

County of San Diego

Finance Other

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Finance Other

Description

Finance Other includes 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 funding levels for these programs are explained below and shown in the table that follows.

Cash Borrowing

No appropriations are budgeted for Fiscal Years 2020–21 and 2021–22.

Community Enhancement

The Community Enhancement program provides grant funding for cultural activities, museums, visitor and convention bureaus, economic development councils and other similar institutions that promote and generate tourism and/or economic development at the regional and community levels throughout San Diego County. Per Board of Supervisors Policy B-58, Funding of the Community Enhancement Program, the amount of funding available for the Community Enhancement program approximately equals the amount of Transient Occupancy Tax (TOT) revenues estimated to be collected each fiscal year. In prior years applications for grants are submitted to the Board of Supervisors by March 1 for the upcoming fiscal year, with approval of projects given concurrently with the budget adoption process. However due to a change in the policy, recommendations for grant awards will now be made throughout the year by individual Board members subject to approval by the Board of Supervisors as a whole. The funding level for Fiscal Year 2020–21 is budgeted at \$5.9 million, \$2.6 million of which reflects anticipated TOT revenues compared to \$5.4 million in Fiscal Year 2019-20 and \$2.8 million of General Fund fund balance to back fill the difference and reach the same funding level as Fiscal Year 2019-20. The additional \$0.41 million is a one-time appropriation based on General Fund fund balance from over-realized TOT revenues in Fiscal Year 2018-19, the remaining \$0.16 million is rebudgeted based on Fiscal Year 2019-20 returned funds. The significant decrease in anticipated TOT revenues to \$2.6 million in Fiscal



Year 2020-21 compared to \$5.4 million in Fiscal Year 2019-20 is due to the effects of COVID-19 pandemic to the hotel industry and tourism as a whole.

Neighborhood Reinvestment Program

The Neighborhood Reinvestment Program is governed by Board of Supervisors Policy B-72, Neighborhood Reinvestment Program, and provides grant funds to County departments, public agencies, and nonprofit community organizations for one-time community, social, environmental, educational, cultural or recreational needs. Resources available for the program are subject to budget priorities as established by the Board of Supervisors. Recommendations for grant awards are made throughout the year by individual Board members subject to approval by the Board of Supervisors as a whole. The funding level for Fiscal Year 2020-21 is budgeted at \$10.0 million.

Contributions to Capital Program

These appropriations represent the General Fund cost for new or augmented capital development or land acquisition projects. For Fiscal Year 2020–21, \$81.9 million is budgeted in the Contributions to Capital Program as follows:

- ◆ \$15.0 million for the Innovative Residential Rehabilitation Program,
- ◆ \$14.5 million for the County Administration Center (CAC) Renovations,
- ◆ \$14.0 million for the Lakeside Equestrian Facility,
- ◆ \$7.5 million for the North Coastal Live Well Health Center Improvements,
- ◆ \$4.2 million for the Julian Library Community Room
- ◆ \$4.2 million for the Mt. Laguna Fire Station #49,
- ◆ \$4.0 million for the Valley Center Parks,
- ◆ \$3.4 million for the Lindo Lake Improvements (Phases 1 & 2),

- ◆ \$3.3 million for the South Bay Regional Center Escalator and Elevator Replacement,
- ◆ \$2.8 million for the Palomar Mountain Fire Station,
- ◆ \$1.6 million for the East Mesa Juvenile Detention Facility Outdoor Field,
- ◆ \$1.5 million for the Sweetwater Lane County Park Energy Upgrades,
- ◆ \$1.4 million for the Rancho San Diego Library Expansion project,
- ◆ \$1.0 million for the North County Regional Center Generator Replacement,
- ◆ \$0.6 million for the acquisition/construction of the Sweetwater Loop Trail,
- ◆ \$0.6 million for the Electric Vehicle Roadmap project to be located at various County locations,
- ◆ \$0.5 million for the construction of the Otay Valley Regional Park (OVRP) Bike Skills course,
- ◆ \$0.4 million for the San Diego Juvenile Justice Campus (Phase II),
- ◆ \$0.4 million for the Four Gee Park,
- ◆ \$0.4 million for the construction of South Lane Park
- ◆ \$0.3 million for land acquisition for the Casa De Oro Library,
- ◆ \$0.2 million for the East Otay Mesa Fire Station #38,
- ◆ \$0.1 million for the San Marcos Road Maintenance Station (RMS) Generator and Automatic Transfer Switch (ATS) Replacement,

No appropriations are budgeted for the Contributions to Capital Program in Fiscal Year 2021-22.

