

Finance-Other

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Description

This group of programs includes miscellaneous funds and programs that are predominantly Countywide in nature, have no staffing associated with them, or exist for proper budgetary accounting purposes. Responsibility for these funds and programs rests primarily with departments in the Finance and General Government Group.

The following provides a brief description of the purpose of these organizational units along with supporting and explanatory information:

Cash Borrowing

These appropriations fund the cost of financing the County's short-term cash borrowing program. For Fiscal Year 2003-04, the County is borrowing \$255.0 million for Tax and Revenue Anticipation Notes (TRANS) at an interest rate of approximately 1.75%. The estimated cost of the TRANS borrowing is \$4.9 million. Additionally, these appropriations include \$0.9 million for interest payments on the \$62.1 million borrowed for the Teeter Program. The appropriations for the cash borrowing program are higher than the amount stated because the budget is developed prior to the actual costs being known.

Community Enhancement

Community Enhancement funds are appropriated to fund cultural activities, museums, visitor and convention bureaus, economic development councils, and other similar institutions which promote and generate tourism and/or economic development at the regional and community levels throughout San Diego County. The amount of funding for Community Enhancement approximately equals the amount of Transient Occupancy Tax (TOT) revenues estimated to be collected each year. Applications for funding are submitted to the Board of Supervisors by March 1 preceding the new fiscal year, with approval of

projects given through the budget adoption process. The amount for Fiscal Year 2003-04 and 2004-05 is lower than Fiscal Year 2002-03 as a result of reduced TOT revenues.

Community Projects

The Community Projects program provides funds to community organizations for furtherance of public purposes at the regional and community levels throughout San Diego County. The funding source is fund balance and the appropriation of \$10.0 million is consistent with amounts available for this program in prior years. Future funding will be contingent on the availability of fund balance. Recommendations for project funding are made throughout the year by individual Board members subject to approval by the Board as a whole.

Contributions to the County Library System

These General Fund appropriations are provided based on the Board of Supervisors' policy to augment the County Library Fund. The increase of \$960,000 for fiscal year 2003-04 is a one-time contribution designed to assist the Library while it restructures to lower service levels or identifies additional revenue for Fiscal Years 2004-05 and beyond.

Contingency Reserve—General Fund

A Contingency Reserve appropriation of \$11.0 million is proposed for Fiscal Years 2003-04 and 2004-05. These appropriations are a source of funding for unanticipated needs or events that may occur during the fiscal year.



Examples of potential needs include emergency repairs, projects, or Countywide appropriation and revenue shortfalls.

Contributions to Capital Outlay

These appropriations represent the General Fund cost for the Capital Program and can vary from year to year. For Fiscal Year 2003-04, the bulk of the cost is for debt service payments of \$47.0 million. In addition, \$7.8 million in one-time resources is being proposed for MSCP land acquisition. See the Capital Program section for a listing of projects and related funding sources.

Countywide General Expenses

The primary objective of these appropriations is to fund Countywide projects and other Countywide needs. The major components of the Countywide General Expenses are:

- Payment on Enterprise Resource Planning System Bonds.
- Reserve for periods of recession and economic slowdown.
- Contribution to the Information Technology (IT) Internal Service Fund to support the Countywide component of the IT outsourcing contract.
- Property Tax System replacement fund enhancement.
- One-time General Fund contribution to the Pension Obligation Fund to pay down a portion of the 2002 Taxable Pension Obligation Bonds.

Employee Benefits Internal Service Fund (ISF)

In Fiscal Year 1994-1995, the County established an Employee Benefits Internal Service Fund (ISF) to report all of its employee-risk management activities. This fund

accounts for claim payments and administrative costs of the County's self-insured Workers' Compensation program, Unemployment, and Medical and Dental benefit reserves.

The rates, charged to individual departments, for Workers' Compensation are based 70% on the last five years' actual loss experience and 30% based on California Insurance Rating Bureau (CIRB) rates. A reserve for Worker's Compensation Claims liability has been established and with the current level being \$32.0 million.

