# Fund 403
# Sewer Bond Parity Debt Service

## Focus

Fund 403, Sewer Bond Parity Debt Service, records debt service obligations incurred from bonds issued in accordance with the 1986 Sewer Bond Resolution. Bond proceeds are used to fund capital improvement requirements in the Wastewater Management Program including upgrades to the treatment facilities serving the County, and construction of nutrient removal facilities for the removal of nitrogen as required by the State Water Control Board. The removal of nitrogen will improve the quality of the effluent produced at all of the treatment plants.

An amount of $11,460,572 is required for this fund in FY 2007 including $3,528,000 in principal payments and $7,927,572 in interest payments for outstanding bonds, and $5,000 in fiscal agent fees. The outstanding bonds include: the remaining 1996 Sewer Revenue Bonds, 2004 Sewer Revenue Refunding Bonds, and one half year of the annual debt service requirements for the planned 2007 Sewer Revenue Bonds. Fiscal agent fees are included for the maintenance of all sewer bond accounts. All debt service payments are supported by Sewer System Revenues.

| | Principal | Interest | Total |
|---|---|---|---|
| **Sewer Revenue Bonds:** | | | |
| 1996 | $1,925,000 | $54,141 | $1,979,141 |
| 2004 | 500,000 | 4,123,431 | 4,623,431 |
| 2007 (Planned) | 1,103,000 | 3,750,000 | 4,853,000 |
| **Total** | **$3,528,000** | **$7,927,572** | **$11,455,572** |

## Changes to FY 2006 Adopted Budget Plan

*The following funding adjustments reflect all approved changes in the FY 2006 Revised Budget Plan since passage of the FY 2006 Adopted Budget Plan. Included are all adjustments made as part of the FY 2005 Carryover Review and all other approved changes through December 31, 2005:*

- During the *FY 2005 Carryover Review,* the Board of Supervisors approved a decrease of $638,770 due to reduced debt service payments associated with the partial refunding of the 1996 Sewer Revenue Bonds and the issuance of the 2004 Sewer Revenue Refunding Bonds.

# Fund 403
# Sewer Bond Parity Debt Service

## FUND STATEMENT

**Fund Type G40, Enterprise Funds** **Fund 403, Sewer Bond Parity Debt Service**

| | FY 2005 Actual | FY 2006 Adopted Budget Plan | FY 2006 Revised Budget Plan | FY 2007 Advertised Budget Plan |
|---|---|---|---|---|
| **Beginning Balance** | **$1,515,672** | **$1,325,714** | **$1,331,987** | **$1,421,633** |
| Revenue: | | | | |
| Sale of Bonds | $930,800 | $0 | $0 | $0 |
| Total Revenue | $930,800 | $0 | $0 | $0 |
| Transfer In: | | | | |
| Sewer Revenue (400) | $7,490,532 | $6,720,045 | $6,720,045 | $11,474,701 |
| Total Transfer In | $7,490,532 | $6,720,045 | $6,720,045 | $11,474,701 |
| **Total Available** | **$9,937,004** | **$8,045,759** | **$8,052,032** | **$12,896,334** |
| Expenditures: | | | | |
| Principal Payment[1] | $1,705,000 | $1,810,000 | $2,320,000 | $3,528,000 |
| Interest Payments[1] | 3,380,266 | 5,446,540 | 4,297,770 | 7,927,572 |
| Fiscal Agent Fees[2] | 177,818 | 5,000 | 5,000 | 5,000 |
| Bond Refunding Expense[3] | 3,303,672 | 0 | 0 | 0 |
| Total Expenditures | $8,566,756 | $7,261,540 | $6,622,770 | $11,460,572 |
| Non Appropriated: | | | | |
| Amortization Expense[4] | $38,261 | $7,629 | $7,629 | $14,129 |
| **Total Disbursements** | **$8,605,017** | **$7,269,169** | **$6,630,399** | **$11,474,701** |
| **Ending Balance[5,6]** | **$1,331,987** | **$776,590** | **$1,421,633** | **$1,421,633** |

[1] The bond principal and interest payments are shown as expenditures. However, for accounting purposes, the Comprehensive Annual Financial Report will show these disbursements as "Construction in Progress" to be capitalized. The increase in bond principal payments between FY 2006 and FY 2007 is due to the planned 2007 Sewer Revenue Bonds.

[2] The FY 2005 Fiscal Agent Fees were higher than normal due to the refunding of the 1996 Sewer Revenue Bonds. Fiscal Agent fees are expected to resume to normal levels in FY 2007.

[3] An amount of $3,303,672 in Bond Refunding Expenses is associated with the refunding of 1996 Sewer Revenue Bonds in FY 2005.

[4] In order to capitalize the bond costs, this category is designated as an annual non-appropriated amortization expense. In FY 2005, an amount of $38,261 included $33,175 for the 1996 bond series and $5,086 for the 2004 series. This expense has been completed for the 1996 series. A total of $14,129 in FY 2007 issuance costs includes $7,629 for the 2004 bond series which began in FY 2006 and $6,500 for the 2007 bond series.

[5] In FY 2007, the ending balance of $1,421,633 will support the reserves required to cover the remaining amortization of issuance costs for the 2004 Sewer Refunding Bonds and the planned 2007 Sewer Revenue Bonds.

[6] The Wastewater Management Program maintains fund balances at adequate levels relative to projected debt service requirements. Fund Balances fluctuate from year to year based on actual debt requirements and are used to cover amortization of issuance costs.