Lease Payments: Capital Projects

The appropriations for this program are for the annual lease payments due to the San Diego County Capital Asset Leasing Corporation and the San Diego Regional Building Authority on the County's outstanding Certificates of Participation and Lease Revenue Bonds, the proceeds of which were used to finance various capital projects. The budget of \$24.6 million in Fiscal Year 2020–21 is a net decrease of \$4.0 million from the Fiscal Year 2019–20 Adopted Operational Plan as a result of decreases in the annual lease payment for the 2011 MTS Tower Refunding Certificates of Participation (COPs), refunding of the 2009 Justice Facilities Refunding (COP), and additional interest revenue earned which is used to offset annual payments.

The Fiscal Year 2021–22 payments are estimated at \$25.4 million which is a net increase of \$0.8 million from the Fiscal Year 2020–21 Adopted Operational Plan. Additional expenditure and revenue details are included in the Lease Payment table of this section.

Countywide General Expenses

The primary objective of these appropriations is to fund Countywide projects and other Countywide needs. Budgeted at \$124.4 million, the major components of the Countywide General Expenses program in Fiscal Year 2020–21 include:

- ◆ A Countywide Stabilization of \$25.0 million in Fiscal Year 2020–21 will be used to mitigate volatility in program revenues or any other emergent requirements and to replenish the General Fund Reserve [minimum of two months of audited General Fund expenses (equivalent of 16.7%) per Administrative Code Section 113.1 General Fund Balances and Reserves] per Administrative Code Section 113.3 Restoration of General Fund Reserve Minimum Balance. The COVID-19 pandemics impacts on the economy have resulted in significant shortfalls in program revenues across the County necessitating various mitigation strategies to maintain a balanced budget include service reductions and program deferrals. In instances where mitigation strategies would jeopardize essential services, the County has recommended the use of the General Fund Reserve to mitigate the impact. Amounts drawn below the minimum required levels must be replenished. The plan to restore the General Fund Reserve to its targeted levels is described in the “General Fund Reserves and Resources” section of this document.
- ◆ Remaining appropriations of \$99.4 million will support enterprise wide expenses including:
 - ◆ Contribution to the Information Technology (IT) Internal Service Fund to support the Countywide component of the IT outsourcing contract.
 - ◆ To support one-time department operational requirements including various Major Maintenance projects and various IT projects. Details of these projects are included in the General Fund Use of Fund Balance/Fund Balance Component Decreases (previously Designations) section of this document under 'Various items funded with General Purpose Revenue'. These one-time activities are supported by General Purpose Revenue to reduce the use of General Fund Reserves. These General Purpose Revenues are planned to be allocated to departments on an ongoing basis in the future to address fixed cost increases and/or to mitigate revenue shortfalls.
 - ◆ Contribution to the Employee Benefits Internal Service Fund to support workers' compensation costs based on the transfer settlement between the County and the State for pre-calendar year 2000 workers' compensation cases for court employees.
 - ◆ Retirement Benefit payments required by the County Employees Retirement Law that must be paid by the County in accordance with Internal Revenue Code §415(m).
 - ◆ Appropriations to support translation services for all county departments.



The Fiscal Year 2021–22 appropriations are estimated at \$191.1 million which includes increases in the County's retirement contributions resulting from any changes in valuation assumptions adopted by the Retirement Board or from these assumptions not being met, as well as future increases from labor packages; it also includes the second year of resources towards the replenishment of General Fund Reserves per Administrative Code Section 113.3 Restoration of General Fund Reserve Minimum Balance.

