

PROGRAM VI: DEBT SERVICE

Summary of Appropriations and Revenues

Agency	Agency Name	FY 2007-2008 Appropriations	FY 2007-2008 Revenue	FY 2007-2008 Net County Cost
016	2005 Lease Revenue Refunding Bonds	73,408,249	73,408,248	1
019	Capital Acquisition Financing	7,120,897	6,058,441	1,062,456
021	2005 Refunding Recovery Bonds	18,429,900	300,000	18,129,900
022	Prepaid Pension Obligation	0	0	0
GENERAL FUND SUBTOTAL		98,959,046	79,766,689	19,192,357
15J	Pension Obligation Bonds Debt Service	21,583,377	21,583,377	0
15Q	Pension Obligation Bond Amortization	11,000,000	11,000,000	0
15W	1996 Recovery Certificates of Participation (A)	3,480,242	3,480,242	0
599	O. C. Special Financing Authority Debt Service	95,962,762	95,962,762	0
9C0	Debt Service	227,383,500	227,383,500	0
OTHER FUNDS SUBTOTAL		359,409,881	359,409,881	0
TOTAL - DEBT SERVICE		458,368,927	439,176,570	19,192,357

016 - 2005 LEASE REVENUE REFUNDING BONDS

Operational Summary

Description:

Make timely debt service payments on the 2005 Lease Revenue Refunding Bonds Series 2005.

The 1996 Recovery Certificates of Participation (COPs) were sold in June 1996 to raise funds to pay the County's creditors. The issue amount was \$760,800,000.

In August 2005, the County issued the 2005 Lease Revenue Refunding Bonds, in the amount of \$419,755,000, (the "Bonds") to refund and defease the outstanding 1996 Recovery COPs, Series A.

Debt service on the Bonds is paid from revenues diverted annually by State Statute for this purpose. The diverted revenues include the transportation portion of the Bradley Burns sales tax (\$38 million), Flood Control Property Tax (\$4 million), Harbors, Beaches and Parks Property Tax (\$4 million), and Redevelopment Agency Property Tax (\$4 million). Additionally, this fund receives net revenue from imported trash (see Fund 285) deposited in the County landfills. The Bonds will be paid off in July 2017.

Any funds not needed to pay debt service are transferred from this agency to Fund 15Z, Plan of Adjustment Available Cash.

At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	74,213,802
Total Final FY 2007-2008	73,408,249
Percent of County General Fund:	2.41764%
Total Employees:	0.00

Strategic Goals:

- Make timely debt service payments on the 2005 Lease Revenue Refunding Bonds.

Budget Summary

Final Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev ⁽¹⁾ As of 6/30/07	Final Budget	Actual Amount	Percent
Total Revenues	70,084,228	74,264,594	74,213,802	73,408,248	(805,554)	-1.09
Total Requirements	80,500,640	74,247,759	74,213,802	73,408,249	(805,553)	-1.09
Net County Cost	10,416,412	(16,835)	0	1	1	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: 2005 Lease Revenue Refunding Bonds in the Appendix on page A505

019 - CAPITAL ACQUISITION FINANCING

Operational Summary

Description:

To make timely debt service payments on the 2002 Juvenile Justice Center (JJC) Lease Revenue Refunding Bonds, the 2001 Telecommunications Equipment Project Lease Revenue Bonds, and to make trustee payments for other refunded bonds.

The 2002 Bonds were issued to redeem the 1992 JJC COPs. The 1992 JJC COPs were sold to refund a 1989 COP, the proceeds of which were used to construct the Betty Lou Lamoreaux Juvenile Justice Center, Juvenile Hall Administration Facility, Juvenile Intake Facility, and parking structures.

Strategic Goals:

- Make timely debt service payments on 2002 Juvenile Justice Center Leased Revenue Refunding Bonds and 2001 Leased Revenue Bonds (Telecommunications Equipment Project).

Capital Acquisition Financing - Capital acquisition financing using certificates of participation and lease revenue bonds.

