# 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 $6,663,681 is required for this fund in FY 2010 including $2,740,000 in principal payments and $3,918,681 in interest payments associated with outstanding 2004 Sewer Revenue Refunding Bonds, and $5,000 in fiscal agent fees. Fiscal agent fees are included for the management of all sewer bond accounts. All debt service payments are supported by Sewer System Revenues.

Financing for additional requirements to support new Chesapeake Bay initiatives for nutrient removal and capital construction will be pursued once construction projects are ready to begin. The necessary adjustments will be made to Fund 403, Sewer Bond Parity Debt Service at an upcoming quarterly review when more definitive project schedules and financing options have been determined.

| | Principal | Interest | Fees | Total |
|---|---|---|---|---|
| **Sewer Revenue Bonds:** | | | | |
| 2004 | $2,740,000 | $3,918,681 | | $6,658,681 |
| **Fiscal Agent Fees** | | | $5,000 | $5,000 |
| **Total** | **$2,740,000** | **$3,918,681** | **$5,000** | **$6,663,681** |

## Changes to FY 2009 Adopted Budget Plan

*The following funding adjustments reflect all approved changes in the FY 2009 Revised Budget Plan since passage of the FY 2009 Adopted Budget Plan. Included are all adjustments made as part of the FY 2008 Carryover Review and all other approved changes through September 15, 2008:*

- There have been no revisions to this fund since the approval of the FY 2009 Adopted Budget Plan.

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## FUND STATEMENT

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

| | FY 2008 Actual | FY 2009 Adopted Budget Plan | FY 2009 Revised Budget Plan | FY 2010 Baseline Budget |
|---|---|---|---|---|
| **Beginning Balance** | **$6,019,500** | **$1,019,500** | **$1,055,681** | **$1,048,596** |
| Transfer In: | | | | |
| Sewer Revenue (400)[1] | $1,650,160 | $10,650,000 | $10,650,000 | $6,650,000 |
| Total Transfer In | $1,650,160 | $10,650,000 | $10,650,000 | $6,650,000 |
| **Total Available** | **$7,669,660** | **$11,669,500** | **$11,705,681** | **$7,698,596** |
| Expenditures: | | | | |
| Principal Payment[2] | $2,560,000 | $2,645,000 | $2,645,000 | $2,740,000 |
| Interest Payments[2] | 4,043,234 | 7,999,456 | 7,999,456 | 3,918,681 |
| Fiscal Agent Fees | 3,116 | 5,000 | 5,000 | 5,000 |
| Total Expenditures | $6,606,350 | $10,649,456 | $10,649,456 | $6,663,681 |
| Non Appropriated: | | | | |
| Amortization Expense[3] | $7,629 | $7,629 | $7,629 | $7,629 |
| **Total Disbursements** | **$6,613,979** | **$10,657,085** | **$10,657,085** | **$6,671,310** |
| **Ending Balance[4]** | **$1,055,681** | **$1,012,415** | **$1,048,596** | **$1,027,286** |

[1] This fund is supported by a transfer in from Fund 400, Sewer Revenue.

[2] 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.

[3] In order to capitalize the bond costs, this category is designated as an annual non-appropriated amortization expense. An amount of $7,629 is included for the 2004 bond series which began in FY 2006.

[4] 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.