

*Section*  
**23**

NON-DEPARTMENTAL

# DEBT SERVICE

DESCRIPTION

The Debt Service Program finances the cost of capital improvements through General Obligation Bonds, Revenue Bonds, Certificates of Participation, Notes Payable or Advances from Other Funds and is typically paid in annual installments. This budget contains all major General Fund debt service payments. Some other debt service payments appear in the Department budgets.

MORE INFORMATION

- **Key Contacts**

- **Budget Office**

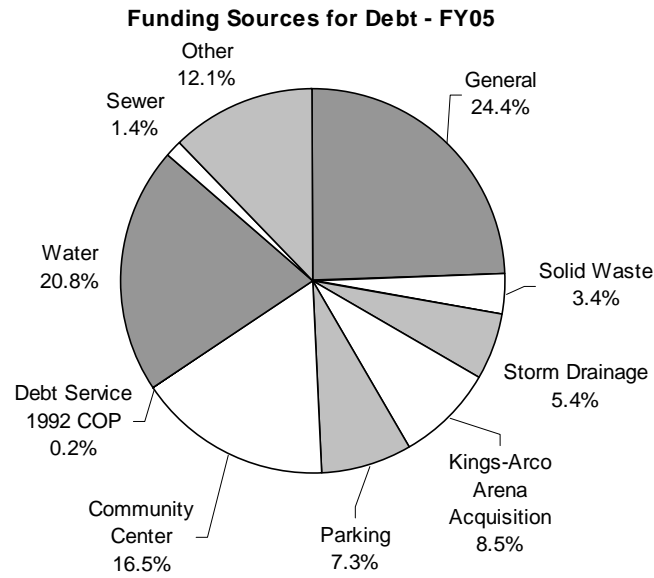
- 730 I Street, Suite 215  
Sacramento, CA 95814  
(916) 808-5845

APPROVED BUDGET/STAFFING CHANGES

- Debt service on the 2003 Capital Improvement Revenue Bonds (CIRBs) begins in FY2004/05, with General Fund costs of \$2.2 million.

## DEPARTMENT BUDGET SUMMARY

Debt Service Summary	FY	FY		FY	Change
	2002/03 Actual	2003/04 Approved	2003/04 Amended	2004/05 Approved	More/(Less) Approved/Amended
Positions (FTE)	0.00	0.00	0.00	0.00	0.00
<b>Budgeted Expenditures</b>					
Employee Services	0	0	0	0	0
Other Services & Supplies	(652,512)	(799,167)	(799,167)	(492,754)	306,413
Debt Service	91,089,063	60,228,214	60,228,214	63,841,909	3,613,695
Equipment	0	0	0	0	0
Transfers	81,313	0	0	0	0
<b>Total:</b>	<b>90,517,864</b>	<b>59,429,047</b>	<b>59,429,047</b>	<b>63,349,155</b>	<b>3,920,108</b>
<b>Funding Summary by Fund/Special District</b>					
General	9,784,663	13,587,677	13,587,677	15,434,865	1,847,188
2000 Capital Imp Bonds	1,272	10,000	10,000	0	(10,000)
Solid Waste	1,991,246	1,985,071	1,985,071	2,175,011	189,940
Debt Service 1993 Series B	5,565	0	0	0	0
Storm Drainage	3,107,074	3,090,008	3,090,008	3,442,088	352,080
Kings-Arco Arena Acquisition	5,290,185	5,447,885	5,447,885	5,361,694	(86,191)
Parking	4,655,325	4,648,685	4,648,685	4,650,976	2,291
Community Center	10,625,657	10,406,033	10,406,033	10,427,247	21,214
Debt Service 1992 COP	102,602	102,599	102,599	101,406	(1,193)
N Natomas Drainage CFD #4	1,737,849	0	0	0	0
Water	7,930,076	13,139,615	13,139,615	13,183,331	43,716
Sewer	759,952	755,930	755,930	880,609	124,679
N. Natomas Community Improvem	444,424	1,062,525	1,062,525	2,503,947	1,441,422
Fleet	229,448	467,769	467,769	470,444	2,675
2106 Gas Tax	1,358,252	1,542,758	1,542,758	1,535,612	(7,146)
N Natomas CFD #2 Reserve Reder	309,162	0	0	0	0
1995 A Gas Tax Bond Street Imp.	7,488	0	0	0	0
N. Laguna Creek Park CFD	50,012	0	0	0	0
Debt Service Gas Tax Revenue Bo	181,962	0	0	0	0
1911 Assessments Redemption	174,651	0	0	0	0
Development Fee CFD 9501	128,742	0	0	0	0
Debt Service 1991/87 COP	8,382,085	0	0	0	0
N. Natomas Drainage CFD 9701	1,908,114	0	0	0	0
Debt Service 1991/85 COP	21,388,664	0	0	0	0
Golf	1,153,531	1,152,647	1,152,647	1,152,802	155
N Natomas Westlake	728,263	0	0	0	0
N Natomas Basin 8C	178,019	0	0	0	0
Landscape and Lighting	588,801	590,310	590,310	590,878	568
Debt Service 1991 Revenue Bonds	1,443,607	1,439,535	1,439,535	1,438,245	(1,290)
2002 CIP bond projects	4,674,291	0	0	0	0
Del Paso Rd. CFD	686,961	0	0	0	0
Granite Park	509,921	0	0	0	0
<b>Total:</b>	<b>90,517,864</b>	<b>59,429,047</b>	<b>59,429,047</b>	<b>63,349,155</b>	<b>3,920,108</b>



