

## **DEBT SERVICES & CONTINGENCIES INDEX**

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# **8010 – GENERAL DEBT SERVICES - COPS**

## **Dennis Huey, Auditor-Controller**

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### **MISSION STATEMENT & DEPARTMENTAL FUNCTIONS:**

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 budget for Fiscal Year 2001-2002 takes into consideration the refinancing of the 1983 Series A Bond, which was originally issued in the amount of \$1,535,000, along with the required funding for the construction of the County Administrative Center, Social Services Department addition and other related financed capital projects.

Specifically, this budget unit accounts for the following debt issue:

#### **\$1,260,000 REFUNDING CERTIFICATES OF PARTICIPATION**

Issued on or about June 1, 1993, replaces 1983 Series A Bonds whose original proceeds were used in the acquisition of the present Social Services administration facility. Due August 15 in estimated annual installments of \$85,000, increasing to \$155,000 in the year 2003. Fixed interest rate with average estimated coupon rate of 5.3% and maturity date is August 15, 2003.

#### **\$8,600,000 1998 REFUNDING CERTIFICATES OF PARTICIPATION**

Issued on May 15, 1998, replaces 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 include the justice centers in Willits and Fort Bragg, Willits library facility, adult detention center (jail) in Ukiah and microwave communications system for the Sheriff's Office. Due August 15 in annual installments of \$775,000 increasing to \$1,120,000 in year 2006. Variable interest rates with interest payable semiannually on February 15 and August 15 at rates ranging from 3.55% to 4.30%. Final maturity is 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 Certificates of Participation issue (see below). The purpose of this "Tender/Exchange Program" for the 1998 Certificate issue was to restructure the overall debt service obligation of the County so as 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 were 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 facility, purchase of additional space for the Department of Social Services as well as renovations to other capital facilities.

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Due August 15 in annual installments of \$90,000, increasing to \$600,000 in year 2023. Interest payable semiannually on February 15 and August 15; final maturity is August 15, 2023.

### **\$22,480,000 SERIES 2000 CERTIFICATES OF PARTICIPATION**

Issued on September 7, 2000 to provide for the purchase of additional space for the Department of Social Services, the Health and Human Services facilities for the Department of Public Health 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 defense approximately 70% of the outstanding balance of the 1998 Refunding Certificates of Participation referenced above. This was done in a manner designed to provide the County of Mendocino with a level annual debt service over the next thirty years which met the target range approved by the Board of Supervisors in a threshold amount not to exceed \$2.5M annually. Due June 1 in annual installments ranging from \$125,000 and increasing to \$1,905,000 in year 2030. Interest payable semiannually on June 1 and December 1: final maturity is June 1, 2030.

#### **COUNTY ADMINISTRATIVE OFFICE COMMENTS:**

The budget unit details the funding required to service the County's Fiscal Year 2001-2002 debt service. Principal and interest on the pension obligation bonds are not recorded in this budget unit (see Budget Unit 8011).

#### **COUNTY ADMINISTRATIVE OFFICE NOTES:**

##### **SERVICES & SUPPLIES**

Acct. 2239 - Trustee fees for 1993 COPS and 2000 COPS.

##### **OTHER CHARGES**

Acct. 3310

& #3311 - Represents interests and principal payments on the Certificate of Participation issue.

##### **REVENUES**

Acct. 4200 - Annual rental payment from City of Willits for space in Criminal Justice building.

Acct. 7802 - Transfer from Social Services, for their portion of 1993 and 2000 COPS issued and Mental Health for their portion of 2000 COPS issues.

#### **FINAL BUDGET ACTION:**

No changes where made to this budget unit during Final Budget deliberations.

CLASSIFICATION:

FUNCTION: 8 DEBT SERVICE

BUDGET UNIT: 8010 DEBT SERVICE

ACTIVITY: 801 DEBT SERVICE - RETIREMENT OF L

FUND: 1400 DEBT SERVICE

FINANCING USES CLASSIFICATION (1)	1999-00 BUDGET (2)	1999-00 ACTUALS (3)	2000-01 BUDGET (4)	2000-01 ACTUALS (5)	2001-02 REQUEST (6)	2001-02 RECOMMEND (7)	2001-02 ADOPTED (8)
862189 PROF & SPEC SVCS-OTHR	0	0	0	282,061	0	0	0
862239 SPEC DEPT EXP	13,536	3,401	8,800	14,184	6,900	6,900	6,900
TOTAL SERVICES & SUPPLIES	13,536	3,401	8,800	296,245	6,900	6,900	6,900
OTHER CHARGES							
863310 INTEREST	828,363	657,915	1,514,729	1,578,344	1,684,020	1,684,020	1,684,020
863311 PRINCIPAL	1,376,725	1,130,892	1,305,000	5,655,000	1,305,000	1,305,000	1,305,000
TOTAL OTHER CHARGES	2,205,088	1,788,807	2,819,729	7,233,344	2,989,020	2,989,020	2,989,020
TOTAL NET APPROPRIATIONS	2,218,624	1,792,208	2,828,529	7,529,589	2,995,920	2,995,920	2,995,920
=====							
LESS: REVENUES							
824100 INTEREST	88,000	120,689	85,800	140,604	120,965	120,965	120,965
824200 RENTS & CONCESSIONS	30,000	30,000	30,000	30,000	30,000	30,000	30,000
827700 OTHER	0	-37,157	0	0	0	0	0
827802 OPERATING TRANSFER IN	2,148,272	2,147,038	971,685	851,481	1,662,557	1,662,557	1,662,557
827803 PROCEEDS OF SALE	0	0	1,741,044	9,435,192	0	0	0
TOTAL REVENUES	2,266,272	2,260,570	2,828,529	10,457,277	1,813,522	1,813,522	1,813,522
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TOTAL FUND BALANCE CONTRIBUTION	-47,648	-468,362	0	-2,927,688	1,182,398	1,182,398	1,182,398
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# **8011– DEBT SERVICE – PENSION OBLIGATION BONDS**

**Dennis Huey, Auditor-Controller**

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## **MISSION STATEMENT & DEPARTMENTAL FUNCTIONS:**

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 bond issued in December 1996.

