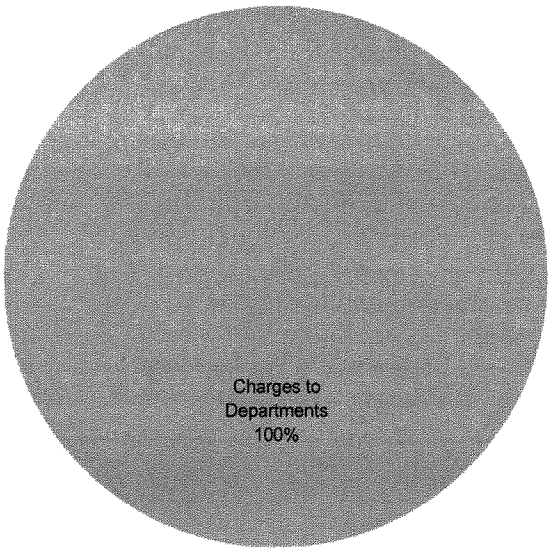
PURPOSE

To provide for the refinancing of existing unfunded pension obligations of the Pension Trust resulting in annual savings.

Financial Summary	2008-09 Actual	2009-10 Actual	2010-11 Requested	2010-11 Recommended	2010-11 Adopted
Revenue from Use of Money & Property	$ 96,590	$ 29,539	$ 40,000	$ 40,000	$ 40,000
Other Revenues	6,433,069	6,179,806	7,541,000	7,541,000	7,541,000
Other Financing Sources	0	42,565,000	0	0	0
Total Revenue	$ 6,529,659	$ 48,774,345	$ 7,581,000	$ 7,581,000	$ 7,581,000
Fund Balance Available	$ 794,607	$ 210,270	$ 0	$ 0	$ 154,274
Cancelled Reserves	53,355	1,188,346	0	0	0
Total Financing Sources	$ 7,377,621	$ 50,172,961	$ 7,581,000	$ 7,581,000	$ 7,735,274
Salary and Benefits	$ 0	$ 0	$ 0	$ 0	$ 0
Services and Supplies	30,000	30,000	30,000	30,000	30,000
Other Charges	5,894,606	49,268,854	7,509,921	7,509,921	7,509,921
Fixed Assets	0	0	0	0	0
Gross Expenditures	$ 5,924,606	$ 49,298,854	$ 7,539,921	$ 7,539,921	$ 7,539,921
Contingencies	0	0	0	0	0
New Reserves	1,242,745	719,834	41,079	41,079	195,353
Total Financing Requirements	$ 7,167,351	$ 50,018,688	$ 7,581,000	$ 7,581,000	$ 7,735,274

Source of Funds



COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

This fund center reflects the debt service payment for Pension Obligation Bonds (POBs). The Board of Supervisors approved the use of $137 million of POBs in FY 2004-05 to address unfunded pension costs. The bonds are amortized over a 30 year period and create an annual savings of over $1 million (i.e. compared to what would have otherwise been paid). The bonds are repaid by charging each department a percentage of payroll. Additionally, the Board approved using $2 million of FY 2004-05 year-end fund balance to help pay down the debt.

A portion of this debt was issued at a variable rate and during FY 2009-10 the lock period on the rate expired and the rate increased. In order to avoid significant cost increases, these variable rate bonds were refinanced with fixed rate securities. The fixed rate is higher than the original rate of issue but not nearly as high as what the variable rate increase would have been. As a result, this annual debt payment increased by about $700,000 per year compared to prior years but the refinance avoided an additional increase of approximately $1.5 million per year.

BOARD ADOPTED CHANGES

After the close of the FY 2009-10 books, $154,274 of unbudgeted Fund Balance Available (FBA) was allocated to the reserve for this fund. This funding will be used to help pay the debt service for the Pension Obligation Bonds during the upcoming year.