

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. During the course of the fiscal year, the County will experience temporary shortfalls in its cash flow due to the timing of expenditure and receipt of revenue. To meet these cash flow needs the County issues Tax and Revenue Anticipation Notes (TRANS). In addition, the County borrows cash to support the Teeter Plan. Under this plan the County has agreements with a number of taxing entities in the region whereby the County apportions to those entities the total amount of property tax due even though historically some of those payments are delinquent. In return, the County receives all the delinquent taxes and the penalties and interest due on them. The amount borrowed is the anticipated amount of delinquent taxes.

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 for Fiscal Year 2004-05 and 2005-06 is lower than Fiscal Year 2003-04 as a result of reduced TOT revenues.

Community Projects

The Community Projects program provides grants to community organizations for furtherance of public purposes at the regional and community levels throughout San Diego County. The funding level is reviewed each year by the Chief Administrative Officer and is contingent on the availability of fund balance. Recommendations for grant awards 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 net decrease of \$310,000 for Fiscal Year 2004-05 is due to the elimination of the one-time contribution in FY 2003-04 of \$960,000 offset by a \$650,000 increase in ongoing funding for Fiscal Years 2004-05 and beyond.

Contingency Reserve—General Fund

A Contingency Reserve appropriation of \$11.0 million is proposed for Fiscal Years 2004-05 and 2005-06. 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, one-time projects, or Countywide appropriation and revenue shortfalls.

Contributions to Capital Outlay/Lease Payments-Bonds

These appropriations represent the General Fund cost for Capital development or land acquisition projects. For Fiscal Years 2004-05 and 2005-06 there are currently no new proposed projects. Previously, the appropriations included the general fund contribution for lease purchase payments that were in turn paid out of the Capital Outlay Fund. To simplify budgeting and accounting, lease purchase payments for capital projects will be paid directly from the General Fund instead of the Capital Outlay Fund. Lease purchase payments are decreasing in Fiscal Year 2004-05 due to the scheduled completion of payments as well as the early redemption of two debt financings in the Spring of 2004. See the Capital Program for the detail on the lease purchase payments and a list of open capital projects.

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 Bond Fund for the defeasance of the 1994 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 for Workers' Compensation, charged to individual departments, are based 70% on the last five years' actual loss experience and 30% based on California Insurance Rating Bureau (CIRB) rates. A reserve for Workers' Compensation Claims liability has been established with a current level of \$32.0 million. For each of the Fiscal Years 2004-05 and 2005-06, \$2.0 million is proposed to be added to the Workers' Compensation Reserve.

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

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 and deemed adequate for this fund. Due to relatively low levels of claims expense over the past few years, the Public Liability ISF's fund balance (over and above the reserve) has grown and will be used in the amounts of \$8.5 million in Fiscal Year 2004-05 and \$8.5 million in Fiscal Year 2005-06 in lieu of charges to departments. Departments will collectively pay \$2.0 million of the anticipated costs.

Pension Obligation Bonds

San Diego County Employees Retirement Association (SDCERA) is a public employees retirement system that was established by the County of San Diego on July 1, 1939, and is administered by the Board of Retirement to provide service retirement, disability, death and survivor benefits for its members. The Retirement Association is supported by member contributions, County Contributions and

investment income from the Retirement Association Assets. The County's contribution consists of a normal component and an Unfunded Actuarial Accrued Liability (UAAL) component. The County of San Diego issued \$430.4 million of taxable Pension Obligation Bonds (POBs) on February 15, 1994, of which \$428.5 million went toward the reduction of the UAAL. As a result of the County implementing an enhanced retirement plan in March of 2002, there was an increase in the UAAL and in response, the County issued new POBs totaling \$737.3 million of which \$550.0 million was paid 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 and pay costs of issuance. These appropriations support bond principal and interest payments as well as administrative expenses for the 2002 Pension Obligation Bonds and provide for the defeasance of the remaining 1994 POBs. The County is in the process of issuing what will be known as the 2004 POBs and the debt service on these new POBs will take the place of the annual debt service on the 1994 POBs.

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. The cost is offset by a special assessment on property located within the service area.



Expenditures

	Fiscal Year 2003-04 Adopted Budget	Fiscal Year 2004-05 Proposed Budget	% Change	Fiscal Year 2005-06 Proposed Budget	% Change
Cash Borrowing Program	\$ 7,625,000	\$ 7,625,000	0.00	\$ 7,625,000	0.00
Community Enhancement	3,033,650	3,000,000	(1.11)	3,000,000	0.00
Community Projects	10,000,000	10,000,000	0.00	10,000,000	0.00
Contribution to County Library	3,360,000	3,050,000	(9.23)	3,050,000	0.00
Contingency Reserve General Fund	11,000,000	11,000,000	0.00	11,000,000	0.00
Contributions to Capital Outlay Fund	54,777,547	0	(100.00)	0	0.00
Lease Payments-Bonds	0	46,779,800	100.00	46,788,750	0.02
Countywide General Expense	96,300,525	76,700,945	(20.35)	31,825,100	(58.51)
Employee Benefits Fund (ISF)	30,823,925	35,401,399	14.85	36,442,276	2.94
Local Agency Formation Commission Administration	199,694	225,647	13.00	225,647	0.00
Public Liability Insurance (ISF)	10,000,000	10,500,000	5.00	10,500,000	0.00
Pension Obligation Bonds	121,934,372	122,553,344	0.51	69,465,394	(43.32)
Debt Service Local Boards	29,750	29,750	0.00	28,250	(5.04)
Total	\$ 349,084,463	\$ 326,865,885	(6.36)	\$ 229,950,417	(29.65)