This budget, for Fiscal Year 2001-2002 takes into consideration only the funding to allow the County to fund a portion of its current unfunded accrued actuarial liability ("UAAL") for retirement benefits for its County employees. As of July 1, 1995, the most recent actuarial valuation date, the UAAL was \$41,704,555. The County is currently amortizing this UAAL balance through bi-monthly payroll contributions through the period ending July 1, 2016.

Specifically, this budget unit accounts for the following debt issue:

### **\$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 this July 1 in estimated annual principal installment of \$1,655,000, increasing to \$4,770,000 in the year 2009. Variable interest rates with interest payable semiannually on July 1 and January 1 at rates ranging from 5.54% to 6.97%. Final maturity is July 1, 2009.

## **COUNTY ADMINISTRATIVE OFFICE COMMENTS:**

This budget unit represents the repayment of the issuance of the \$30,000,000 pension obligation bonds. Charges to individual departments for their pro rata share, as determined by the County Treasurer, is based on a percentage of annual contribution related to covering the unfunded liability portion of this bond issue.

## **COUNTY ADMINISTRATIVE OFFICE NOTES:**

### **SERVICES & SUPPLIES**

Acct. 2239 - Letter of Credit fees and Trustee fees.

### **OTHER CHARGES**

Acct. 3310

& 3311 - Represents interest and principal payments on the taxable Pension Obligation Bond issue.

### **REVENUES**

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

## **FINAL BUDGET ACTION:**

No changes were made to this budget unit during Final Budget deliberations.

CLASSIFICATION:

FUNCTION: 8 DEBT SERVICE

BUDGET UNIT: 8011 PENSION OBLIG BONDS

ACTIVITY: 801 DEBT SERVICE - RETIREMENT OF L

FUND: 1410 PENSION OBLIGATION BONDS

FINANCING USES CLASSIFICATION (1)	1999-00 BUDGET (2)	1999-00 ACTUALS (3)	2000-01 BUDGET (4)	2000-01 ACTUALS (5)	2001-02 REQUEST (6)	2001-02 RECOMMEND (7)	2001-02 ADOPTED (8)
862239 SPEC DEPT EXP	5,000	4,672	5,000	1,004,315	5,000	5,000	5,000
TOTAL SERVICES & SUPPLIES	5,000	4,672	5,000	1,004,315	5,000	5,000	5,000
OTHER CHARGES							
863310 INTEREST	1,954,032	999,773	1,866,219	2,008,117	1,760,265	1,760,265	1,760,265
863311 PRINCIPAL	1,405,000	0	1,655,000	1,405,000	1,925,000	1,925,000	1,925,000
TOTAL OTHER CHARGES	3,359,032	999,773	3,521,219	3,413,117	3,685,265	3,685,265	3,685,265
TOTAL NET APPROPRIATIONS	3,364,032	1,004,445	3,526,219	4,417,432	3,690,265	3,690,265	3,690,265
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LESS: REVENUES							
824100 INTEREST	100,000	-146,175	125,000	0	125,000	125,000	125,000
826400 CO SHARE RETIREMENT	3,700,000	3,438,588	3,401,219	3,575,798	3,565,265	3,565,265	3,565,265
827700 OTHER	0	21,302	0	0	0	0	0
TOTAL REVENUES	3,800,000	3,313,715	3,526,219	3,575,798	3,690,265	3,690,265	3,690,265
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TOTAL FUND BALANCE CONTRIBUTION	-435,968	-2,309,270	0	841,634	0	0	0
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# **9991– APPROPRIATIONS FOR CONTINGENCIES & RESERVES**

**Dennis Huey, Auditor-Controller**

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## **MISSION STATEMENT & DEPARTMENTAL FUNCTIONS:**

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 the continuing phenomena of the “midyear budget crisis”.

For Fiscal Year 2001-2002 the funding provided for in the Proposed Budget is \$700,000.

## **FINAL BUDGET ACTION:**

No changes were made to this budget unit during Final Budget deliberations.

CLASSIFICATION:

FUNCTION: 9 CONTINGENCIES  
 ACTIVITY: 999 MISC

BUDGET UNIT: 9991 PROVISIONS FOR CONTIN  
 FUND: 1100 COUNTY GENERAL

FINANCING USES CLASSIFICATION (1)	1999-00 BUDGET (2)	1999-00 ACTUALS (3)	2000-01 BUDGET (4)	2000-01 ACTUALS (5)	2001-02 REQUEST (6)	2001-02 RECOMMEND (7)	2001-02 ADOPTED (8)
869991 APPROP FOR CONTINGENCY	215,000	0	2,717,000	0	700,000	700,000	700,000
TOTAL	215,000	0	2,717,000	0	700,000	700,000	700,000
TOTAL NET APPROPRIATIONS	215,000	0	2,717,000	0	700,000	700,000	700,000
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