

# 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 Projected Expend + Encumb:	11,000,000
Total Recommended 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

### Proposed Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected <sup>(1)</sup> At 6/30/06	Recommended	Projected Amount	Projected Percent
Total Revenues	12,880,038	11,000,000	15,000,000	16,000,000	1,000,000	6.67
Total Requirements	12,880,038	11,000,000	11,000,000	16,000,000	5,000,000	45.45
Balance	0	0	4,000,000	0	(4,000,000)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: Pension Obligation Bond Amortization in the Appendix on page A182



## 15Q - Pension Obligation Bond Amortization

### Summary of Proposed Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006		FY 2006-2007		Change from FY 2005-2006		
	Actual	Budget	Projected <sup>(1)</sup>	As of 3/31/06	At 6/30/06	Recommended	Projected	Amount	Percent
Revenue from Use of Money and Property	\$ 12,880,038	\$ 11,000,000	\$ 15,000,000			\$ 12,000,000		\$ (3,000,000)	-20.00%
Total FBA	0	0	0			4,000,000		4,000,000	0.00
<b>Total Revenues</b>	12,880,038	11,000,000	15,000,000			16,000,000		1,000,000	6.67
Other Charges	7,157,670	11,000,000	11,000,000			12,000,000		1,000,000	9.09
Reserves	5,722,368	0	0			4,000,000		4,000,000	0.00
<b>Total Requirements</b>	12,880,038	11,000,000	11,000,000			16,000,000		5,000,000	45.45
<b>Balance</b>	\$ 0	\$ 0	\$ 4,000,000			\$ 0		\$ (4,000,000)	-100.00%

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.