

## PROGRAM VI: DEBT SERVICE

### Summary of Appropriations and Revenues

Agency	Agency Name	FY 2006-2007 Appropriations	FY 2006-2007 Revenue	FY 2006-2007 Net County Cost
016	2005 Lease Revenue Refunding Bonds	71,248,504	71,265,339	(16,835)
019	Capital Acquisition Financing	7,134,672	6,064,064	1,070,608
021	2005 Refunding Recovery Bonds	18,427,700	300,000	18,127,700
022	Prepaid Pension Obligation	0	0	0
	GENERAL FUND SUBTOTAL	96,810,876	77,629,403	19,181,473
15J	Pension Obligation Bonds Debt Service	15,331,274	15,331,274	0
15Q	Pension Obligation Bond Amortization	16,000,000	16,000,000	0
15W	1996 Recovery Certificates of Participation (A)	3,290,897	3,290,897	0
599	O. C. Special Financing Authority Debt Service	82,312,688	82,312,688	0
9C0	Debt Service	232,180,642	232,180,642	0
	OTHER FUNDS SUBTOTAL	349,115,501	349,115,501	0
	TOTAL - DEBT SERVICE	445,926,377	426,744,904	19,181,473

## 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 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 2005-2006 Actual Expenditure + Encumbrance:	80,500,639
Total Final FY 2006-2007	71,248,504
Percent of County General Fund:	2.42378%
Total Employees:	0.00

#### Strategic Goals:

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

#### FY 2005-06 Key Project Accomplishments:

- Refunded the 1996 Recovery Certificates of Participation, Series A, in August 2005.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

Make timely debt service payments on the 2005 Lease Revenue Refunding Bonds and transfer surplus funds to the Plan of Adjustment Available Cash Fund 15Z.

## Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget As of 6/30/06	Actual Exp/Rev <sup>(1)</sup> As of 6/30/06	Final Budget	Actual Amount	Percent
Total Revenues	71,799,301	72,141,684	70,084,228	71,265,339	1,181,111	1.69
Total Requirements	71,799,301	81,187,296	80,500,640	71,248,504	(9,252,136)	-11.49
Net County Cost	0	9,045,612	10,416,412	(16,835)	(10,433,247)	-100.16

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 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 A504

# 019 - CAPITAL ACQUISITION FINANCING

## Operational Summary

### Description:

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

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.

The 2002 JJC Refunding Bonds issue amount was \$80,285,000; as of June 1, 2006 the outstanding principal balance will be \$65,770,000. The 2002 Bonds will be paid off in 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. As of June 1, 2006, the outstanding principal balance will be \$4,775,000.

### At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	6,784,384
Total Final FY 2006-2007	7,134,672
Percent of County General Fund:	0.242713%
Total Employees:	0.00

### Strategic Goals:

- Make timely debt service payments on 2002 Refunding Juvenile Justice Center Certificates of Participation and 2001 Telecommunications equipment project.

**Capital Acquisition Financing** - Capital acquisition financing using certificates of participation.

**INTEGRATED COURT MGT SYS PHAS3** - Trustee activity on the 1997 Integrated Court Management System Phase III Certificates of Participation.

**1991 LOMA RIDGE DATA CTR COP** - Trustee Activity.

**1992 JJC COP** - Lease payments and trustee activity for the 1992 Refunding Juvenile Justice Center Certificates of Participation.

## Budget Summary

### Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget As of 6/30/06	Actual Exp/Rev <sup>(1)</sup> As of 6/30/06	Final Budget	Actual Amount	Percent
Total Revenues	4,957,257	6,061,392	5,428,717	6,064,064	635,347	11.70
Total Requirements	6,799,844	7,240,396	6,784,385	7,134,672	350,287	5.16
Net County Cost	1,842,587	1,179,004	1,355,668	1,070,608	(285,060)	-21.03

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 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 A508



## 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.

#### At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	175,010,983
Total Final FY 2006-2007	18,427,700
Percent of County General Fund:	0.626887%
Total Employees:	0.00

#### Strategic Goals:

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

#### FY 2005-06 Key Project Accomplishments:

- Refunded the outstanding Refunding Recovery Bonds, 1995 Series A, in August 2005.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

Continue to make timely debt service payments.

#### Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget As of 6/30/06	Actual Exp/Rev <sup>(1)</sup> As of 6/30/06	Final Budget	Actual Amount	Percent
Total Revenues	0	155,346,850	155,650,646	300,000	(155,350,646)	-99.81
Total Requirements	0	175,073,459	175,010,984	18,427,700	(156,583,284)	-89.47
Net County Cost	0	19,726,609	19,360,338	18,127,700	(1,232,638)	-6.37

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 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 A510

## 022 - PREPAID PENSION OBLIGATION

### Operational Summary

#### Description:

The Taxable Pension Obligation Bonds, Series 2006 were issued in January 2006 in the amount of \$105,990,520. The County was given an opportunity to pre-pay a portion of its FY 06-07 employer pension contribution at a discounted rate. In January 2006, the County prepaid 50% of its FY 06-07 contribution. The Bonds were issued to pre-pay the County's Unfunded Accrued Actuarial Liability (UAAL) portion of the prepayment. The Normal Cost portion of the prepayment will be paid directly to OCERS from the General Fund.

The Bonds are taxable, variable rate obligations with a monthly reset priced at a spread to LIBOR with a maturity date of June 29, 2007.

The Bonds were purchased by the Orange County Treasurer for investment in the County's Investment Pool. Interest will accrue until July 1, 2006, when the Fiscal Year 2006-07 payroll contributions are scheduled to begin, and then interest will be paid monthly to the Treasurer.

#### At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	105,952,450
Total Final FY 2006-2007	0
Percent of County General Fund:	0.0%
Total Employees:	0.00

#### FY 2005-06 Key Project Accomplishments:

- In January 2006, the County prepaid 50% of its Fiscal Year 2006-07 UAAL contribution at a discounted rate.

### Budget Summary

#### Final Budget History:

Sources and Uses	FY 2004-2005 Actual Exp/Rev	FY 2005-2006		FY 2006-2007 Final Budget	Change from FY 2005-2006	
		Budget As of 6/30/06	FY 2005-2006 Actual Exp/Rev <sup>(1)</sup> As of 6/30/06		Actual Amount	Percent
Total Revenues	0	126,000,000	105,990,520	0	(105,990,520)	-100.00
Total Requirements	0	126,000,000	105,952,450	0	(105,952,450)	-100.00
Net County Cost	0	0	(38,070)	0	38,070	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 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 A511

## 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. 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 2006-2007 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 2005-2006 Actual Expenditure + Encumbrance:	22,708,859
Total Final FY 2006-2007	15,331,274
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 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget As of 6/30/06	Actual Exp/Rev <sup>(1)</sup> As of 6/30/06	Final Budget	Actual Amount	Percent
Total Revenues	19,017,855	25,454,725	21,963,200	15,331,274	(6,631,926)	-30.20
Total Requirements	18,903,540	25,454,725	22,708,859	15,331,274	(7,377,585)	-32.49
Balance	114,315	0	(745,659)	0	745,659	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 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 A659

# 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.

### At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	11,173,397
Total Final FY 2006-2007	16,000,000
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 to mitigate cash contributions for normal and unfunded accrued actuarial pension costs.

## Budget Summary

### Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006		FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget	Actual Exp/Rev <sup>(1)</sup>	Final Budget	Actual	Amount	Percent
Total Revenues	12,880,038	11,173,397	23,116,257	16,000,000	(7,116,257)	-30.78	
Total Requirements	12,880,038	11,173,397	23,116,257	16,000,000	(7,116,257)	-30.78	
Balance	0	0	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 2005-06 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 A663



## 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.

#### At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	2,842
Total Final FY 2006-2007	3,290,897
Percent of County General Fund:	N/A
Total Employees:	0.00

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

Maintain sufficient funds for unresolved bankruptcy claims.

#### Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget	Actual Exp/Rev <sup>(1)</sup>	Final Budget	Actual	Percent
Total Revenues	3,197,608	529,940,296	3,324,330	3,290,897	(33,433)	-1.01
Total Requirements	2,816	529,940,296	2,842	3,290,897	3,288,055	115,694.70
Balance	3,194,792	0	3,321,488	0	(3,321,488)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 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 A666

## 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, future surplus transfers will be 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 defaulted 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.

As of November 30, 2005, \$123,725,000 in principal was outstanding from all five series. The Teeter Bonds will be paid off in 2014.

