

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

These appropriations fund the cost of financing the County's short-term cash borrowing program. During the course of the fiscal year, the County could experience temporary shortfalls in available cash due to the timing of expenditures and receipt of revenues. To meet these cash flow needs, the County issues Tax and Revenue Anticipation Notes (TRANs) as needed. Typically, TRANs are issued at the beginning of the fiscal year and mature at the end of that fiscal year. See the section of this document on Debt Management Policies and Obligations for more information.

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. Applications for grants are submitted to the Board of Supervisors by March 1 for the upcoming fiscal year, with approval of projects given through the budget adoption process. The funding level for Fiscal Year 2017–18 is recommended at \$5.41 million, \$4.4 million of which reflects anticipated TOT revenues. The additional \$0.96 million is a one-time appropriation based on General Fund fund balance from over-realized TOT revenues in Fiscal Year 2015–16 and \$0.01 million is rebudgeted based on Fiscal Year 2016-17 returned funds.

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 non-profit 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 source is General Fund fund balance. The funding level for Fiscal Year 2017–18 is recommended at \$10.0 million.

Contributions to County Library System

No appropriations are recommended for Fiscal Years 2017–18 and 2018–19.

Contingency Reserve: General Fund

A Contingency Reserve of \$24.0 million is recommended for Fiscal Year 2017–18 and \$24.5 million for Fiscal Year 2018–19. These appropriations comply with the target of 2% of General Purpose Revenue (GPR) for the Contingency Reserve as outlined in the Code of Administrative Ordinance Sec. 113.1, *Fund Balances and Reserves*. At \$24.0 million and \$24.5 million, the Contingency Reserve represents 2.0% of the Fiscal Year 2017–18 recommended GPR of \$1.20 billion and Fiscal Year 2018–19 estimated GPR of \$1.23 billion respectively. These appropriations are a source of funding for unanticipated needs, events or for various uncertainties that may occur during the fiscal year. It also provides a cushion in the event of revenue shortfalls.

Contributions to Capital Program

These appropriations represent the General Fund cost for new or augmented capital development or land acquisition projects. For Fiscal Year 2017–18, \$160.4 million is recommended in the Contributions to Capital Program. Of this total, \$46.1 million is for the Sheriff Technology Center, \$20.0 million is for the San Diego Juvenile Justice Campus, \$11.0 million is for the County Administration Center (CAC) Renovations, \$11.0 million is for the Emergency Vehicle Operations Course, \$8.0 million is for the Southeast San Diego Live Well Center, \$7.5 million is for the acquisition of land under the Multiple Species Conservation Program (MSCP), \$7.5 million is for the San Marcos Road Maintenance Station and Fleet Garage, \$3.5 million is for the Bonita Library Expansion, \$2.0 million is for the installation of Playground Equipment in various locations, \$2.0 million is for the Health Services Complex Relocation, \$1.8 million is for the Otay Lakes Park Sewer, \$1.0 million is for the

Palomar Mountain Fire Station, \$0.8 million is for the Guajome Sewer Improvements, \$0.5 million is for the Modular Trailer Replacement for Otay Fire Station 38, \$0.5 million is for the Bike Skills Course South County, \$0.3 is for the Playground Shade Structures for Flinn Springs and Steele Canyon, \$0.3 million is for the Jamul Fire Station 36 Land Acquisition, \$0.3 million is for the Sweetwater Loop Reroute Vernal Pool Trail, \$0.2 million is for the Playground Shade Structures for Lamar and Hilton Head and \$36.1 million is for future capital projects.

No appropriations are recommended for the Contributions to Capital Program in Fiscal Year 2018-19.

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 recommended budget of \$31.3 million in Fiscal Year 2017–18 is a net increase of \$0.1 million from the Fiscal Year 2016–17 Adopted Operational Plan as a result of increases in certain scheduled lease payments.

The Fiscal Year 2018–19 payments are estimated at \$31.3 million with no significant change from Fiscal Year 2017-18. Additional expenditure and revenue detail 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. Recommended at \$209.4 million, the major components of the Countywide General Expenses program in Fiscal Year 2017–18 are:

- ◆ An increase of \$98.2 million in fund balance commitment to support debt service costs of existing Pension Obligation Bonds (POBs) was included to increase the total commitment in POBs to \$198.2 million. This fund balance commitment will serve as an alternative funding source for a portion of existing POB costs currently supported by General Purpose Revenue. Portions of this fund balance commitment will be appropriated over a ten year period until the \$198.2 million is exhausted, through final maturity of the POBs in Fiscal Year 2026-27. In Fiscal Year 2017-18, \$19.8 million is appropriated.
- ◆ A Pension Stabilization Fund of \$75.0 million in Fiscal Year 2017-18 is set aside in anticipation of higher payments to the County's retirement fund in future years.
- ◆ Remaining appropriations of \$36.2 million will support enterprise wide expenses including:
 - ◆ Appropriations to support future salary and benefit growth.
 - ◆ Contribution to the Information Technology (IT) Internal Service Fund to support the Countywide component of the IT outsourcing contract.
 - ◆ 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.

