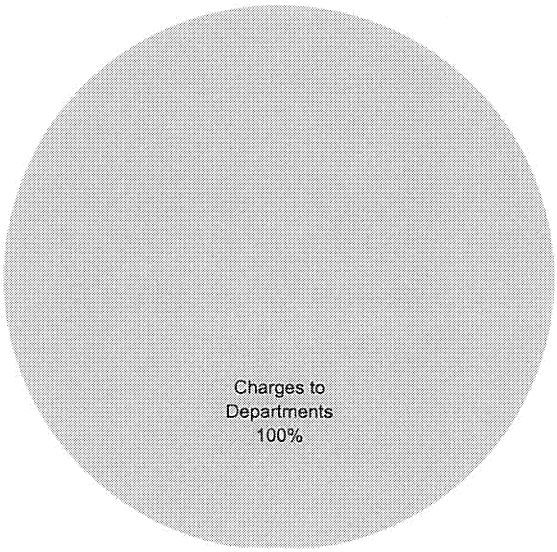
PURPOSE

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

Financial Summary	2005-06 Actual	2006-07 Actual	2007-08 Requested	2007-08 Recommended	2007-08 Adopted
Revenues	$ 7,644,179	$ 7,029,251	$ 5,972,170	$ 5,972,170	$ 5,972,170
Fund Balance Available	$ 78,641	$ 609,408	$ 821,500	$ 821,500	$ 706,187
Cancelled Reserves	0	268,461	0	0	115,313
Total Financing Sources	$ 7,722,820	$ 7,907,1201	$ 6,793,670	$ 6,793,670	$ 6,793,670
Salary and Benefits	$ 0	$ 0	$ 0	$ 0	$ 0
Services and Supplies	30,000	30,000	30,000	30,000	30,000
Other Charges	4,971,072	8,146,185	5,556,427	5,556,427	5,556,427
Fixed Assets	0	0	0	0	0
Gross Expenditures	$ 5,001,072	$ 8,176,185	$ 5,586,427	$ 5,586,427	$ 5,586,427
Contingencies	0	0	0	0	0
New Reserves	112,341	1,024,749	1,207,243	1,207,243	1,207,243
Total Financing Requirements	$ 5,113,413	$ 9,200,934	$ 6,793,670	$ 6,793,670	$ 6,793,670

Source of Funds



COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

This budget unit reflects the debt service payment for Pension Obligation Bonds (POBs). The Board of Supervisors approved the use of $137 million of POBs in fiscal year 2002-03 to address unfunded pension costs. The bonds are amortized over a 30-year period, reducing the prior amortization period by seven years and creating an annual savings of over $1 million (i.e. compared to what we would otherwise pay). The bonds are repaid by charging each department 3.5% of covered payroll.

Additionally, the Board approved using $2 million of fiscal year 2004-05 fund balance to pay down the debt and keep the rates stable.

The recommended budget includes approximately $6.8 million for debt service payments as well as increased reserves to pay future debt payments not covered by the payroll charges.

BOARD ADOPTED CHANGES

None.