each to the General Reserve account, and they both had balances in the Equipment Reserve account (\$32,594 for Corte Madera and \$26,546 for Larkspur). When San Anselmo joined the Authority, the member agencies agreed to allow San Anselmo to build its share of the Authority's reserves (\$375,000) over a period of five year by making annual contributions of \$75,000. At the close of FY2015/16, San Anselmo's share of the Reserve was \$105,291. The reserves for each agency were applied to their share of the deficit, however each agency still needed to contribute additional monies.

City of Larkspur is the Authority's Treasurer and utilizes the practice of pooled cash for their accounting method. Operating multiple funds and agencies with a pooled cash system is an efficient practice. Essentially the City of Larkspurs' cash covered the Authority's cash deficit.

*Consent Item G*



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Larkspurs' deficit was paid by covering the initial cash deficit, thus both Corte Madera and San Anselmo owed Larkspur for their share of the remaining deficit. Corte Madera paid Larkspur by check for \$5,448. San Anselmo needed to use all their reserves collected through June 2017. The reserves plus interest collected in 2017 totaled \$75,264. This amount was transferred to the Authorities Operating Fund and a check was processed to the City of Larkspur. Each member agency has covered their portion of the FY 2016 cash deficit.

Respectfully submitted,

Daniel Schwarz  
Management Committee

Todd Cusimano  
Management Committee

Dave Donnery  
Management Committee

Cathy Orme  
Finance Director