

Fund 69020: Sewer Bond Parity Debt Service

Focus Fund 69020, 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 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 \$32,316,306 is required for this fund in FY 2021, including \$11,235,000 in principal payments and \$19,099,131 in interest payments associated with outstanding 2012, 2014, 2016, 2017 and the planned 2020 Sewer Revenue Bonds, as well as \$10,000 in fiscal agent fees and \$1,972,175 in Bond Issuance Cost for the planned 2020 Sewer Revenue Bonds. Fiscal agent fees are included for the management of all sewer bond accounts. All debt service payments are supported by Sewer System Revenues.

Sewer Revenue Bonds				
	Principal	Interest	Fees	Total
Debt Service				
2012	\$1,955,000	\$1,439,750		\$3,394,750
2014	4,035,000	1,739,125		5,774,125
2016	3,815,000	6,639,956		10,454,956
2017	1,430,000	4,080,300		5,510,300
2020 (anticipated)	0	5,200,000		5,200,000
Subtotal	\$11,235,000	\$19,099,131		\$30,334,131
Fiscal Agent Fees			\$10,000	\$10,000
Bond Issuance Cost			\$1,972,175	\$1,972,175
Total	\$11,235,000	\$19,099,131	\$1,982,175	\$32,316,306

Pandemic Response and Impact

The Wastewater Management Program of the Department of Public Works and Environmental Services has continued to work at full capacity during the COVID-19 pandemic to fulfill the System's responsibilities to its customers. Accomplishing this task has required considerable innovation, hard work, and adaptation (e.g., additional personal protective equipment, facility cleaning, distancing measures, equipment, and new tools) that have increased the System's resource requirements.

The Wastewater Management staff worked with the System's financial advisors to project estimated impacts to revenues and developed financial management strategies. To proactively address the financial impact, the System is reducing some projected operating expenditures through delaying the replacement of vehicles and equipment, slowing down some capital projects, and using some of the existing cash reserves. Consistent with the Board's decision with the adoption of the FY 2021 budget, the elimination of employee raises and eliminating new positions will also impact operating expenditures for FY 2021. The System's 10-year financial plan has been updated to include adjustments for revenue losses from the pandemic and closely monitoring unfolding trends throughout the year.

Fund 69020: Sewer Bond Parity Debt Service

Changes to FY 2020 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2020 Revised Budget Plan since passage of the FY 2020 Adopted Budget Plan. Included are all adjustments made as part of the FY 2019 Carryover Review, FY 2020 Third Quarter Review, and all other approved changes through April 30, 2020.

There have been no adjustments to this fund since approval of the FY 2020 Adopted Budget Plan.

Fund 69020: Sewer Bond Parity Debt Service

FUND STATEMENT

Category	FY 2019 Actual	FY 2020 Adopted Budget Plan	FY 2020 Revised Budget Plan	FY 2021 Advertised Budget Plan	FY 2021 Adopted Budget Plan
Beginning Balance	\$5,824,098	\$2,037,967	\$2,259,084	\$286,303	\$286,303
Transfer In:					
Sewer Revenue (69000) ¹	\$21,250,000	\$23,100,000	\$23,100,000	\$31,000,000	\$31,000,000
Sewer Bond Construction (69310) ²	0	0	0	1,072,175	1,072,175
Total Transfer In	\$21,250,000	\$23,100,000	\$23,100,000	\$32,072,175	\$32,072,175
Total Available	\$27,074,098	\$25,137,967	\$25,359,084	\$32,358,478	\$32,358,478
Expenditures:					
Principal Payments ³	\$10,145,000	\$10,675,000	\$10,675,000	\$11,235,000	\$11,235,000
Interest Payments ³	14,660,769	14,387,781	14,387,781	19,099,131	19,099,131
Bond Issuance Costs	0	0	0	1,972,175	1,972,175
Fiscal Agent Fees	9,245	10,000	10,000	10,000	10,000
Total Expenditures	\$24,815,014	\$25,072,781	\$25,072,781	\$32,316,306	\$32,316,306
Total Disbursements	\$24,815,014	\$25,072,781	\$25,072,781	\$32,316,306	\$32,316,306
Ending Balance⁴	\$2,259,084	\$65,186	\$286,303	\$42,172	\$42,172

¹ This fund is supported by a Transfer In from Fund 69000, Sewer Revenue.

² A Transfer In from Fund 69310, Sewer Bond Construction, is necessary in FY 2021 because the Underwriter's Discount expense is paid from bond proceeds, which are reported as revenue in Fund 69310, Sewer Bond Construction.

³ The bond principal and interest payments are shown as expenditures. However, for accounting purposes, the Comprehensive Annual Financial Report (CAFR) will show these disbursements as "Construction in Progress" to be capitalized.

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.