2002 JJC COP - Lease payments and trustee activity for the 2002 JJC Lease Revenue Refunding Bonds.

Final Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev ⁽¹⁾ As of 6/30/07	Final Budget	Actual Amount	Percent
Total Revenues	5,428,717	6,064,064	5,710,243	6,058,441	348,198	6.10
Total Requirements	6,784,385	7,134,672	6,560,548	7,120,897	560,349	8.54
Net County Cost	1,355,668	1,070,608	850,305	1,062,456	212,151	24.95

(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: Capital Acquisition Financing in the Appendix on page A509

The 2002 JJC Refunding Bonds issue amount was \$80,285,000. The 2002 Bonds will be paid off June 1, 2019. The 2001 Telecommunications Lease Revenue Bonds were sold to acquire and install the County's telecommunications infrastructure. The 2001 Telecommunications Lease Revenue Bonds issue amount was \$10,330,000 and they will be paid off in December 2008.

At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	6,560,548
Total Final FY 2007-2008	7,120,897
Percent of County General Fund:	0.234521%
Total Employees:	0.00

Budget Summary

021 - 2005 REFUNDING RECOVERY BONDS

Operational Summary

Description:

To make timely debt service payments on the outstanding 2005 Refunding Recovery Bonds.

In August 2005, the County issued the Refunding Recovery Bonds, 2005 Series A, in the amount of \$146,005,000 and, together with monies from the Debt Prepayment Fund 14V, refunded and defeased the outstanding Refunding Recovery Bonds, 1995 Series A. The Bonds will be paid off in June 2015.

At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	18,427,700
Total Final FY 2007-2008	18,429,900
Percent of County General Fund:	0.606974%
Total Employees:	0.00

Strategic Goals:

- Make timely debt service payments on the outstanding 2005 Refunding Recovery Bonds.

Budget Summary

Final Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev ⁽¹⁾ As of 6/30/07	Final Budget	Actual Amount	Percent
Total Revenues	155,650,646	300,000	397,147	300,000	(97,147)	-24.46
Total Requirements	175,010,984	18,427,700	18,427,700	18,429,900	2,200	0.01
Net County Cost	19,360,338	18,127,700	18,030,553	18,129,900	99,347	0.55

(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: 2005 Refunding Recovery Bonds in the Appendix on page A511



022 - PREPAID PENSION OBLIGATION

Operational Summary

Description:

The Taxable Pension Obligation Bonds, Series 2007 were issued in January 2007 in the amount of \$211,065,000. The County was given an opportunity to pre-pay its FY 07-08 employer pension contribution at a discounted rate. In January 2007, the County prepaid its FY 07-08 contribution. The Bonds were issued to pre-pay the County's Unfunded Accrued Actuarial Liability (UAAL) and Normal Cost portions of its FY 07-08 employer contributions.

The Bonds are taxable, fixed rate obligations priced at a spread to LIBOR with a maturity date of June 30, 2008.

The Bonds were purchased by the Orange County Treasurer for investment in the County's Investment Pool. Interest will accrue until July 1, 2007, when the Fiscal Year 2007-08 payroll contributions are scheduled to begin, and then interest will be paid monthly to the Treasurer.

At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	211,069,664
Total Final FY 2007-2008	0
Percent of County General Fund:	0%
Total Employees:	0.00

FY 2006-07 Key Project Accomplishments:

- In January 2007, the County prepaid its Fiscal Year 2007-08 employer pension contribution a discounted rate.

Budget Summary

Final Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev ⁽¹⁾ As of 6/30/07	Final Budget	Actual Amount	Percent
Total Revenues	105,990,520	240,000,000	211,065,000	0	(211,065,000)	-100.00
Total Requirements	105,952,450	240,390,000	211,069,664	0	(211,069,664)	-100.00
Net County Cost	(38,070)	390,000	4,664	0	(4,664)	-100.00

(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: Prepaid Pension Obligation in the Appendix on page A512

Budget Units Under Agency Control:

No.	Agency Name	Prepaid Pension Obligation
022	Prepaid Pension Obligation	0
	Total	0

15J - PENSION OBLIGATION BONDS DEBT SERVICE

Operational Summary

Description:

This fund is used to record the debt service payments on the County's Pension Obligation Bonds: Series 1994A, Refunding Series 1996A and Refunding Series 1997A. The 1994 Bonds were paid off in 2004, only the 1996 and 1997 obligations remain. These bonds are a General Fund obligation.

On October 20, 1999 the Board of Supervisors directed the CEO to proceed with actions necessary to eliminate this debt obligation. On March 31, 2000 and June 11, 2000, the County purchased through a tender offer 45% of the outstanding bonds, about \$288.3 million, and then cancelled them. The cost of the purchase was about \$179.0 million.

