

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. The issuance of TRANs for the County is not anticipated for Fiscal Year 2018–19; so no appropriations are budgeted. 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 2018–19 is budgeted at \$6.26 million, \$5.10 million of which reflects anticipated TOT revenues. The additional \$1.16 million is a one-time appropriation based on General Fund fund balance from prior-year over-realized TOT revenues (\$0.45 million) and projected General Fund fund balance in Fiscal Year 2017–18 (\$0.67 million) and \$0.04 million is rebudgeted based on Fiscal Year 2017–18 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 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 source is General Fund fund balance. The funding level for Fiscal Year 2018–19 is budgeted at \$10.0 million.

Contributions to County Library System

No appropriations are budgeted for Fiscal Years 2018–19 and 2019–20.

Contingency Reserve: General Fund

In December of 2017, the Board of Supervisors amended the General Fund Balances and Reserves Ordinance. As a result, no appropriations will be budgeted for Fiscal Years 2018–19 and 2019–20 (see General Fund Reserves and Resources section for more details).

Contributions to Capital Program

These appropriations represent the General Fund cost for new or augmented capital development or land acquisition projects. For Fiscal Year 2018–19, \$246.8 million is budgeted in the Contributions to Capital Program.

Of this total

- ◆ \$84.0 million is for the San Diego Juvenile Justice Campus,
- ◆ \$66.0 million is for the Southeastern Live Well Center,
- ◆ \$17.9 million for the Lakeside Library Construction,
- ◆ \$16.0 million for the County Administration Center (CAC) Renovation Phase 2,
- ◆ \$8.9 million for the Ohio Street Renovation,
- ◆ \$7.5 million is for the acquisition of land under the Multiple Species Conservation Program (MSCP),
- ◆ \$6.5 million for the Alpine Local Park Land Acquisition,
- ◆ \$6.3 million for the Lindo Lake Construction Phase 1 (East Basin),
- ◆ \$5.0 million for the County Live Well Campus at Rosecrans,
- ◆ \$4.1 million for the Lakeside Equestrian Facility Construction,
- ◆ \$4.0 million for the Tijuana Campground and Nature Education Center,
- ◆ \$4.0 million for the Casa De Oro Library,
- ◆ \$3.5 million for the Mount Woodson Parking Lot,
- ◆ \$1.8 million for the San Luis Rey River Park Acquisition and Improvement,
- ◆ \$1.4 million for the Inmate Transfer Tunnel,
- ◆ \$1.4 million for the Mount Laguna Fire Station #49,
- ◆ \$1.0 million for the Lindo Lake Park Photovoltaic System,
- ◆ \$1.0 million for the Sycuan Kumeyaay Village Dehesa Road Trail/Sloan Canyon Road Trail (Phase 1 and 4),
- ◆ \$0.8 million for the Water Conservation and Sustainable Park Features at Jess Martin and Patriot Parks,
- ◆ \$0.7 million for the Borrego Springs Park,
- ◆ \$0.7 million for the Otay Primitive Campground,
- ◆ \$0.6 million for the Borrego Springs Shadeway,
- ◆ \$0.6 million to Replace Playground Equipment at Dos Picos Park and Heise Park,
- ◆ \$0.6 million for the Sycamore Canyon Trails,
- ◆ \$0.5 million for the Borrego Springs Community Library,
- ◆ \$0.5 million for the Otay Bike Skills Course,
- ◆ \$0.4 million for the Park Volunteer Pads at various parks,
- ◆ \$0.4 million to Construct Camping Cabins at Guajome County Park,
- ◆ \$0.3 million for the Playground Shade Structures Construction for the San Dieguito, Patriot and Liberty Parks,
- ◆ \$0.2 million for the Sage Hill Staging Area & Trail System Improvements,
- ◆ \$0.1 million Borrego Springs Sheriff Substation and
- ◆ \$0.1 million for the Stelzer Park Ranger Station/Visitor Center.

No appropriations are budgeted for the Contributions to Capital Program in Fiscal Year 2019–20.

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 \$30.4 million in Fiscal Year 2018–19 is a net decrease of \$0.9 million from the Fiscal Year 2017–18 Adopted Operational Plan as a result of decreases in certain scheduled lease payments.

The Fiscal Year 2019–20 payments are estimated at \$28.5 million which is a net decrease of \$1.9 million from the Fiscal Year 2018–19 Recommended Operational Plan as a result of decreases in certain scheduled lease payments mainly related certain of the certificates of participation reaching final maturity: the County of San Diego Certificates of Participation (2011 MTS Tower Refunding) and the County of San Diego Certificates of Participation Series 2014B (RCS Refunding). 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. Budgeted at \$186.2 million, the major components of the Countywide General Expenses program in Fiscal Year 2018–19 include:

- ◆ A \$75.0 million fund balance commitment to support debt service costs of existing Pension Obligation Bonds (POBs) to increase the total amount committed for POBs to \$273.2 million. This fund balance commitment serves as an alternative funding source for a portion of existing POB costs that have been supported by General Purpose Revenue. Portions of this fund balance commitment will be appropriated over through final maturity of the POBs in Fiscal Year 2026–27, at which point this commitment will be exhausted. In Fiscal Year 2018–19, \$25.4 million is appropriated.
- ◆ A Pension Stabilization Fund of \$75.0 million in Fiscal Year 2018–19 is set aside in anticipation of higher payments to the County's retirement fund in future years resulting from any changes the San Diego County Retirement Association Board may make to the assumed rate of return or not meeting the fund's economic or demographic assumptions.
- ◆ Remaining appropriations of \$36.2 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.





