

# AUDITOR-CONTROLLER

GENERAL DEBT SERVICE – COPS.....8010

MEREDITH FORD, Auditor-Controller

## AUDITOR-CONTROLLER’S BUDGET UNITS

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<a href="#">Debt Service – Pension Obligation Bonds</a> .....	8011
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## PROGRAM DISCUSSION

**Programs:** This budget unit accounts for the payment of principal and interest as well as the related annual costs of the County’s general long-term obligation bonds and certificates of participation (COPs). The County’s Certificate of Participation issues are - \$1,260,000 Refunding Certificates of Participation. Issued on or about June 1, 1993, replaced 1983 Series A Bonds whose original proceeds were used in the acquisition of the present Social Services administration facility. This issue was defeased through an advanced refunding that occurred in November 2001. Please refer to comments on 2001 Refunding Certificates of Participation below.

\$8,600,000 1998 Refunding Certificates of Participation - issued on May 15, 1998, to replace 1989 Certificates of Participation in the original amount of \$11,905,000. Funds provided for the acquisition, construction, remodeling, and improvement of certain equipment and permanent facilities for the County. Specifically, the construction projects included the justice centers in Willits and Fort Bragg, the Willits library, the adult detention center (Mendocino County Jail) in Ukiah and the microwave communications system for the Sheriff’s Office. Final maturity was August 15, 2006.

In July 2000 the County made an offer to the holders of these 1998 Certificates, at their option, to tender their certificates for purchase or to exchange them for new certificates issued as part of the 2000 COPs issue (see below). The purpose of this “Tender/Exchange Program” was to restructure the overall debt service obligation of the County to provide for a level annual debt service over the next thirty years.

As a result of this tender/exchange, approximately \$4,350,000 of the outstanding \$6,090,000 certificates was turned in for redemption during the months of July and August of 2000, thereby reducing the annual debt service on this issue over its remaining term.

\$8,595,000 1993 Certificates of Participation - issued on June 1, 1993, to provide for the construction of a new County Administration Center facility, purchased additional space for the Social Services Branch as well as renovations to other capital facilities.

This issue was defeased through an advanced refunding that occurred in November 2001. Please refer to comments on 2001 Refunding Certificates of Participation below.

\$7,965,000 Series 2001 Refunding Certificates of Participation - issued on November 20, 2001, to advance refund the 1993 Certificates of Participation notes originally issued in the aggregate principal amount of \$9,855,000 on May 1, 1993. Funds were originally provided for in the construction of various capital projects including the County Administration Center facility and Social Services Center in Ukiah. Due June 1 in annual installments ranging from \$240,000 to \$460,000 in the year 2021. Variable interest rates range from 3.5% to 5.0%. Final maturity is June 1, 2024.

\$22,480,000 Series 2000 Certificates of Participation - issued on September 7, 2000, to provide for the purchase of additional space for the Social Services Branch, the Health and Human Services facilities for the Public Health Branch and the County Museum and the acquisition and construction of a new Animal Control Shelter and Consolidated Health Services Center. In addition, a portion (\$4,350,000) of proceeds from this issue was utilized to defease approximately 70% of the outstanding balance of the 1998 Refunding Certificates of Participation referenced above.

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## SUMMARY OF MAJOR BUDGET ACCOUNTS

### *Services & Supplies*

- ✧ Acct. 2239 Provides for Trustee fees and fees paid to Muni Financial for arbitrage rebate calculation services and annual informational statements.

### *Other Charges*

- ✧ Accts. 3310 & 3311 Provides for interests and principal payments on the Certificate of Participation issues. CEO recommends that \$1,522,000 in funding as part of the county share of General Fund contribution.

### *Revenues*

- ✧ Acct. 4200 Provides for annual rental payment from City of Willits for space in Criminal Justice building.
- ✧ Acct. 7802 Operating Transfer In - Provides for transfer from Social Services, Non-Departmental Revenue and Mental Health for their portion of 1993 and 2000 COP issues. Includes payment on microwave system, and interest from City of Ukiah animal shelter payments.

## CEO RECOMMENDED BUDGET COMMENTS

The CEO recommends funding as submitted by the Department.