The remaining Pension Obligation Bonds with a par value of \$350,823,000, were successfully prepaid through an economic defeasance on June 22, 2000. Available funds, including the FY 1999-00 Tobacco Settlement Revenue allocation to the County, were irrevocably pledged for payment, in full, of the bonds and invested in AAA rated debt securities issued by the Federal Home Loan Bank, Federal National Mortgage Association (FNMA). The FNMA securities, along with cash on hand, will be sufficient to pay principal and interest on the bonds when due and payable.

The FY 2007-2008 budget for this fund contains appropriations to record the debt service payments made by the bond trustee from the defeasance escrow fund. There is no "out-of-pocket" payment required from the County.

At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	14,887,622
Total Final FY 2007-2008	21,583,377
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- To record debt service payments made by the trustee on the defeased Pension Obligation Bonds.

Budget Summary

Final Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget	Actual Exp/Rev ⁽¹⁾	Final Budget	Actual	Percent
Total Revenues	21,963,200	15,331,274	15,195,635	21,583,377	6,387,742	42.04
Total Requirements	22,708,859	15,331,274	14,887,623	21,583,377	6,695,754	44.98
Balance	(745,659)	0	308,012	0	(308,012)	-100.00

(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 Bonds Debt Service in the Appendix on page A657



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	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev ⁽¹⁾ As of 6/30/07	Final Budget	Actual Amount	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 A662

15W - 1996 RECOVERY CERTIFICATES OF PARTICIPATION (A)

Operational Summary

Description:

This fund recorded the receipt of proceeds from the 1996 Recovery Certificates of Participation Series A, payments to creditors and transfers to other funds in accordance with the County's Second Amended Modified Plan of Adjustment, approved by the United States Bankruptcy Court in June 1996. Surplus funds not needed for outstanding obligations are transferred to the General Fund.

Final Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev ⁽¹⁾ As of 6/30/07	Final Budget	Actual Amount	Percent
Total Revenues	3,324,330	3,361,488	3,496,652	3,480,242	(16,410)	-0.47
Total Requirements	2,842	3,361,488	3,398	3,480,242	3,476,844	102,311.87
Balance	3,321,488	0	3,493,254	0	(3,493,254)	-100.00

(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: 1996 Recovery Certificates of Participation (A) in the Appendix on page A665

At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	3,398
Total Final FY 2007-2008	3,480,242
Percent of County General Fund:	N/A
Total Employees:	0.00

Budget Summary

599 - O. C. SPECIAL FINANCING AUTHORITY DEBT SERVICE

Operational Summary

Description:

To make timely debt service payments on the 1995 Orange County Special Financing Authority Teeter Plan Revenue Bonds and to transfer surplus revenues to County General Fund 100 Agency 016 as provided for in the Second Amended Modified Plan of Adjustment. The surplus transfer to Agency 016 ended in FY 2000-2001, surplus transfers are now made to Fund 100, Agency 100.

In 1995 the Orange County Special Financing Authority issued \$155,000,000 of revenue backed bonds: Series A (taxable) \$32,375,000; Series B, \$20,625,000; Series C, \$34,000,000; Series D, \$34,000,000; and Series E, \$34,000,000. The proceeds of the bonds were used to pay the holders of the County's 1994-95 Teeter Notes and to fund an on-going Teeter Program.

The use of long term bonds to fund the Teeter Program is unique to Orange County and is authorized by special State statute. The Teeter program is an alternate secured property tax distribution plan. Normally the secured property taxes actually collected by a County are distributed to taxing agen-

cies (e.g. school districts), resulting in less than 100% of the tax levy being distributed because of delinquencies. Under the Teeter Plan, the County distributes 100% of the levy to the taxing agencies and in exchange receives the right to keep the delinquent taxes, penalties and interest.

The Orange County Special Financing Authority was set up in 1995 to administer the Teeter Plan in Orange County. The penalties and interest collected on tax delinquent properties provide the revenue to pay the debt service on the Teeter Bonds and, if available, surplus revenue is released to the County General Fund. The Board of Directors of the Authority are the members of the Orange County Board of Supervisors.

The Teeter Bonds will be paid off in 2014.

At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	59,389,850
Total Final FY 2007-2008	95,962,762
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- Make timely debt service payments and provide surplus revenue for the General Fund.

