

**PURPOSE**

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

	2006-07 Budget	2006-07 Projected	2007-08 Requested	2007-08 Recommended	Change from 2006-07
<u>Financial Summary</u>					
Revenues	\$ 6,550,000	\$ 6,880,000	\$ 5,972,170	\$ 5,972,170	\$ (577,830)
Fund Balance Available	\$ 609,408	\$ 609,408	\$ 821,500	\$ 821,500	\$ 212,092
Cancelled Reserves	0	0	0	0	0
Total Financing Sources	<u>\$ 7,159,408</u>	<u>\$ 7,489,408</u>	<u>\$ 6,793,670</u>	<u>\$ 6,793,670</u>	<u>\$ (365,738)</u>
Salary and Benefits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Services and Supplies	30,000	30,000	30,000	30,000	0
Other Charges	6,146,185	7,624,886	5,556,427	5,556,427	(589,758)
Fixed Assets	0	0	0	0	0
Gross Expenditures	\$ 6,176,185	\$ 7,654,886	\$ 5,586,427	\$ 5,586,427	\$ (589,758)
Contingencies	0	0	0	0	0
New Reserves	983,223	1,012,985	1,207,243	1,207,243	224,020
Total Financing Requirements	\$ 7,159,408	\$ 8,667,871	\$ 6,793,670	\$ 6,793,670	\$ (365,738)

**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.