Countywide Shared Major Maintenance

In Fiscal Year 2020–21, there are no appropriations budgeted for Countywide Shared Major Maintenance. The funding level for Fiscal Year 2021–22 is budgeted to be \$2.0 million. Appropriations for major maintenance projects are otherwise budgeted by the department/group that directly benefits from the improvements.

Employee Benefits Internal Service Fund

In Fiscal Year 1994–95, the County established an Employee Benefits Internal Service Fund (ISF) to report all of its employee risk management activities. The appropriations for this fund support claim payments and administrative costs of the County's self-insured workers' compensation program and unemployment insurance program expenses. As of June 30, 2019, the total reported liability for the fund was \$192.9 million with current assets of \$187.3 million resulting in a negative net position of \$5.6 million.

Workers' compensation rates (premiums) are charged to individual departments based on that department's ten-year experience (claim history) and the department's risk factor based on its blend of occupational groups as established by the Workers' Compensation Insurance Rating Bureau (WCIRB) of California. WCIRB has developed a classification system based on potential risk of injury. An annual actuarial assessment is prepared by an actuary to estimate the liability and capture the costs associated with all reported and unreported claims. The actuarial claims liability is anticipated to increase by \$5.3 million as of June 30, 2020. To address the unfunded actuarial liability which is driving the negative net position, a \$5.0 million amount was budgeted in Fiscal Year 2019–20, and \$2.0 million will be budgeted in both Fiscal Year 2020–21 and 2021–22. Appropriations for Fiscal Year 2020–21 total \$47.1 million for the workers' compensation internal service fund.

The County is self-insured for unemployment benefit costs and therefore must reimburse the State for any unemployment benefit payments that are attributed to a claimant's previous employment with the County. County departments provide the funding source for these payments. Unemployment insurance

rates (premiums) are charged to departments based on 80% of each department's ten-year claims experience and 20% on budgeted staffing levels. Budgeted appropriations for Fiscal Year 2020–21 are \$3.2 million, which reflects an increase of \$1.3 million, due to the anticipated significant increase in claims.

Local Agency Formation Commission Administration

These appropriations reflect the County's contribution to the San Diego Local Agency Formation Commission (LAFCo) in accordance with provisions in Government Code §56381. LAFCo is a State chartered regulatory 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, 61 independent special districts in San Diego County as well as user fees. Appropriations of \$0.5 million are budgeted for Fiscal Year 2020–21 and \$0.5 million are budgeted for Fiscal Year 2021–22.

Public Liability Internal Service Fund

In Fiscal Year 1994–95, the County established the Public Liability Internal Service Fund (ISF) to report all of its public risk management activities. The County is self-insured through the ISF for premises liability at medical facilities, medical malpractice, errors and omissions, false arrest, forgery, automobile and general liability. The cost 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 County contracts with an actuary to annually assess the long-term liability of the fund to determine an adequate level of reserves. The fund's total reported liability as of June 30, 2019 was \$87.0 million with current assets of \$74.0 million resulting in a negative net position of \$13.0 million. The actuarial claims liability is expected to increase by \$7.0 million as of June 30, 2020. To address the unfunded actuarial liability which is driving the negative net position, a \$5.7 million amount was budgeted in Fiscal Year 2019–20, and \$5.2 million will be budgeted in both Fiscal Year 2020–21 and 2021–22. Collections of the unfunded liability are amortized over a ten year period subject to annual review.

Appropriations for Fiscal Year 2020–21 total \$36.7 million for the Public Liability Internal Service Fund, which reflects a \$3.5 million increase from the Fiscal Year 2019–20 Adopted Operational Plan primarily due to an increase in Settlements relating to liability payments and the amount collected to offset the unfunded actuarial liability.

Pension Obligation Bonds

The appropriations for this debt service fund reflect the scheduled principal and interest payments and related administrative expenses for the 2004 and the 2008 taxable Pension Obligation Bonds (POBs). With the final prepayment of eligible taxable

POBs, the remaining principal and interest payments are structured as level debt service in the amount of \$81.5 million annually. See the Debt Management Policies and Obligations section of this document for more information on the POBs, including the history, outstanding principal and scheduled payments.

