

**Finance-Other**

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**Finance-Other Summary**  
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# Finance-Other



## 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. In Fiscal Year 2003-04, the preliminary estimate reflects total borrowing needs of \$300 million for Tax and Revenue Anticipation Notes (TRANS) at an interest rate of approximately 2.0%. The estimated cost of the TRANS borrowing is \$4.9 million. Additionally, these appropriations include \$0.9 million for an estimated \$63 million for the Teeter Borrowing Program. The proposed appropriations for the cash borrowing program are higher than the amount stated above in order to provide a contingency should either the actual amount or the interest rate be higher than currently estimated.

### 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 proposed by the CAO 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 proposed 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 proposed 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 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.

### 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 obligated to make annual payments to the Retirement Association for County employees and to fund accrued actuarial liabilities. On February 15, 1994 the County issued \$430.4 million of taxable bonds to satisfy this obligation. In addition, as a result of the County implementing an enhanced retirement plan in March of 2002, the County issued \$737 million of Taxable Pension Obligation Bonds in October of 2002. The County made a

\$550.0 million payment to Retirement Fund, thus reducing the unfunded accrued actuarial liability. The remaining proceeds were utilized to refinance 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.

**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 2003-2004 Proposed Budget	% Change	Fiscal Year 2004-2005 Proposed Budget	% Change
Cash Borrowing Program	\$ 7,625,000	\$ 7,625,000	0.00	\$ 7,625,000	0.00
Community Enhancement	3,470,000	3,033,650	(12.57)	3,090,000	1.86
Community Projects	10,000,000	10,000,000	0.00	10,000,000	0.00
Contribution to County Library	2,400,000	3,360,000	40.00	2,400,000	(28.57)
Contingency Reserve General Fund	11,000,000	11,000,000	0.00	11,000,000	0.00
Contributions to Capital Outlay Funds	59,761,950	54,777,547	(8.34)	46,977,547	(14.24)
Countywide General Expense	45,163,399	43,100,525	(4.57)	33,949,906	(21.23)
Employee Benefits Fund (ISF)	27,882,905	30,823,925	10.55	32,621,531	5.83
Local Agency Formation Commission Administration	199,694	199,694	0.00	199,694	0.00
Public Liability Insurance (ISF)	10,311,954	10,000,000	(3.03)	10,000,000	0.00
Pension Obligation Bonds	61,452,504	68,734,372	11.85	72,249,484	5.11
Debt Service Local Boards	26,250	29,750	13.33	28,250	(5.04)
<b>Total</b>	<b>\$ 239,293,656</b>	<b>\$ 242,684,463</b>	<b>1.42</b>	<b>\$ 230,141,412</b>	<b>(5.17)</b>