DIVISION BUDGET SUMMARY

Debt Service	FY	FY	FY	Change
	2002/03	2003/04	2004/05	More/(Less)
	Actual	Approved	Amended	Approved/Amended
7024 - DEBT SERVICE-ASSESSMENT BN	6,411,694	0	0	0
7025 - DEBT SERVICE-MISC	273,599	1,238,600	1,238,600	273,600 (965,000)
7026 - DEBT SERVICE-1986 COP	84,245	84,246	84,246	84,247 1
7031 - DEBT SERVICE-DBW (DOCKS)	102,598	102,599	102,599	101,406 (1,193)
7052 - DEBT SVC-FINANCG LSE	892,034	(33,897)	(33,897)	0 33,897
7053 - DEBT SERVICE-MISC	1,727,153	1,226,886	1,226,886	1,232,701 5,815
7054 - DEBT SERVICE-ST REV FUND	3,039,812	3,023,721	3,023,721	3,433,988 410,267
7251 - DEBT SERV-91 REFUND COP/85	3,858	2,427,574	2,427,574	0 (2,427,574)
7252 - DEBT SERV-02 REFUND COP	23,802,674	0	0	2,438,074 2,438,074
7271 - DEBT SERV-91 REFUND COP/87	7,027	3,356,308	3,356,308	2,399,611 (956,697)
7272 - DEBT SERV-02 REF COP/91PF	11,837,088	0	0	962,696 962,696
7282 - DEBT SVC-1999 CAP IMP	1,991,246	1,985,071	1,985,071	1,988,801 3,730
7283 - DEBT SVC-2000 CAP IMP	2,815,503	2,823,274	2,823,274	2,812,250 (11,024)
7284 - DEBT SVC-2001 CIRB A	7,590,863	13,308,395	13,308,395	13,307,886 (509)
7285 - DEBT SVC-2002 CIRB	5,927,495	5,860,259	5,860,259	6,703,177 842,918
7291 - DEBT SERV-91 MARK ROOS RB	1,443,607	1,439,535	1,439,535	1,438,245 (1,290)
7292 - DEBT SERV-93 SERIES A	9,548,663	9,262,077	9,262,077	9,264,030 1,953
7293 - DEBT SERV-93 SERIES B	6,180,818	6,333,756	6,333,756	6,334,956 1,200
7295 - DEBT SERV-95A GASTX BND	1,547,702	1,542,758	1,542,758	1,535,612 (7,146)
7296 - KINGS/ARCO ARENA	5,290,185	5,447,885	5,447,885	5,361,694 (86,191)
7297 - DEBT SERVICE-2003 CIRB	0	0	0	3,676,181 3,676,181
<b>Totals:</b>	<b>90,517,864</b>	<b>59,429,047</b>	<b>59,429,047</b>	<b>63,349,155</b> <b>3,920,108</b>

# OTHER PROGRAM SUPPORT

## DESCRIPTION

This section contains several diverse programs that are not part of any Department's direct operating expenditures. Examples of the programs included in this section are: transit support, Utility User Tax rebates, Sacramento Public Library Authority, General Fund insurance costs, payment of sick leave and vacation benefits to departing employees, retiree health benefits, Sacramento County charges to the City and uncollectible bills owed to the City.