- ❖ 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).
- ❖ Appropriations to support public safety labor negotiations.
- ❖ Appropriations for Future Capital projects.

Countywide Shared Major Maintenance

In Fiscal Year 2018–19, appropriations totaling \$15.5 million are budgeted for major maintenance projects at County facilities that are shared by departments from multiple groups, including improvements related to the County Security Initiative to improve the security of County facilities. The funding level for Fiscal Year 2019–20 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.

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, 2017, the total reported liability for the fund was \$181.2 million with current assets of \$156.6 million resulting in a negative net position of \$24.6 million. The actuarial claims liability is anticipated to increase by \$5.3 million as of June 30, 2018. To address the unfunded actuarial liability which is driving the negative net position, a \$5.0 million Contingency Reserve is budgeted in Fiscal Year 2018–19 and will remain at this level through Fiscal Year 2024–25 subject to annual reviews of the fund's net position. Appropriations for Fiscal Year 2018–19 total \$46.4 million for the workers' compensation internal service fund, includes this Contingency Reserve, which is an increase of \$0.7 million from the Fiscal Year 2017–18 Adopted Operational Plan primarily due to

an increase in salary and benefit costs in administering the workers' compensation ISF.

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 2018–19 reflect a \$0.1 million decrease from the Fiscal Year 2017–18 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 budgeted for Fiscal Year 2018–19 and \$0.5 million are budgeted for Fiscal Year 2019–20.

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, 2017 was \$54.0 million with current assets of \$44.0 million resulting in negative net position of \$10.0 million. The actuarial claims liability is expected to increase by \$12.4 million as of June 30, 2018. To address the unfunded actuarial liability which is driving the negative net position, a \$1.5 million Contingency Reserve is budgeted in Fiscal



Year 2017–18 which will increase to \$2.3 million in both Fiscal Year 2018–19 and 2019–20. Collections of the unfunded liability are amortized over a ten year period subject to annual review.

Appropriations for Fiscal Year 2018–19 total \$33.2 million for the Public Liability Internal Service Fund, which is an increase of \$1.6 million from the Fiscal Year 2017–18 Adopted Operational Plan primarily due to an increase in this Contingency Reserve amount.

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 in 2009, 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 2016–17 Adopted Budget	Fiscal Year 2017–18 Adopted Budget	Fiscal Year 2018–19 Recommended Budget	% Change	Fiscal Year 2019–20 Recommended Budget
Cash Borrowing	\$ 2,700,000	\$ 2,700,000	\$ —	(100.0)	\$ —
Community Enhancement	4,892,703	5,407,401	6,260,138	15.8	5,100,057
Neighborhood Reinvestment Program	10,000,000	10,000,000	10,000,000	0.0	10,000,000
Contributions to County Library System	—	—	—	—	—
Contingency Reserve: General Fund	22,674,808	23,983,463	—	(100.0)	—
Contributions to Capital Program	88,012,333	161,377,450	246,849,000	53.0	—
Lease Payments: Capital Projects	31,127,560	31,273,890	30,413,643	(2.8)	28,531,550
Countywide General Expenses	172,939,903	234,405,739	186,156,022	(20.6)	196,842,166
Countywide Shared Major Maintenance	2,000,000	2,000,000	15,500,000	675.0	2,000,000
Employee Benefits Internal Service Funds (ISF)					
<i>Workers Compensation Employee Benefits ISF</i>	45,356,681	45,659,988	46,353,170	1.5	46,353,170
<i>Unemployment Insurance Employee Benefits ISF</i>	2,099,622	2,010,184	1,925,950	(4.2)	1,925,950
Local Agency Formation Commission Administration	425,642	467,172	475,684	1.8	499,468
Public Liability ISF	21,453,018	31,572,824	33,175,867	5.1	33,175,867
Pension Obligation Bonds	81,384,894	81,458,792	81,461,036	0.0	81,455,804
Total	\$ 485,067,164	\$ 632,316,903	\$ 658,570,510	4.2	\$ 405,884,032





Lease Payments

Budget by Categories of Expenditures					
	Fiscal Year 2016–17 Adopted Budget	Fiscal Year 2017–18 Adopted Budget	Fiscal Year 2018–19 Recommended Budget	% Change	Fiscal Year 2019–20 Recommended Budget
Lease Payments-Bonds	\$ 31,125,560	\$ 31,271,890	\$ 30,411,642	(2.8)	\$ 28,529,550
Facilities Management (Lease Mgmt)	2,000	2,000	2,001	0.0	2,000
Total	\$ 31,127,560	\$ 31,273,890	\$ 30,413,643	(2.8)	\$ 28,531,550

