15Q - Pension Obligation Bond Amortization

Operational Summary

Description:

To record the use of the County's investment account held by the Orange County Retirement System (OCERS) for normal and unfunded accrued actuarial liability (UAAL) costs.

In 1994 taxable Pension Obligation Bonds were sold to finance the County's UAAL obligation. The County deposited $318.3 million in an investment account held by OCERS. The investment account is a part of the OCERS investment pool and as such earns the same rate of return.

The investment account was initially used to make annual payments to satisfy the County's UAAL obligation according to a 15-year amortization schedule in lieu of County cash contributions; however, in 1996 the County and OCERS concluded an agreement by which the UAAL is amortized according to a 28-year schedule and the investment account is used to pay an annually declining portion of the County's normal cost obligation. Based on subsequent agreements between the County and OCERS, the County now has the discretion to determine annually how much of the investment account to use to pay employer pension contributions.

At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	10,999,999
Total Final FY 2007-2008	11,000,000
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- Use of the County's investment account in the Orange County Employees Retirement System for normal and unfunded accrued actuarial pension costs.

Budget Summary

Final Budget History:

Sources and Uses	FY 2005-2006 Actual Exp/Rev	FY 2006-2007 Budget As of 6/30/07	FY 2006-2007 Actual Exp/Rev(1) As of 6/30/07	FY 2007-2008 Final Budget	Change from FY 2006-2007 Actual Amount	Change from FY 2006-2007 Actual Percent
Total Revenues	23,116,257	16,000,000	19,287,288	11,000,000	(8,287,288)	-42.97
Total Requirements	23,116,257	12,000,000	19,287,288	11,000,000	(8,287,288)	-42.97
Balance	0	4,000,000	0	0	0	0.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2006-07 Actual Expenditure + Encumbrance included in the “At a Glance” section.

Detailed budget by expense category and by activity is presented for agency: Pension Obligation Bond Amortization in the Appendix on page A186

15Q - Pension Obligation Bond Amortization

Summary of Final Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2005-2006 Actual Exp/Rev	FY 2006-2007 Budget As of 6/30/07	FY 2006-2007 Actual Exp/Rev(1) As of 6/30/07	FY 2007-2008 Final Budget	Change from FY 2006-2007 Actual Amount	Change from FY 2006-2007 Actual Percent
Revenue from Use of Money and Property	$ 23,116,257	$ 16,000,000	$ 19,287,288	$ 11,000,000	$ (8,287,288)	-42.97%
Total Revenues	23,116,257	16,000,000	19,287,288	11,000,000	(8,287,288)	-42.97
Other Charges	11,173,397	12,000,000	11,000,000	11,000,000	0	0.00
Reserves	11,942,860	0	8,287,288	0	(8,287,288)	-100.00
Total Requirements	23,116,257	12,000,000	19,287,288	11,000,000	(8,287,288)	-42.97
Balance	$ 0	$ 4,000,000	$ 0	$ 0	$ 0	0.00%

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2006-07 Actual Expenditure + Encumbrance included in the "At a Glance" section.