## FINAL BUDGET COMMENTS

During the Final Budget Deliberations, the Board of Supervisors approved the CEO Recommended Budget including any adjustments from Bargaining Unit negotiation agreement savings applied (if applicable) to this budget.

# AUDITOR-CONTROLLER

**GENERAL DEBT SERVICE – COPS..... 8010**

*MEREDITH FORD, Auditor-Controller*

State Controller  
County Budget Act  
(1985)

County of Mendocino  
State of California  
Budget Unit Financing Uses Detail  
Final Budget for Fiscal Year 2009-10

County Budget Form  
Schedule 9

Classification:

Function: 8 Debt Service

Budget Unit: 8010 Debt Service

Activity: 801 Debt Service - Retirement of LT Debt

Fund: 1400 Debt Service

Financing Uses Classification	2007-08 Budget	2007-08 Actuals	2008-09 Budget	2008-09 Actuals	2009-10 Request	2009-10 Recommend	2009-10 Adopted
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

as of 6/30/09

Services & Supplies

862189 Prof/Spec Svcs - Other	7,000	2,950	4,000	3,950	3,500	3,500	3,500
862239 Spec Dept Expense	5,500	4,633	5,000	4,308	4,400	4,400	4,400
<b>Total Services &amp; Supplies</b>	<b>12,500</b>	<b>7,583</b>	<b>9,000</b>	<b>8,258</b>	<b>7,900</b>	<b>7,900</b>	<b>7,900</b>

Other Charges

863310 Interest	1,355,004	1,376,411	1,431,033	1,411,033	1,395,531	1,395,531	1,395,531
863311 Principal	663,507	663,507	891,552	891,551	1,243,523	1,243,523	1,243,523
<b>Total Other Charges</b>	<b>2,018,511</b>	<b>2,039,918</b>	<b>2,322,585</b>	<b>2,302,584</b>	<b>2,639,054</b>	<b>2,639,054</b>	<b>2,639,054</b>

**Total Net Appropriations**

	<u>2,031,011</u>	<u>2,047,501</u>	<u>2,331,585</u>	<u>2,310,842</u>	<u>2,646,954</u>	<u>2,646,954</u>	<u>2,646,954</u>
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Less: Revenues

823110 Crim Just Const Fund	0	0	108,796	108,796	20,000	20,000	20,000
824100 Interest	(15,000)	(2,942)	0	(11,112)	(12,000)	(12,000)	(12,000)
824200 Rent/Concession	30,000	30,000	30,000	30,000	30,000	30,000	30,000
827700 Other	0	0	0	85,778	0	0	0
827802 Oper Transfer In	2,056,947	2,056,947	2,177,120	2,177,120	2,533,744	2,473,744	2,473,744
<b>Total Revenues</b>	<u>2,071,947</u>	<u>2,084,004</u>	<u>2,315,916</u>	<u>2,390,582</u>	<u>2,571,744</u>	<u>2,511,744</u>	<u>2,511,744</u>

**Total Fund Balance Contribution**

	<u>(40,936)</u>	<u>(36,504)</u>	<u>15,669</u>	<u>(79,740)</u>	<u>75,210</u>	<u>135,210</u>	<u>135,210</u>
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# AUDITOR-CONTROLLER

## DEBT SERVICES – PENSION OBLIGATION BONDS ..... 8011

*MEREDITH FORD, Auditor-Controller*

### PROGRAM DISCUSSION

**Programs:** This budget unit accounts for the payment of principal and interest as well as the related annual costs of the County's taxable pension obligation bonds issued in December 1996 in the amount of \$30,720,000 and December 2002 in the amount of \$91,945,000. Included in the December 2002 issue is a partial defeasance (50%) of the December 1996 issue.

The County's Pension Obligation Bond issuances are as follows: \$30,720,000 Taxable Pension Obligation Bond - Issued on December 19, 1996 to allow the County to fund a portion of its current unfunded accrued actuarial liability for retirement benefits of County employees; due July 1 in estimated annual principal installment of \$1,655,000, increasing to \$4,770,000 in the year 2009. As indicated above, this issue was partially (50%) refunded and defeased on December 12, 2002. Please refer to Series 2002 issuance below.

