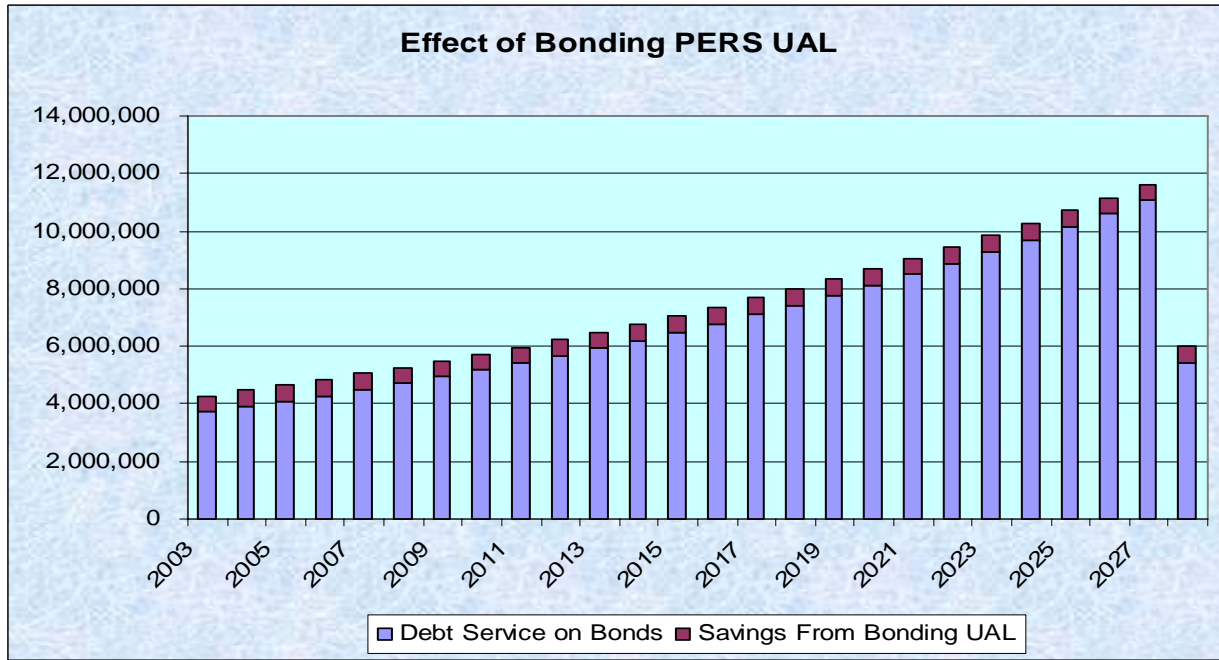


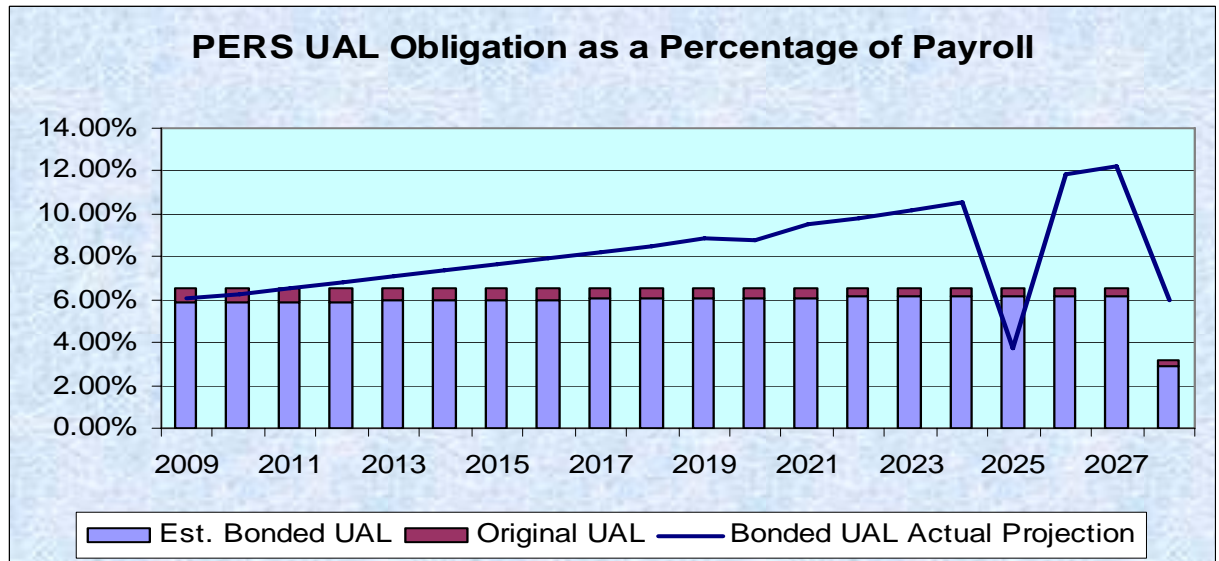
History of Pension Obligation Bonds

The PERS unfunded actuarial liability was amortized over 30 years to result in a level percent of payroll. The assumptions used by the Public Employees Retirement System included payroll increases annually of 4.25%. Although the actual payment amount increased each year, the percentage of payroll was intended to remain the same. When bonds were issued to cover the liability, the debt service requirements on the bonds were matched to the existing cash flow.

This chart reflects the cash flow of the original liability and the cash flow for debt service on the bonds. The difference between the amounts averaged \$568,000 annually for a total savings of \$14.9 million over the life of the bonds (present value of savings \$8.4 million calculated at bond issuance).



Since the 2002 bond issuance, total County payroll has not increased 4.25% annually, and the actual projected annual increase from 2008 forward is .99%. This change results in an increasing percentage of payroll required each year to cover the debt service.



Note: \$6.5 million of 2025 bonds were called in December 2007.
 Financial Services Division