

## 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 \$26,104,805 is required for this fund in FY 2012 including \$7,700,677 in principal payments and \$18,399,128 in interest payments associated with outstanding 2004, 2009 and planned 2011 Sewer Revenue Bonds, as well as \$5,000 in fiscal agent fees. FY 2012 interest payments reflect an increase due to the full year impact of the planned 2011 bond sale, as well as the structuring of the amortization schedule which requires higher interest payments for the first several years which decrease over the life of the bonds. Fiscal agent fees are included for the management of all sewer bond accounts. All debt service payments are supported by Sewer System Revenues.

	Principal	Interest	Fees	Total
<b>Sewer Revenue Bonds:</b>				
2004	\$2,935,000	\$3,748,506		\$6,683,506
2009	2,532,083	7,178,197		9,710,280
2011	2,233,594	7,472,425		9,706,019
<b>Subtotal-Debt Service</b>	<b>\$7,700,677</b>	<b>\$18,399,128</b>		<b>\$26,099,805</b>
<b>Fiscal Agent Fees</b>			\$5,000	\$5,000
<b>Total</b>	<b>\$7,700,677</b>	<b>\$18,399,128</b>	<b>\$5,000</b>	<b>\$26,104,805</b>

### Changes to FY 2011 Adopted Budget Plan

*The following funding adjustments reflect all approved changes in the FY 2011 Revised Budget Plan since passage of the FY 2011 Adopted Budget Plan. Included are all adjustments made as part of the FY 2010 Carryover Review, FY 2011 Third Quarter Review, and all other approved changes through April 12, 2011.*

- ◆ As part of the *FY 2010 Carryover Review*, the Board of Supervisors made no adjustments to this fund.
- ◆ As part of the *FY 2011 Third Quarter Review*, the Board of Supervisors approved an increase of \$2,800,000 in Transfers In due to the timing of interest payments associated with the FY 2009 Sewer Bond sale.

# Fund 403

## Sewer Bond Parity Debt Service

### FUND STATEMENT

Fund Type G40, Enterprise Funds

Fund 403, Sewer Bond Parity Debt Service

	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2012 Advertised Budget Plan	FY 2012 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$4,536,296</b>	<b>\$292,485</b>	<b>(\$2,773,887)</b>	<b>\$574,845</b>	<b>\$23,582</b>
Transfer In:					
Sewer Revenue (400) <sup>1</sup>	\$6,650,000	\$19,850,000	\$22,650,000	\$25,554,960	\$25,554,960
<b>Total Transfer In</b>	<b>\$6,650,000</b>	<b>\$19,850,000</b>	<b>\$22,650,000</b>	<b>\$25,554,960</b>	<b>\$25,554,960</b>
<b>Total Available</b>	<b>\$11,186,296</b>	<b>\$20,142,485</b>	<b>\$19,876,113</b>	<b>\$26,129,805</b>	<b>\$25,578,542</b>
Expenditures:					
Principal Payment <sup>2</sup>	\$2,740,000	\$5,215,000	\$5,215,000	\$7,700,677	\$7,700,677
Interest Payments <sup>2</sup>	11,195,825	14,607,531	14,607,531	18,399,128	18,399,128
Fiscal Agent Fees	16,729	5,000	5,000	5,000	5,000
<b>Total Expenditures<sup>3</sup></b>	<b>\$13,952,554</b>	<b>\$19,827,531</b>	<b>\$19,827,531</b>	<b>\$26,104,805</b>	<b>\$26,104,805</b>
Non Appropriated:					
Amortization Expense <sup>4</sup>	\$7,629	\$25,000	\$25,000	\$25,000	\$25,000
<b>Total Disbursements</b>	<b>\$13,960,183</b>	<b>\$19,852,531</b>	<b>\$19,852,531</b>	<b>\$26,129,805</b>	<b>\$26,129,805</b>
<b>Ending Balance<sup>5, 6</sup></b>	<b>(\$2,773,887)</b>	<b>\$289,954</b>	<b>\$23,582</b>	<b>\$0</b>	<b>(\$551,263)</b>

<sup>1</sup> This fund is supported by a transfer in from Fund 400, Sewer Revenue.

<sup>2</sup> 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.

<sup>3</sup> In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$3,351,263.00 has been reflected as an increase to FY 2010 expenditures based on an expenditure accrual. The audit adjustment has been included in the FY 2010 Comprehensive Annual Financial Report (CAFR). Details of the FY 2010 audit adjustment were included in the FY 2011 Third Quarter Package.

<sup>4</sup> In order to capitalize bond costs, this category is designated as an annual non-appropriated amortization expense. FY 2010 is based on amortization expenses associated with the 2004 bond series. The FY 2011 amount of \$25,000 includes the 2004 bond series, FY 2009 bond series and the planned 2011 sewer revenue bond sale.

<sup>5</sup> 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.

<sup>6</sup> A negative balance results from an FY 2010 audit adjustment due to the timing of interest payments associated with the 2009 Bond sale. The bond sale took place on June 17, 2009 and the first payment was due on July 15, 2010. The negative FY 2012 ending balance will be adjusted by increasing the sewer revenue transfer at the FY 2011 Carryover Review.