General Insurance/Employee Services - This program pays for the General Fund costs of both (1) Comprehensive Auto and General Liability, Property, Crime, insurance consultant fees, and related self-insurance administration services, and (2) employee vacation and sick leave termination expenses. The termination payoffs are budgeted at an estimated level for the entire General Fund. At regular intervals throughout the year, funds are transferred from this activity to reimburse the actual Departmental cost. It also is a placeholder for employee service costs that will be allocated to departments after further contract analysis.

Transit Support - The Transit Support Program includes support for Paratransit, Inc. (handicapped transportation).

Miscellaneous Contract Implementation - This budget covers the cost of retiree/beneficiary health and dental insurance premiums for approximately 1,590 retirees and retirement contributions for certain employees transferred to the County of Sacramento. This budget also includes the costs of paying 85 previous City of Sacramento employees retired under City Code Section 34.200 and/or retirees who began working for the City prior to April 1, 1935.

Utility Users Tax Rebate Program - The Utility Users Tax Rebate Program began in 1977-78. In the last fiscal year, the program provided qualified senior citizens and 100% disabled residents with rebates for City Utility Users Taxes paid on natural gas, electricity, Cable T. V. and intrastate telephone services. To qualify, citizens must be the head of a household, have a combined annual gross household income of no more than \$25,000. This program was expanded to include all households under \$25,000 in FY2002/03.

Other Program Support - The City's Transient Occupancy Tax rate is currently 12%. The General Fund receives 2% of 12% tax rate; the balance goes to the Community Center Fund. These proceeds and additional General Fund appropriations are used to support the Convention Bureau, Arts re-granting, support for community groups, and City contribution for assessments for the downtown management district (property owners pay for the bulk of services of the Downtown Management District Fund). It also includes \$0.6 million to support the Sacramento Zoo, which is operated by the Sacramento Zoological Society.

Library Support - The City contributes \$7.6 million to the Sacramento Public Library Authority to provide library services throughout the City.

Other Major Tax Revenues - The Major Tax Revenues Program includes Business Improvement District programs that business owners support through additional district fees.

Sacramento County Charges - State Senate Bill 2557 of 1990 provided authorization for counties to charge other local government entities for the cost of assessing the collecting property tax revenues, the cost of booking prisoners into county jails, and operating the Misdemeanor Jail.

MORE INFORMATION

- **Key Contacts**

**Budget Office**  
730 I Street, Suite 215  
Sacramento, CA 95814  
(916) 808-5845

APPROVED BUDGET/STAFFING CHANGES

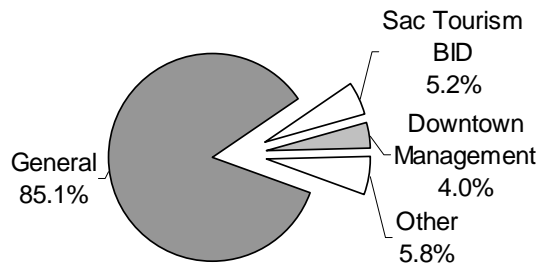
- **Reorganizations/Efficiencies**

- For Joint Powers Authorities (JPAs) in which the City participates and for other jointly funded operations, the City is currently evaluating fund levels. For the Sacramento Public Library and the Sacramento Convention and Visitor's Bureau, the Approved Budget includes capping funding at the current level. For the City's contribution to the Paratransit operation, the recommendation is to maintain funding at the current level. Added discussion regarding funding for jointly funded programs will occur during FY2004/05.