- ◆ Pension payments required by the County Employees Retirement Law that must be paid by the County in accordance with Internal Revenue Code §415(m).

Countywide Shared Major Maintenance

In Fiscal Year 2017–18, appropriations totaling \$2.0 million are recommended for major maintenance projects at County facilities that are shared by departments from multiple groups. The funding level for Fiscal Year 2018–19 is also recommended 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.

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. As of June 30, 2016, the estimated liability was \$175.3 million and the cash balance was \$139.3 million. The liability is estimated to increase June 30, 2017 to \$175.5 million and the cash balance as of June 30, 2017 is \$137.2 million, resulting in a potential deficit. In order to continue to address this shortfall, a \$5.0 million Contingency Reserve is being recommended again and included in both Fiscal Year 2017-18 and 2018-19 to continue to address this unfunded liability over a 10-year period. Appropriations for Fiscal Year 2017–18 total \$45.7 million for the workers’ compensation internal service fund, which include this Contingency Reserve, which is an increase of \$0.3 million from the Fiscal Year 2016–17 Adopted Operational Plan primarily due to an increase in salary and benefit costs in administering 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. Recommended appropriations for Fiscal Year 2017–18 reflect a \$0.1 million decrease from the Fiscal Year 2016–17 Adopted Operational Plan, primarily due to decrease in claims payment.





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 recommended for Fiscal Year 2017–18 and \$0.5 million are recommended for Fiscal Year 2018–19.

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 estimated liability for June 30, 2016 was \$38.2 million. As of June 30, 2016, the fund had a cash balance of \$39.8 million. The estimated liability for June 30, 2017 increased to \$52.7 million and the cash balance as of June 30, 2017 is projected to be \$44.8 million resulting in a potential deficit. To address this shortfall, a \$1.4 million Contingency Reserve is being recommended in both Fiscal Year 2017-18 and 2018-19 to address this unfunded liability over a 10-year period. Appropriations for Fiscal Year 2017–18 total \$31.6 million for the Public Liability Internal Service Fund, which is an increase of \$10.1 million from the Fiscal Year 2016–17 Adopted Operational Plan due to establishing this Contingency Reserve amount and significant increase projected in claims payment.

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 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	Fiscal Year 2017–18 Recommended Budget	% Change	Fiscal Year 2018–19 Recommended Budget
Cash Borrowing	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	0.0	\$ 2,700,000
Community Enhancement	4,184,390	4,892,703	5,407,401	10.5	4,435,038
Neighborhood Reinvestment Program	10,000,000	10,000,000	10,000,000	0.0	10,000,000
Contributions to County Library System	300,000	—	—	—	—
Contingency Reserve: General Fund	21,724,392	22,674,808	23,983,463	5.8	24,546,377
Contributions to Capital Program	131,479,000	88,012,333	160,377,450	82.2	—
Lease Payments: Capital Projects	35,350,904	31,127,560	31,273,890	0.5	31,256,392
Countywide General Expenses	45,756,284	172,939,903	209,405,739	21.1	155,747,505
Countywide Shared Major Maintenance	2,000,000	2,000,000	2,000,000	0.0	2,000,000
Employee Benefits Internal Service Funds (ISF)					
<i>Workers Compensation Employee Benefits ISF</i>	44,145,553	45,356,681	45,659,988	0.7	45,659,988
<i>Unemployment Insurance Employee Benefits ISF</i>	1,901,360	2,099,622	2,010,184	(4.3)	2,010,184
Local Agency Formation Commission Administration	425,642	425,642	467,172	9.8	490,531
Public Liability ISF	21,474,673	21,453,018	31,572,824	47.2	31,572,824
Pension Obligation Bonds	81,469,636	81,384,894	81,458,792	0.1	81,459,711
Total	\$ 402,911,834	\$ 485,067,164	\$ 606,316,903	25.0	\$ 391,878,550



Lease Payments

Budget by Categories of Expenditures					
	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	Fiscal Year 2017–18 Recommended Budget	% Change	Fiscal Year 2018–19 Recommended Budget
Lease Payments-Bonds	\$ 35,348,904	\$ 31,125,560	\$ 31,271,890	0.5	\$ 31,254,392
Facilities Management (Lease Mgmt)	2,000	2,000	2,000	—	2,000
Total	\$ 35,350,904	\$ 31,127,560	\$ 31,273,890	0.5	\$ 31,256,392