Expenditure Detail					
	Fiscal Year 2016–17 Adopted Budget	Fiscal Year 2017–18 Adopted Budget	Fiscal Year 2018–19 Recommended Budget	% Change	Fiscal Year 2019–20 Recommended Budget
Lease Payments Detail					
2009 Justice Facilities Refunding	\$ 7,319,738	\$ 7,339,625	\$ 6,484,375	(11.7)	\$ 6,484,000
2011 MTS Tower Refunding	2,688,800	2,703,000	2,704,875	0.1	1,357,875
2011 CAC Waterfront Park	2,056,563	2,097,900	2,096,300	(0.1)	2,097,200
2012 Cedar and Kettner Development	1,634,312	1,666,425	1,670,225	0.2	1,667,825
2014 Edgemoor and RCS Refunding	9,061,620	9,100,815	9,093,667	(0.1)	8,564,650
2016 County Operations Center Refunding	8,364,527	8,364,125	8,362,200	0.0	8,358,000
Total—Lease Payments Detail	\$ 31,125,560	\$ 31,271,890	\$ 30,411,642	(2.8)	\$ 28,529,550
Facilities Management (Lease Mgmt) Detail					
2009 Justice Facilities Refunding	\$ 2,000	\$ 2,000	\$ 2,001	0.0	\$ 2,000
Total—Facilities Management (Lease Mgmt) Detail	\$ 2,000	\$ 2,000	\$ 2,001	0.0	\$ 2,000
Total—Expenditure Detail	\$ 31,127,560	\$ 31,273,890	\$ 30,413,643	(2.8)	\$ 28,531,550

Budget by Categories of Revenues					
	Fiscal Year 2016–17 Adopted Budget	Fiscal Year 2017–18 Adopted Budget	Fiscal Year 2018–19 Recommended Budget	% Change	Fiscal Year 2019–20 Recommended Budget
AB189	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	0.0	\$ 2,200,000
Aid from Redev Successor Agency	4,490,875	4,564,325	—	(100.0)	—
Rents and Concessions	1,115,819	1,124,933	1,098,070	(2.4)	765,980
Operating Transfer Capital Outlay	8,519,575	8,562,100	8,563,675	0.0	8,564,650
General Purpose Revenue Allocation	14,801,291	14,822,532	17,751,898	19.8	16,200,920
Assigned Fund Balance	—	—	800,000	0.0	800,000
Total	\$ 31,127,560	\$ 31,273,890	\$ 30,413,643	(2.8)	\$ 28,531,550



Revenue Detail					
	Fiscal Year 2016–17 Adopted Budget	Fiscal Year 2017–18 Adopted Budget	Fiscal Year 2018–19 Recommended Budget	% Change	Fiscal Year 2019–20 Recommended Budget
General Purpose Revenue					
2009 Justice Facilities Refunding	\$ 3,640,058	\$ 3,650,831	\$ 1,986,344	(45.6)	\$ 1,976,605
2011 MTS Tower Refunding	2,252,661	2,266,861	3,104,837	37.0	2,099,291
2011 CAC Waterfront Park	—	—	2,096,300	0.0	2,097,200
2012 Cedar & Kettner Parking	—	—	1,670,225	0.0	1,667,825
2014 Edgemoor and RCS Refunding	542,045	538,715	529,992	(1.6)	—
2016 County Operations Center Refunding	8,364,527	8,364,125	8,362,200	0.0	8,358,000
Facilities Management (Lease Mgmt)	2,000	2,000	2,000	0.0	2,000
Total—General Purpose Revenue	\$ 14,801,291	\$ 14,822,532	\$ 17,751,898	19.8	\$ 16,200,921
Assigned Fund Balance					
2009 Justice Facilities Refunding	\$ —	\$ —	\$ 800,000	0.0	\$ 800,000
Total—Assigned Fund Balance	\$ —	\$ —	\$ 800,000	0.0	\$ 800,000
Rents and Concessions					
2009 Justice Facilities Refunding	\$ 679,680	\$ 688,794	\$ 698,032	1.3	\$ 707,395
2011 MTS Tower Refunding	436,139	436,139	400,038	(8.3)	58,584
Total—Rents and Concessions	\$ 1,115,819	\$ 1,124,933	\$ 1,098,070	(2.4)	\$ 765,979
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	\$ —	(100.0)	\$ —
2011 CAC Waterfront Park	2,056,563	2,097,900	—	(100.0)	—
2012 Cedar & Kettner Development	1,634,312	1,666,425	—	(100.0)	—
Total—Aid from Redevelopment	\$ 4,490,875	\$ 4,564,325	\$ —	(100.0)	\$ —
Operating Transfer Capital Outlay					
2014 Edgemoor and RCS Refunding	\$ 8,519,575	\$ 8,562,100	\$ 8,563,675	0.0	\$ 8,564,650
Total—Operating Transfer Capital Outlay	\$ 8,519,575	\$ 8,562,100	\$ 8,563,675	0.0	\$ 8,564,650
Total Lease Payments Funding Sources	\$ 31,127,560	\$ 31,273,890	\$ 30,413,643	(2.8)	\$ 28,531,550