#### At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	46,020,838
Total Final FY 2006-2007	82,312,688
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Strategic Goals:

- Make timely debt service payments and provide surplus revenue for the bankruptcy recovery as contemplated in the County's Second Amended Modified Plan of Adjustment.

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

Make annual transfers of surplus cash to the General Fund.

## Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget	Actual Exp/Rev <sup>(1)</sup>	Final Budget	Actual	
		As of 6/30/06	As of 6/30/06		Amount	Percent
Total Revenues	66,146,263	76,042,767	75,018,830	82,312,688	7,293,858	9.72
Total Requirements	35,656,836	76,042,767	47,960,054	82,312,688	34,352,634	71.63
Balance	30,489,427	0	27,058,775	0	(27,058,775)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 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 A787

## 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 2006-2007 Appropriations	FY 2006-2007 Revenue
433	Golden Lantern Reassessment District 94-1 Debt Service	\$ 3,245,015	\$ 3,245,015
507	Irvine Coast Assessment District 88-1 - Debt Service	11,781,429	11,781,429
516	Assessment Dist 01-1 Ziani Project-Debt Service	1,271,122	1,271,122
523	Newport Coast AD 01-1 Group 2 Debt Service	1,650,000	1,650,000
525	Assessment District 01-1 Newport Coast IV - Debt Service	4,966,827	4,966,827
52T	Newport Coast AD 01-1 Conversion #1 DS	3,580,347	3,580,347
551	Assessment District 92-1 Newport Ridge - Debt Service	1,009,072	1,009,072

### 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 2006-2007 Appropriations	FY 2006-2007 Revenue
172	OCDA Debt Service (Santa Ana Heights)	\$ 14,163,624	\$ 14,163,624
427	OCDA (NDAPP) - Debt Service	26,835,537	26,835,537

### 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 2006-2007 Appropriations	FY 2006-2007 Revenue
479	CFD 99-1 Series A of 1999 Ladera - Debt Service	\$ 2,562,182	\$ 2,562,182
482	Special Mello-Roos Reserve	3,483,846	3,483,846
484	Rancho Santa Margarita CFD 86-2 - Debt Service	3,969,639	3,969,639
487	Ladera CFD 2002-01 Debt Service	11,179,494	11,179,494
488	Rancho Santa Margarita CFD 86-1 (Series 1988) - Debt Service	6,391,718	6,391,718
490	Dimensions/Serrano Creek CFD 87-1 - Debt Service	2,402,062	2,402,062
492	Mission Viejo CFD 87-3 (A) - Debt Service	13,529,009	13,529,009

## 9C3 Funds

Agency Number	Community Facility Districts	FY 2006-2007 Appropriations	FY 2006-2007 Revenue
494	Aliso Viejo CFD 88-1 - Debt Service	37,093,576	37,093,576
496	Lomas Laguna CFD 88-2 - Debt Service	601,862	601,862
501	Rancho Santa Margarita CFD 87-5(A) - Debt Service	2,340,205	2,340,205
503	Portola Hills CFD 87-2(A) - Debt Service	5,424,911	5,424,911
505	Foothill Ranch CFD 87-4 - Debt Service	18,058,302	18,058,302
509	Rancho Santa Margarita CFD 87-5B - Debt Service	6,550,021	6,550,021
511	Baker Ranch CFD 87-6 - Debt Service	2,089,992	2,089,992
513	Coto de Caza CFD 87-8 - Debt Service	6,001,434	6,001,434
515	Santa Teresita CFD 87-9 - Debt Service	1,564,322	1,564,322
517	Rancho Santa Margarita CFD 87-5C - Debt Service	3,529,305	3,529,305
519	Los Alisos CFD 87-7 - Debt Service	3,866,704	3,866,704
521	Rancho Santa Margarita CFD 87-5D (A) - Debt Service	2,845,191	2,845,191
530	CFD 2004-1 Ladera Debt Service	11,759,787	11,759,787
533	CFD 01-1 Ladera - Debt Service	3,138,837	3,138,837
547	CFD 00-1 (Series A of 2000) Ladera -Debt Service	3,080,246	3,080,246
549	Rancho Santa Margarita CFD 87-5E (A of 1993) - Debt Service	2,896,796	2,896,796
555	CFD 2003-1 Ladera Debt Service	9,318,228	9,318,228