

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 \$32,106,606 is required for this fund in FY 2022, including \$11,945,000 in principal payments and \$20,141,606 in interest payments associated with outstanding 2012, 2014, 2016, 2017 and the new 2021 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				
2012	\$2,055,000	\$1,339,500		\$3,394,550
2014	4,255,000	1,531,875		5,786,875
2016	3,950,000	6,503,731		10,453,731
2017	1,485,000	4,022,000		5,507,000
2021	200,000	6,744,500		6,944,500
Subtotal	\$11,945,000	\$20,141,606		\$32,086,606
Fiscal Agent Fees			\$20,000	\$20,000
Total	\$11,945,000	\$20,141,606	\$20,000	\$32,106,606

Pandemic Response and Impact

The Wastewater Management Program of DPWES 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.

As of March 2021, wastewater revenue was tracking higher than budget, due largely to the influx of availability fees, and expenses remain in line with budgeted estimates. The County has continued to suspend service disconnections for delinquent payments, which as of March 2021 is estimated at \$2.2 million. The County received \$1.47 million in federal funding to help customers with past due utility bills due to COVID-19 related financial hardships.

The Wastewater Management staff worked with the System's financial advisors to project estimated impacts to revenues and developed financial management strategies. The System's 10-year financial plan has been updated to include adjustments for revenues during the pandemic and staff is closely monitoring unfolding trends throughout the year. Additional updates if required will be addressed at a future quarterly financial review.

Fund 69020: Sewer Bond Parity Debt Service

Changes to FY 2021 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, FY 2021 Third Quarter Review, and all other approved changes through April 30, 2021.

Third Quarter Adjustments

\$130,000

As part of the *FY 2021 Third Quarter Review*, the Board of Supervisors approved funding of \$130,000. This increase was attributable to the Underwriter's Discount expense that was anticipated from the spring 2021 sewer bond sale.

Fund 69020: Sewer Bond Parity Debt Service

FUND STATEMENT

Category	FY 2020 Actual	FY 2021 Adopted Budget Plan	FY 2021 Revised Budget Plan	FY 2022 Advertised Budget Plan	FY 2022 Adopted Budget Plan
Beginning Balance	\$2,259,084	\$286,303	\$498,257	\$254,126	\$254,126
Transfers In:					
Sewer Revenue (69000) ¹	\$23,100,000	\$31,000,000	\$31,000,000	\$32,000,000	\$32,000,000
Sewer Bond Construction (69310) ²	0	1,072,175	1,202,175	0	0
Total Transfers In	\$23,100,000	\$32,072,175	\$32,202,175	\$32,000,000	\$32,000,000
Total Available	\$25,359,084	\$32,358,478	\$32,700,432	\$32,254,126	\$32,254,126
Expenditures:					
Principal Payments ³	\$10,675,000	\$11,235,000	\$11,235,000	\$11,945,000	\$11,945,000
Interest Payments ³	14,158,897	19,099,131	19,099,131	20,141,606	20,141,606
Bond Issuance Costs	6,937	1,972,175	2,102,175	0	0
Fiscal Agent Fees	19,993	10,000	10,000	20,000	20,000
Total Expenditures	\$24,860,827	\$32,316,306	\$32,446,306	\$32,106,606	\$32,106,606
Total Disbursements	\$24,860,827	\$32,316,306	\$32,446,306	\$32,106,606	\$32,106,606
Ending Balance⁴	\$498,257	\$42,172	\$254,126	\$147,520	\$147,520

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 Comprehensive Annual 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.