

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 \$33,503,257 is required for this fund in FY 2023, including \$12,320,000 in principal payments and \$21,163,257 in interest payments associated with outstanding 2014, 2016, 2017, 2021A and 2021B Sewer Revenue Bonds, as well as \$20,000 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.

Sewer Revenue Bonds				
	Principal	Interest	Fees	Total
Debt Service				
2014	\$4,485,000	\$1,313,375		\$5,798,375
2016	6,290,000	6,267,482		12,557,482
2017	1,545,000	3,961,400		5,506,400
2021A	0	8,725,350		8,725,350
2021B	0	895,650		895,650
Subtotal	\$12,320,000	\$21,163,257		\$33,483,257
Fiscal Agent Fees			\$20,000	\$20,000
Total	\$12,320,000	\$21,163,257	\$20,000	\$33,503,257

Changes to FY 2022 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2022 Revised Budget Plan since passage of the FY 2022 Adopted Budget Plan. Included are all adjustments made as part of the FY 2021 Carryover Review, FY 2022 Mid-Year Review, FY 2022 Third Quarter Review, and all other approved changes through April 30, 2022.

Third Quarter Adjustments **\$1,156,500**

As part of the FY 2022 Third Quarter Review, the Board of Supervisors approved funding of \$1,156,500 to cover year-end accruals on the 2014 Sewer Refunding Bonds, 2016 Sewer Refunding Bonds, 2017 Sewer Revenue Bonds, 2021A Sewer Revenue Bonds and 2021B Sewer Refunding Bonds. The 2021A Sewer Revenue Bonds and 2021B Sewer Refunding Bonds were issued in late FY 2021 after the FY 2022 Adopted Budget Plan was approved using estimates.

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FUND STATEMENT

Category	FY 2021 Actual	FY 2022 Adopted Budget Plan	FY 2022 Revised Budget Plan	FY 2023 Advertised Budget Plan	FY 2023 Adopted Budget Plan
Beginning Balance	\$498,257	\$254,126	\$6,810,149	\$6,703,543	\$5,547,043
Transfers In:					
Sewer Revenue (69000) ¹	\$31,000,000	\$32,000,000	\$32,000,000	\$27,000,000	\$27,000,000
Sewer Bond Construction (69310) ²	1,202,175	0	0	0	0
Total Transfers In	\$32,202,175	\$32,000,000	\$32,000,000	\$27,000,000	\$27,000,000
Total Available	\$32,700,432	\$32,254,126	\$38,810,149	\$33,703,543	\$32,547,043
Expenditures:					
Principal Payments ³	\$11,235,000	\$11,945,000	\$11,945,000	\$12,320,000	\$12,320,000
Interest Payments ³	13,640,195	20,141,606	21,298,106	21,163,257	21,163,257
Bond Issuance Costs	993,208	0	0	0	0
Fiscal Agent Fees	21,880	20,000	20,000	20,000	20,000
Total Expenditures	\$25,890,283	\$32,106,606	\$33,263,106	\$33,503,257	\$33,503,257
Total Disbursements	\$25,890,283	\$32,106,606	\$33,263,106	\$33,503,257	\$33,503,257
Ending Balance^{4,5}	\$6,810,149	\$147,520	\$5,547,043	\$200,286	(\$956,214)

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

² A Transfer In from Fund 69310, Sewer Bond Construction, was necessary in FY 2021 as this reflected the Underwriter's Discount expense associated with the Series 2021 to be 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 Annual Comprehensive Financial Report 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.

⁵ The FY 2023 Adopted Budget Plan Ending Balance is projected to be negative due to year-end accruals on the 2014 Sewer Refunding Bonds, 2016 Sewer Refunding Bonds, 2017 Sewer Revenue Bonds and 2021A Sewer Revenue Bonds and 2021B Sewer Refunding Bonds, as the impact of these accruals carried over into FY 2023. The resulting negative balance will be addressed as part of the *FY 2022 Carryover Review*. It should be noted that this negative balance does not affect the debt service payments of this fund.