Budget Summary

Final Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget As of 6/30/07	Actual Exp/Rev ⁽¹⁾ As of 6/30/07	Final Budget	Actual Amount	Percent
Total Revenues	75,018,830	82,312,688	96,234,304	95,962,762	(271,542)	-0.28
Total Requirements	47,960,054	82,312,688	59,389,850	95,962,762	36,572,912	61.58
Balance	27,058,775	0	36,844,454	0	(36,844,454)	-100.00

(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: O. C. Special Financing Authority Debt Service in the Appendix on page A788

9C0 - PUBLIC FINANCING PROGRAM (PGM VI)

9C1 Major Activities

* The purpose of these funds is to provide for debt service of bonds issued on behalf of the Assessment Districts.

9C1 Funds

Agency Number	Assessment Districts	FY 2007-2008 Appropriations	FY 2007-2008 Revenue
433	Golden Lantern Reassessment District 94-1 Debt Service	\$ 298,545	\$ 298,545
507	Irvine Coast Assessment District 88-1 - Debt Service	14,365,901	14,365,901
516	Assessment Dist 01-1 Ziani Project-Debt Service	1,199,528	1,199,528
523	Newport Coast AD 01-1 Group 2 Debt Service	2,288,102	2,288,102
525	Assessment District 01-1 Newport Coast IV - Debt Service	5,317,992	5,317,992
52T	Newport Coast AD 01-1 Conversion #1 DS	2,618,432	2,618,432
551	Assessment District 92-1 Newport Ridge - Debt Service	1,031,537	1,031,537

9C2 Major Activities

* The purpose of these funds is to provide for debt service of bonds issued on behalf of the Orange County Development Agency.

9C2 Funds

Agency Number	OC Development Agency	FY 2007-2008 Appropriations	FY 2007-2008 Revenue
172	OCDA Debt Service (Santa Ana Heights)	\$ 13,035,910	\$ 13,035,910
427	OCDA (NDAPP) - Debt Service	34,525,681	34,525,681

9C3 Major Activities

* The purpose of these funds is to provide for debt service of bonds issued on behalf of the Community Facilities Districts.

9C3 Funds

Agency Number	Community Facility Districts	FY 2007-2008 Appropriations	FY 2007-2008 Revenue
479	CFD 99-1 Series A of 1999 Ladera - Debt Service	\$ 1,503,625	\$ 1,503,625
482	Special Mello-Roos Reserve	3,708,445	3,708,445
484	Rancho Santa Margarita CFD 86-2 - Debt Service	3,584,691	3,584,691
487	Ladera CFD 2002-01 Debt Service	10,719,115	10,719,115
488	Rancho Santa Margarita CFD 86-1 (Series 1988) - Debt Service	6,502,721	6,502,721
490	Dimensions/Serrano Creek CFD 87-1 - Debt Service	2,138,047	2,138,047
492	Mission Viejo CFD 87-3 (A) - Debt Service	13,309,880	13,309,880

9C3 Funds

Agency Number	Community Facility Districts	FY 2007-2008 Appropriations	FY 2007-2008 Revenue
494	Aliso Viejo CFD 88-1 - Debt Service	34,008,147	34,008,147
496	Lomas Laguna CFD 88-2 - Debt Service	427,282	427,282
501	Rancho Santa Margarita CFD 87-5(A) - Debt Service	2,187,677	2,187,677
503	Portola Hills CFD 87-2(A) - Debt Service	4,912,970	4,912,970
505	Foothill Ranch CFD 87-4 - Debt Service	18,346,791	18,346,791
509	Rancho Santa Margarita CFD 87-5B - Debt Service	6,283,956	6,283,956
511	Baker Ranch CFD 87-6 - Debt Service	2,020,775	2,020,775
513	Coto de Caza CFD 87-8 - Debt Service	5,841,738	5,841,738
515	Santa Teresita CFD 87-9 - Debt Service	1,379,215	1,379,215
517	Rancho Santa Margarita CFD 87-5C - Debt Service	3,185,267	3,185,267
519	Los Alisos CFD 87-7 - Debt Service	3,504,435	3,504,435
521	Rancho Santa Margarita CFD 87-5D (A) - Debt Service	2,379,416	2,379,416
530	CFD 2004-1 Ladera Debt Service	11,613,147	11,613,147
533	CFD 01-1 Ladera - Debt Service	2,006,025	2,006,025
547	CFD 00-1 (Series A of 2000) Ladera -Debt Service	1,830,202	1,830,202
549	Rancho Santa Margarita CFD 87-5E (A of 1993) - Debt Service	2,458,674	2,458,674
555	CFD 2003-1 Ladera Debt Service	8,849,631	8,849,631