Finance Other Appropriations/Expenditures					
	Fiscal Year 2018–19 Adopted Budget	Fiscal Year 2019–20 Adopted Budget	Fiscal Year 2020–21 Adopted Budget	% Change	Fiscal Year 2021–22 Approved Budget
Community Enhancement	\$ 6,260,138	\$ 5,698,747	\$ 5,943,432	4.3	\$ 3,873,163
Neighborhood Reinvestment Program	10,000,000	10,000,000	10,000,000	0.0	10,000,000
Contributions to Capital Program	246,849,000	78,225,000	81,900,554	4.7	—
Lease Payments: Capital Projects	30,413,643	28,531,551	24,571,641	(13.9)	25,377,301
Countywide General Expenses	186,156,022	132,902,270	124,433,782	(6.4)	191,097,443
Countywide Shared Major Maintenance	15,500,000	8,960,000	—	(100.0)	2,000,000
Employee Benefits Internal Service Funds (ISF)					
<i>Workers Compensation Employee Benefits ISF</i>	46,353,170	48,381,137	47,073,208	(2.7)	47,073,208
<i>Unemployment Insurance Employee Benefits ISF</i>	1,925,950	1,941,871	3,249,906	67.4	3,249,906
Local Agency Formation Commission Administration	475,684	487,062	483,914	(0.6)	498,431
Public Liability ISF	33,175,867	33,200,524	36,664,543	10.4	36,664,542
Pension Obligation Bonds	81,461,036	81,495,804	81,499,123	0.0	81,495,803
Total	\$ 658,570,510	\$ 429,823,912	\$ 415,820,103	(3.3)	\$ 401,329,797



Lease Payments-Bonds

Budget by Program						
	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2019-20 Amended Budget	Fiscal Year 2019-20 Actuals	Fiscal Year 2020-21 Adopted Budget	Fiscal Year 2021-22 Approved Budget
Lease Payments-Bonds	\$ 30,053,605	\$ 28,531,551	\$ 28,531,551	\$ 28,012,790	\$ 24,571,641	\$ 25,377,301
Total	\$ 30,053,605	\$ 28,531,551	\$ 28,531,551	\$ 28,012,790	\$ 24,571,641	\$ 25,377,301

Budget by Categories of Expenditures						
	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2019-20 Amended Budget	Fiscal Year 2019-20 Actuals	Fiscal Year 2020-21 Adopted Budget	Fiscal Year 2021-22 Approved Budget
Services & Supplies	\$ -	\$ 2,001	\$ 2,001	\$ -	\$ 2,001	\$ 2,001
Other Charges	30,053,605	28,529,550	28,529,550	28,012,790	24,569,640	25,375,300
Total	\$ 30,053,605	\$ 28,531,551	\$ 28,531,551	\$ 28,012,790	\$ 24,571,641	\$ 25,377,301

Budget by Categories of Revenues						
	Fiscal Year 2018-19 Actuals	Fiscal Year 2019-20 Adopted Budget	Fiscal Year 2019-20 Amended Budget	Fiscal Year 2019-20 Actuals	Fiscal Year 2020-21 Adopted Budget	Fiscal Year 2021-22 Approved Budget
Revenue From Use of Money & Property	\$ 1,087,107	\$ 735,527	\$ 735,527	\$ 976,973	\$ 716,886	\$ 759,503
Other Financing Sources	10,763,675	10,764,650	10,764,650	10,764,650	9,453,680	10,387,975
Fund Balance Component Decreases	800,000	800,000	800,000	800,000	800,000	800,000
Use of Fund Balance	(349,074)	-	-	(760,207)	844,830	378,025
General Purpose Revenue Allocation	17,751,897	16,231,374	16,231,374	16,231,374	12,756,245	13,051,798
Total	\$ 30,053,605	\$ 28,531,551	\$ 28,531,551	\$ 28,012,790	\$ 24,571,641	\$ 25,377,301