

14V - DEBT PREPAYMENT

Operational Summary

Description:

To reduce the General Fund debt burden. As of June 30, 2003, there is 973.93 million in outstanding in General Fund debt, of this amount \$873.6 million is from the bankruptcy recovery. By the end of FY 2003-04 the General Fund debt burden will be reduced by \$46.85 million and bankruptcy related debt will be reduced by \$39.9 million, through scheduled debt service payments.

This fund was created by Board of Supervisors action on October 20, 1999 which transferred \$27.1 million from the Debt Repayment reserve to this new fund. Subsequently, the annual strategic financial plans, corresponding budgets and bankruptcy litigation settlements have added money to this fund. The County has redeemed or defeased \$363.6 million in outstanding debt since 1998.

Strategic Goals:

- To eliminate or reduce the debt service burden on the General Fund. Reduction of debt releases scarce County general purpose revenues for more productive uses. Although the 2002 Strategic Financial Plan assumed further reduction in the 1995 Refunding Recovery Bond principal, no additional reduction has taken place. Recent historically low interest rates have made early redemption of additional debt economically unfeasible.

The next target for reduction or defeasance are the outstanding 1995 Refunding Recovery Bonds (see also Fund 15P) which have a current balance of \$240.1 million. Interest earned in this fund is credited directly to the General Fund 100.

At a Glance:

Total FY 2002-2003 Actual Expenditure + Encumbrance:	1,250,000
Total Final FY 2003-2004 Budget:	93,884,709
Percent of County General Fund:	N/A
Total Employees:	0.00

Budget Summary

Plan for Support of the County's Strategic Priorities:

The 2003 Strategic Financial Plan approved by the Board on March 4, 2003 does not provide for adding additional monies to this fund. The Board also did not want to use the money in this fund to fill shortfalls in County operating programs. Consequently, the \$93.8 million in the fund will remain and will be used to pay for early redemption of the 1995 Recovery Bonds if and when that strategy is in the best long-range

interests of the County General Fund.

Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
Reserve Balance of Fund 136 for Debt Prepayment Amount:\$ 111,436	Transfer the balance of Fund 136 to Fund 14V to be used for debt prepayment.	N/A	14V-001

Final Budget and History:

Sources and Uses	FY 2001-2002 Actual Exp/Rev	FY 2002-2003 Budget As of 6/30/03	FY 2002-2003 Actual Exp/Rev ⁽¹⁾ At 6/30/03	FY 2003-2004 Final Budget	Change from FY 2002-2003 Actual	
					Amount	Percent
Total Revenues	59,782,716	95,134,709	95,125,019	93,996,145	(1,128,874)	-1.19
Total Requirements	1,366,712	95,134,709	1,190,889	93,996,145	92,805,256	7,792.94
Balance	58,416,004	0	93,934,130	0	(93,934,130)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2002-03 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Debt Prepayment in the Appendix on page 572.