DEPARTMENT BUDGET SUMMARY

Other Program Support Budget Summary	FY	FY	FY	Change	
	2002/03 Actual	2003/04 Approved	2003/04 Amended	2004/05 Approved	More/(Less) Approved/Amended
Positions (FTE)	1.00	0.00	0.00	0.00	0.00
<b>Budgeted Expenditures</b>					
Employee Services	5,346,610	-695,096	-695,096	4,119,344	4,814,440
Other Services & Supplies	30,729,113	35,490,620	34,423,108	33,314,222	-1,108,886
Debt Service	0	0	0	0	0
Equipment	0	0	0	0	0
CIP & Grant Offsets	-31,685	0	0	0	0
Transfers	-127,830	0	0	0	0
<b>Total:</b>	<b>35,916,208</b>	<b>34,795,524</b>	<b>33,728,012</b>	<b>37,433,566</b>	<b>3,705,554</b>
<b>Funding Summary by Fund/Special District</b>					
General	30,816,801	30,139,034	28,980,129	33,015,933	4,035,804
Sac Tourism BID	2,084,729	2,006,000	2,006,000	2,006,000	0
Downtown Management	1,433,434	1,559,050	1,585,672	1,559,050	-26,622
Solid Waste	467,730	339,807	339,807	339,807	0
Water	384,296	222,161	222,161	222,161	0
Development Services	290,810	200,000	200,000	200,000	0
Private Development Fund	261,586	200,000	200,000	200,000	0
Capital Station District PBID	167,533	191,157	193,120	191,157	-1,963
N Natomas Trans Mgmt Assoc	211,326	175,681	283,500	175,681	-107,819
Stockton Blvd. PBID	152,917	170,473	173,462	170,473	-2,989
Old Sac BID	0	140,000	140,000	140,000	0
Sewer	152,692	127,020	127,020	127,020	0
Downtown Plaza BID	0	110,000	110,000	110,000	0
Fleet	132,102	84,759	84,759	84,759	0
Golf	60,070	57,613	57,613	57,613	0
Storm Drainage	134,357	47,488	47,488	47,488	0
Stockton Blvd BID	0	42,000	42,000	42,000	0
Parking	146,368	39,471	39,471	39,471	0
Del Paso BID	0	37,000	37,000	37,000	0
Franklin Blvd BID	0	36,000	36,000	36,000	0
Inter-departmental Service	278,219	199,913	199,913	13,056	-186,857
Marina	1,628	1,008	1,008	1,008	0
Risk Management	7,320	859	859	859	0
Worker's Compensation	3,993	0	0	0	0
4th R Program	4,151	0	0	0	0
Water Planning	62	0	0	0	0
Traffic Safety	57,008	48,000	0	0	0
H St. Theater	-66,000	-66,000	-66,000	-66,000	0
Community Center	-1,266,924	-1,312,970	-1,312,970	-1,316,970	-4,000
<b>Total:</b>	<b>35,916,208</b>	<b>34,795,524</b>	<b>33,728,012</b>	<b>37,433,566</b>	<b>3,705,554</b>

Funding Sources for Other Programs - FY05



DIVISION BUDGET SUMMARY

Other Program Support	FY	FY		FY	Change
	2002/03	2003/04		2004/05	More/(Less)
	Actual	Approved	Amended	Approved	Approved/Amended
7030 - GEN INSURANCE/EMPLOYEE SERVICES	5,560,617	8,263,618	8,263,618	10,819,724	2,556,106
7060 - TRANSIT SUPPORT	487,500	661,629	661,629	661,629	0
7080 - MISCELLANEOUS CONTRACT IMPLEMENTATION	5,300,698	4,523,404	4,523,404	4,523,404	0
7090 - UTILITY USERS TAX REBATE	548,291	3,194,850	3,194,850	2,194,850	(1,000,000)
7110 - OTHER PROGRAM SUPPORT	5,105,246	7,823,723	6,756,211	7,394,698	638,487
7111 - BUILDING LEASES	2,444,080	2,153,200	2,153,200	2,901,161	747,961
7112 - LIBRARY JPA	7,635,600	7,635,600	7,635,600	7,635,600	0
7113 - TECHNOLOGY	523,133	527,500	527,500	1,090,500	563,000
7114 - BUDGETED SAVINGS	0	(8,000,000)	(8,000,000)	(7,800,000)	200,000
7115 - EMPLOYEE DEVELOPMENT	22,266	0	0	0	0
7116 - ARTS STABILIZATION	128,127	0	0	0	0
7119 - OTHER MAJOR TAX REVENUES	2,084,729	2,371,000	2,371,000	2,371,000	0
7120 - SACRAMENTO COUNTY CHARGES	6,075,921	5,641,000	5,641,000	5,641,000	0
Totals:	35,916,208	34,795,524	33,728,012	37,433,566	3,705,554