Expenditure Detail					
	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	Fiscal Year 2017–18 Recommended Budget	% Change	Fiscal Year 2018–19 Recommended Budget
Lease Payments Detail					
2005 North & East County Justice Facility Refinance	\$ 2,732,300	\$ —	\$ —	—	\$ —
2009 County Operations Center Phase 1A	9,736,254	—	—	—	—
2009 Justice Facilities Refunding	7,351,372	7,319,738	7,339,625	0.3	7,327,125
2011 MTS Tower Refunding	2,660,000	2,688,800	2,703,000	0.5	2,704,875
2011 CAC Waterfront Park	2,096,000	2,056,563	2,097,900	2.0	2,096,300
2012 Cedar and Kettner Development	1,670,075	1,634,312	1,666,425	2.0	1,670,225
2014 Edgemoor and RCS Refunding	9,102,903	9,061,620	9,100,815	0.4	9,093,667
2016 County Operations Center Refunding	—	8,364,527	8,364,125	0.0	8,362,200
Total—Lease Payments Detail	\$ 35,348,904	\$ 31,125,560	\$ 31,271,890	0.5	\$ 31,254,392
Facilities Management (Lease Mgmt) Detail					
2009 Justice Facilities Refunding	\$ 2,000	\$ 2,000	\$ 2,000	0.0	\$ 2,000
Total—Facilities Management (Lease Mgmt) Detail	\$ 2,000	\$ 2,000	\$ 2,000	0.0	\$ 2,000
Total—Expenditure Detail	\$ 35,350,904	\$ 31,127,560	\$ 31,273,890	0.5	\$ 31,256,392

Budget by Categories of Revenues					
	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	Fiscal Year 2017–18 Recommended Budget	% Change	Fiscal Year 2018–19 Recommended Budget
AB189	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	0.0	\$ 2,200,000
Aid from Redev Successor Agency	4,566,075	4,490,875	4,564,325	1.6	4,566,525
Rents and Concessions	1,098,876	1,115,819	1,124,933	0.8	1,134,171
Operating Transfer Capital Outlay	8,565,150	8,519,575	8,562,100	0.5	8,563,675
General Purpose Revenue Allocation	18,920,803	14,801,291	14,822,532	0.1	14,792,021
Total	\$ 35,350,904	\$ 31,127,560	\$ 31,273,890	0.5	\$ 31,256,392





Revenue Detail					
	Fiscal Year 2015–16 Adopted Budget	Fiscal Year 2016–17 Adopted Budget	Fiscal Year 2017–18 Recommended Budget	% Change	Fiscal Year 2018–19 Recommended Budget
General Fund					
2005 North & East County Justice Facility Refinance	2,732,300	\$ —	\$ —	—	\$ —
2009 County Operations Center Phase 1A	9,736,254	8,364,527	—	—	—
2009 Justice Facilities Refunding	3,680,684	3,640,058	3,650,831	0.3	3,629,093
2011 MTS Tower Refunding	2,231,812	2,252,661	2,266,861	0.6	2,268,736
2014 Edgemoor and RCS Refunding	537,753	542,045	538,715	(0.6)	529,992
2016 County Operations Center Refunding	—	—	8,364,125	—	8,362,200
Facilities Management (Lease Mgmt)	2,000	2,000	2,000	0.0	2,000
Total—General Fund	\$ 18,920,803	\$ 14,801,291	\$ 14,822,532	0.1	\$ 14,792,021
Rents and Concessions					
2009 Justice Facilities Refunding	\$ 670,688	\$ 679,680	\$ 688,794	1.3	\$ 698,032
2011 MTS Tower Refunding	428,188	436,139	436,139	0.0	436,139
Total—Rents and Concessions	\$ 1,098,876	\$ 1,115,819	\$ 1,124,933	0.8	\$ 1,134,171
AB189					
2009 Justice Facilities Refunding	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	0.0	\$ 2,200,000
Total—AB189	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	0.0	\$ 2,200,000
Aid from Redevelopment					
2009 Justice Facilities Refunding	\$ 800,000	\$ 800,000	\$ 800,000	0.0	\$ 800,000
2011 CAC Waterfront Park	2,096,000	2,056,563	2,097,900	2.0	2,096,300
2012 Cedar & Kettner Development	1,670,075	1,634,312	1,666,425	2.0	1,670,225
Total—Aid from Redevelopment	\$ 4,566,075	\$ 4,490,875	\$ 4,564,325	1.6	\$ 4,566,525
Operating Transfer Capital Outlay					
2014 Edgemoor and RCS Refunding	\$ 8,565,150	\$ 8,519,575	\$ 8,562,100	0.5	\$ 8,563,675
Total—Operating Transfer Capital Outlay	\$ 8,565,150	\$ 8,519,575	\$ 8,562,100	0.5	\$ 8,563,675
Total Lease Payments Funding Sources	\$ 35,350,904	\$ 31,127,560	\$ 31,273,890	0.5	\$ 31,256,392