Unemployment insurance rates are determined based on historical costs and apportioned based on departmental staff hours.

The medical and dental reserve requirements rates are determined by Aetna Life Health Plans and Standard Insurance Company of Oregon, respectively, which act as paying agents for the County. The Medical and Dental reserves are held as required of a self-insured program.

Local Agency Formation Commission Administration

These appropriations are allocated to the San Diego Local Agency Formation Commission (LAFCo) in accordance with provisions in State Law (Government Code Section 56381). LAFCo is an independent government agency with countywide authority. LAFCo performs studies and renders jurisdictional decisions affecting the boundaries and government structure of cities and special districts. Through Fiscal Year 2000-01, LAFCo was funded exclusively by the County and user fees. Beginning with Fiscal Year 2001-02, funding for LAFCo is shared by the County, the 18 cities, and 65 independent special districts in San Diego County.

Public Liability Insurance Internal Service Fund (ISF)

In Fiscal Year 1994-1995, the County established the Public Liability Insurance Internal Service Fund (ISF) to report all of its public-risk management activities. The County is self-insured through this ISF for premise liability at medical



facilities, medical malpractice, errors and omissions, false arrest, forgery, and general liability. The cost of insurance to General Fund departments, other funds, and special districts is distributed based on a weighted risk factor: 90% allocated based on the last five years' loss experience, and 10% based on staff hours of exposure. The current reserve is \$19.5 million

Pension Obligation Bonds

The County is legally required to ensure the soundness of the San Diego County Employees Retirement Association (SDCERA). On two occasions, the County has elected to issue taxable pension obligation bonds as a cost effective measure to extinguish or partially extinguish the unfunded accrued actuarial liability of the SDCERA. The first issuance was in February 1994 for \$430.4 million and the second was in October 2002 for \$737.0 million. From the

proceeds of the second issuance, the County made a \$550.0 million payment to the Retirement Fund, thus reducing the unfunded accrued actuarial liability. The remaining proceeds were utilized to refinance a portion of the 1994 Taxable Bonds in order to take advantage of lower interest rates. These appropriations support bond principal and interest payments as well as administrative expenses. In addition, for Fiscal Year 2003-04 the General Fund is contributing one-time funds to reduce a portion of the principal debt related to the 2002 Taxable Pension Obligation Bonds.

Debt Service Local Boards

This cost represents the debt cost for Majestic Pines, which was issued in January 1973 for the construction of their water distribution system. The debt will be paid off in January 2012.

Expenditures

	Fiscal Year 2002-2003 Adopted Budget	Fiscal Year 2002-2003 Adjusted Actuals	Fiscal Year 2003-2004 Adopted Budget	Fiscal Year 2004-2005 Approved Budget
Cash Borrowing Program	\$ 7,625,000	\$ 3,282,214	\$ 7,625,000	\$ 7,625,000
Community Enhancement	3,470,000	3,468,000	3,033,650	3,090,000
Community Projects	10,000,000	8,378,784	10,000,000	10,000,000
Contribution to County Library	2,400,000	2,454,355	3,360,000	2,400,000
Contingency Reserve General Fund	11,000,000	0	11,000,000	11,000,000
Contributions to Capital Outlay Fund	59,761,950	80,716,804	54,777,547	46,977,547
Countywide General Expense	45,163,399	747,235,057	96,300,525	33,949,906
Employee Benefits Fund (ISF)	27,882,905	27,633,420	30,823,925	32,621,531
Local Agency Formation Commission Administration	199,694	199,694	199,694	199,694
Public Liability Insurance (ISF)	10,311,954	4,944,170	10,000,000	10,000,000
Pension Obligation Bonds	61,452,504	64,683,744	121,934,372	72,249,484
Debt Service Local Bonds	26,250	24,750	29,750	28,250
Total	\$ 239,293,656	\$ 943,020,992	\$ 349,084,463	\$ 230,141,412