# RESERVES

DESCRIPTION

**General Fund Reserves:**

Reserve for Economic Uncertainty. The Reserve for Economic Uncertainty was established in 1983-84 and revised January 2004 to a level of 7.5% of General Fund current resources (revenues plus transfers). The purpose of the reserve is to absorb any unforeseen revenue shortfalls. The Reserve for Economic Uncertainty is set at \$25.5 million for FY2004/05.

Administrative Contingency. Administrative Contingency may be used during the course of the year to augment other budgets for new programs or unforeseen expenses. The Administrative Contingency is \$1.0 million.

Release of Reserves. As part of the Approved FY2004/05 Budget, it is recommended to release \$4.8 million from reserves previously designated but no longer needed by City Council.

All Other Fund Balances.

Remaining balances of enterprise funds, special revenue funds, and internal service funds total \$84 million and are listed individually in this document in Schedule 2 - Detail of Revenues, Appropriations, and changes in fund balances. The available balance of special revenue and enterprise funds may only be used for the specific purpose of the individual fund.

## GLOSSARY

Actual - Actual level of expenditures/FTEs approved for fiscal year noted.

Amended - Level of expenditures/FTEs reflecting adjustments made during the current fiscal year.

Appropriation - An authorization by the City Council to make expenditures and to incur obligations for a specific purpose.

Approved Budget - Approved level of expenditures/FTEs for fiscal year noted.

Assessment - Revenue collected for City services that benefit properties in specific areas or districts.

Balanced Budget - The amount of budgeted expenditures is equal to or less than the amount of budgeted revenues plus other available resources.

Beginning/Ending Fund Balance - Unencumbered resources available in a fund from the prior/current year after payment of the prior/current year's expenses. Not necessarily cash on hand. (See definition of "Fund Balance".)

Budget - An annual financial plan consisting of proposed expenditures for specified purposes and the proposed means of financing them.

Capital Improvement - A permanent addition to the City's assets, including the design, construction, or purchase of land, buildings or facilities, or major renovations of the same. Includes installation or repair of new or existing traffic signals, roads, sewer lines and parks. To qualify as a capital improvement project, the cost of the project must exceed \$10,000.

Capital Improvement Program (CIP) - An on-going five year plan of single and multiple year capital expenditures which is updated annually.

Consortium - A grouping of independent but related units which coordinate efforts to provide service as well as achieve cost/revenue efficiencies.

Debt Service - Payment of interest and principal on an obligation resulting from the issuance of bonds and notes.

Department - The basic unit of service responsibility, encompassing a broad mandate of related activities.

Division - A sub-unit of a department, which encompasses more specific functions of that department and may consist of several activities.

Employee Services - The personnel costs of a City program, including wage/salary, direct and indirect benefits such as health insurance, social security costs, retirement contribution, worker's compensation, unemployment insurance, etc.

Enterprise - A governmental facility or service that is self-supporting through fee and charge revenue.

Equipment - Capital outlay for tangible property of a relatively permanent nature, such as vehicle or office equipment, with a unit cost of \$5,000 or more.

Expenditure/Requirement - The actual spending of funds authorized by an appropriation. Expenditures are divided into the following classes of individual line items:

- \* Employee Services
- \* Other Services and Supplies
- \* Equipment
- \* Debt Service
- \* CIP or Grant Labor Offset
- \* Capital Improvements

Fiscal Year - July 1 through June 30.

Full Time Equivalent (FTE) - The decimal equivalent of a part-time position converted to a full time basis, i.e., one person working half time would count as 0.5 FTE.

Fund - A separate, independent accounting entity with its own assets, liabilities and fund balance.