\$91,945,000 Taxable Pension Obligation Bonds Refunding Series 2002 - issued on December 12, 2002,

to allow the County to fund the residual portion of its unfunded accrued actuarial liability (UAAL) for retirement benefits of County employees. The amount being funded with proceeds of the 2002 bonds equals the present value of the payments the County would otherwise be required to make to amortize the current UAAL, discounted at the Retirement Association's actuarially assumed earnings rate of 8%. Due July 1 in estimated annual principal installments of \$885,000, increasing to \$7,560,000 in the year 2026. Variable interest rates with interest payable semiannually on July and January 1 at rates ranging from 2.07% to 5.00%. Final maturity is July 1, 2026. This bond issue includes proceeds sufficient to defease approximately fifty percent (50%) of each maturity of the \$23,795,000 outstanding principal amount of the original 1996 taxable pension obligation bonds. By refunding and defeasing the 1996 bonds, the County restructured the amortization schedule of its outstanding debt to achieve a more level annual debt service pattern.

### SUMMARY OF MAJOR BUDGET ACCOUNTS

#### *Services & Supplies*

- ◇ Acct. 2239 Provides for Letter of Credit fees, Trustee fees and other miscellaneous corporation debt service maintenance costs related to the issue.

#### *Other Charges*

- ◇ Accts. 3310 & 3311 Provides for interest and principal payments on the taxable Pension Obligation Bond (POB) issue.

#### *Revenues*

- ◇ Acct. 6400 Provides for estimated portion of County retirement contribution related to Pension Obligation Bond issue. Funding originates from charges to departments on bi-weekly basis.

### CEO RECOMMENDED BUDGET COMMENTS

The CEO recommends funding as submitted by the Department. As of the end of the FY 2008-09, the County will have paid off the estimated deficit on the Debt Service Reserve fund for the payment of the Pension Obligation Bond (POB). The total deficit estimated at the time in FY 2005, was \$4.2 million dollars, at which the County then set up a 5-year amortization schedule. The funding progress of the payments directed toward the deficit was closely observed for the following four years and as a result of increased salaries during those four fiscal years the deficit is expected to be completely eliminated by the end of the current 2008/2009 fiscal year, with a projected surplus at June 30, 2009, in excess of \$500,000. The Executive Office recommended to the Board, that the estimated \$500,000 plus surplus amount be included as a surplus to be kept in BU 8011 in anticipation of reduced retirement contributions due to Mandatory Time Off (MTO) or possible layoffs which will directly effect the overall County retirement contributions going into FY 2010-2011.

### FINAL BUDGET COMMENTS

During the Final Budget Deliberations, the Board of Supervisors approved the CEO Recommended Budget including any adjustments from Bargaining Unit negotiation agreement savings applied (if applicable) to this budget.

# AUDITOR-CONTROLLER

## DEBT SERVICES – PENSION OBLIGATION BONDS ..... 8011

*MEREDITH FORD, Auditor-Controller*

State Controller  
County Budget Act

County of Mendocino  
State of California  
Budget Unit Financing Uses Detail  
Final Budget for Fiscal Year 2009-10

County Budget Form  
Schedule 9

Classification:

Function: 8 Debt Service

Budget Unit: 8011 Pension Oblig Bonds

Activity: 801 Debt Service - Retirement of LT Debt

Fund: 1410 Pension Oblig Bonds

Financing Uses Classification	2007-08 Budget	2007-08 Actuals	2008-09 Budget	2008-09 Actuals	2009-10 Request	2009-10 Recommend	2009-10 Adopted
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

as of 6/30/09

Services & Supplies

862189 Prof/Spec Svcs - Other	0	2,200	4,600	3,200	2,500	2,500	2,500
862239 Spec Dept Expense	10,600	5,639	6,000	5,671	6,000	6,000	6,000
<b>Total Services &amp; Supplies</b>	<b>10,600</b>	<b>7,839</b>	<b>10,600</b>	<b>8,871</b>	<b>8,500</b>	<b>8,500</b>	<b>8,500</b>

