NEWS

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County fiscal policies lead to upgraded S&P ratings

Citing the County of San Bernardino's strong financial management practices, one of the nation's top-three financial rating agencies has upgraded the county's rating for both its pension obligation bonds and the Arrowhead Regional Medical Center financing project from A to A+.

"Conservative budgeting by the Board of Supervisors has long protected taxpayers from fluctuations in the state's economy while allowing the county to provide the public with top-notch services," said Board of Supervisors Chairman Paul Biane. "We have clearly been on the right track."

Higher bond ratings allow the county to pay lower interest rates and encourage private investors to participate in county financial offerings. This allows the county to provide the highest level of public service for the lowest possible costs.

The agency, Standard & Poor's, also gave credit to elements of the county's booming economy, including steadily increasing property values and low unemployment. But the S&P report announcing the county's upgraded bond ratings specifically noted a dozen of the county's financial practices as significant factors in the new higher ratings:

- The county's use of local economists and historical trends to formulate its budgetary revenue and expenditure assumptions.

- Providing monthly reports to the Board of Supervisors monitoring actual performance against the adopted budget.

- Annual updates to a formal five-year long-term operation forecast and a five-year capital improvement plan that categorizes projects and plans for large projects likely to be secured by future debt.

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- Annual review of the county's investment policy.

- Monthly reports produced by the County Treasurer and shared with the Board of Supervisors.

- A Board of Supervisors-adopted formal policy to maintain a minimum general fund reserve at 10 percent of the county's locally funded discretionary general fund expenditures for recessions or emergencies.

- A separate policy to budget for contingencies equal to 1.5 percent of locally funded appropriations.

- A formal county debt management policy that limits variable rate debt to 25 percent of outstanding debt.

- A Debt Advisory Committee that meets monthly to approve debt plans and review variable rate and swap portfolios.

- The county's actions to set aside funds for identified future capital needs, including $20 million for a future government center, $10 million for a juvenile hall facility, and $7 million for future adult jail space.

- Consistent improvement of the county's fund balance during the past five years to $403.8 million, or 22 percent of expenditures, despite mandated control of most county revenue and spending by state and federal programs.

- No liability from post-employment benefits, particularly retiree health liabilities, which are crippling many other local government agencies.

"While other government agencies have made it a habit to spend all they have in good years and lay off employees and cut services in bad years, San Bernardino County has long made it a point to sock away money and not get caught short," said County Administrative Officer Mark Uffer.

"These upgraded ratings are a testament to the intelligence of our professional finance staff and the dedicated support of the Board of Supervisors to sound fiscal policies," Mr. Uffer said.

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