- **General Fund** - The City's principal governmental operating account, which is supported by taxes and fees.
- **Other Governmental Funds** - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, e.g., Gas Tax Fund, Traffic Safety Fund, Operating Grant Fund, etc.
- **Enterprise Funds** - These funds are used to account for operations, for which it is the stated intent, that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and space rentals, e.g., Water, Sewer, Golf, etc.
- **Internal Service Funds (ISF)** - These funds are used to provide services to all City departments on a cost- reimbursement basis, e.g., Risk Management Fund, Fleet Management
- **Trust Funds** - These funds are used to account for assets and activities restricted to a specific purpose in accordance with a trust agreement, e.g., Ethel MacLeod Hart Trust Fund.

Fund Balance - The fund balance is the total dollars remaining after current expenditures for operations and capital improvements are subtracted from the sum of the beginning fund balance and current resources.

General Fund - The City's principal operating account, which is supported by taxes and fees and generally has no restrictions on their use. Expenditures may be described as discretionary and non-discretionary.

- Discretionary - that portion of the General Fund for which there are no restrictions on the use of the fees or taxes collected.
- Non-discretionary - expenditure of revenues which are collected by users of a program to offset the cost of the program. State law requires that fees charged cannot exceed the cost of the service.

Grant - Program revenues provided by external agencies, which are restricted to a specific purpose, have a time limit for use, and frequently are reimbursed after incurring eligible costs.

Growth Rate - level at which expenditures and revenues are expected to increase annually.

Impact - impact to service level provided by particular program due to budget reductions.

Indirect Costs - Those elements of cost necessary in the performance of a service that cannot be accurately or readily allocated to the unit of service. Usually, they relate to those expenditures that are not an integral part of the service such as rent, heat, management, etc.

Internal Service Fund (ISF) Transfer - A transfer from operating funds to an ISF, i.e., Risk Management or Fleet Management. An ISF provides services to all City departments and bills the various other funds for services rendered, just as would a private business. ISF's are self-supporting. Only the expenditure by the ISF is counted in budget totals; the internal transfer from the department to the ISF is excluded to avoid double-counting expenditures.

Labor/Supply Offset (CIP/Grant/Labor) - Amounts for employee salaries/benefits expected to be charged to capital improvement projects or grants thus reimbursing the operating budget for these costs.

Non-departmental - Program costs that do not relate to any one department, but represent costs of a general, citywide nature, i.e., debt service, Utility Users Tax Rebate, reserves.

Operating Budget - Annual appropriation of funds for on-going program costs, including employee services, other services and supplies, equipment, and debt service.

Operating Transfers - Transfers from a fund receiving revenue to a fund, which will expend the resources.

Other Services and Supplies - Costs of contractual or outside services, office supplies, and equipment items costing under \$5,000.

Program - one or more activities as categorized in Sacramento Decisions. For example, Police Patrol is the first program, which consists of patrol, emergency response, investigations, and traffic enforcement activities.

Proposed Budget - Proposed level of expenditures/revenues/FTEs as outlined in the proposed budget document. This is the City Manager's recommended budget, which will be considered by the City Council for approval.

Resources - Total amounts available for appropriation during the fiscal year, including revenues, fund transfers and beginning fund balances.

Revenues - Amounts received from seven categories of revenue.

- **Taxes** - Revenue including sales tax, property tax, utility user tax, etc., collected to fund general operating City programs
- **Charges for fees and services** - Fees charged to the user of any specific service provided by the City not supported by the General Fund. The fee cannot exceed the cost of providing the service.
- **Licenses and Permits** - Revenues collected for construction, maintenance and/or operation of designated equipment, businesses, buildings, and private property including animals.
- **Use of Money and Property** - Interest earned on City investments or County held funds.

- **Inter-governmental** - Revenue disbursements from other agencies such as State Motor Vehicle in Lieu Tax & State Homeowners Property Tax Relief - and - revenue reimbursement for services provided to other agencies.
- **Fines, Forfeitures, and Penalties** - Revenues collected for violations of city ordinances, late payments, etc.
- **Miscellaneous Revenues** - Unanticipated revenues.

In the Enterprise activities, revenues can also be classified as operating or non-operating. Operating revenues are those revenues directly related to the fund's primary service activity and consist primarily of user fees and charges. Non-operating revenues are incidental to, or by-products of the enterprise's primary service such as interest income or the Transient Occupancy Tax for the Community Center Fund.

Surplus - an excess of total current resources over total current requirements.

Variance - Change in expenditures/staffing levels.