Other Charges

863310 Interest	5,815,605	5,721,965	5,500,676	5,300,676	5,024,977	5,024,977	5,024,977
863311 Principal	4,730,000	4,730,000	5,235,000	5,235,000	5,825,000	5,825,000	5,825,000
<b>Total Other Charges</b>	<b>10,545,605</b>	<b>10,451,965</b>	<b>10,735,676</b>	<b>10,535,676</b>	<b>10,849,977</b>	<b>10,849,977</b>	<b>10,849,977</b>

<b>Total Net Appropriations</b>	<b>10,556,205</b>	<b>10,459,804</b>	<b>10,746,276</b>	<b>10,544,547</b>	<b>10,858,477</b>	<b>10,858,477</b>	<b>10,858,477</b>
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Less: Revenues

824100 Interest	0	(156,827)	0	(105,586)	0	0	0
826400 Co Share Retire	10,311,130	9,153,501	8,878,000	9,310,577	8,100,000	8,100,000	8,100,000
<b>Total Revenues</b>	<b>10,311,130</b>	<b>8,996,674</b>	<b>8,878,000</b>	<b>9,204,991</b>	<b>8,100,000</b>	<b>8,100,000</b>	<b>8,100,000</b>

<b>Total Fund Balance Contribution</b>	<b>245,075</b>	<b>1,463,130</b>	<b>1,868,276</b>	<b>1,339,555</b>	<b>2,758,477</b>	<b>2,758,477</b>	<b>2,758,477</b>
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# AUDITOR-CONTROLLER

## APPROPRIATIONS FOR CONTINGENCIES & RESERVES..... 9991

*MEREDITH FORD, Auditor-Controller*

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### PROGRAM DISCUSSION

**Program:** General Fund contingencies include funding necessary to provide continued County operations despite economic uncertainties.

As a general rule, a contingency fund should be maintained at 3% of the budget, and should constitute sufficient financing for all issues/items which occur during the fiscal year but which were unforeseen during

the budget process. For Mendocino County, this would equate to an appropriation of well over four million dollars. Failure to appropriate a reasonable level of funding for contingencies would not be prudent and could likely result in fiscal “mid-year budget crisis”.

### SUMMARY OF MAJOR BUDGET ACCOUNTS

#### *Appropriations for Contingencies*

◇ Acct. 9991 Provides for funding set aside for economic uncertainties.

### CEO RECOMMENDED BUDGET COMMENTS

The CEO recommends funding as submitted by the Department. There are currently no contingency funds budgeted in the Recommended Budget. However, if there are any additional funds available over the current projected fund balance carryover for 2008-09, the CEO has highly recommended that funds (if any) be put into this budget for future contingencies.

### FINAL BUDGET COMMENTS

During the Final Budget Deliberations, the Board of Supervisors approved the CEO Recommended Budget including any adjustments from Bargaining Unit negotiation agreement savings applied (if applicable) to this budget.

The Board of Supervisors also approved during the Final Budget Deliberations that \$30,189 be placed in this budget and that any additional funds during the final close out be placed in this budget. The total contingency funds available for this fiscal year is \$50,760.

# AUDITOR-CONTROLLER

## APPROPRIATIONS FOR CONTINGENCIES & RESERVES..... 9991

*MEREDITH FORD, Auditor-Controller*

State Controller  
County Budget Act  
(1985)

County of Mendocino  
State of California  
Budget Unit Financing Uses Detail  
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County Budget Form  
Schedule 9

Classification:

Function: 9 Contingencies

Budget Unit: 9991 Provision for Contingency

Activity: 999 Miscellaneous

Fund: 1100 County General

Financing Uses Classification	2007-08 Budget	2007-08 Actuals	2008-09 Budget	2008-09 Actuals	2009-10 Request	2009-10 Recommend	2009-10 Adopted
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

as of 6/30/09

869991 Approp for Contingency	600,000	0	35,000	0	0	0	50,760
Total	600,000	0	35,000	0	0	0	50,760
Total Net Appropriations	600,000	0	35,000	0	0	0	50,760

# County of Mendocino

**2009-10**

*FINAL BUDGET*

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