



MEMORANDUM

Date: May 28, 2019

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **Regional Wastewater Reclamation Department Fund Balance as of June 30, 2019**

At the May 21, 2019 Board of Supervisors Meeting, a request was made to identify the various components of the Regional Wastewater Reclamation Department fund balance.

The attached May 23, 2019 memorandum from the Finance Director provides the requested information.

The Finance Department divides the fund balance into two categories; spendable and non-spendable fund balance. Of the spendable fund balance, approximately half reserved for specific purposes and the other half is unrestricted.

CHH/anc

Attachment

c: Tom Burke, Deputy County Administrator for Administration
Carmine DeBonis, Jr., Deputy County Administrator for Public Works
Michelle Campagne, Director, Finance and Risk Management
Jackson Jenkins, Director, Regional Wastewater Reclamation
Robert Johnson, Deputy Director, Finance and Risk Management
Patrick McGee, Budget Manager, Finance and Risk Management



PIMA COUNTY

FINANCE & RISK MANAGEMENT

MEMORANDUM

Date: May 23, 2019

To: C.H. Huckelberry
County Administrator

From: Michelle Campagne
Finance Director

Thru: Tom Burke
Deputy County Administrator

Re: Regional Wastewater Reclamation Department's Fund Balance as of June 30, 2019

During the Board of Supervisors meeting on May 21, 2019, Supervisor Miller requested additional information on Regional Wastewater Reclamation Department's (RWRD) Fund Balance. Finance and Risk Management has separated RWRD's Fund Balance into two different categories, Spendable and Non-spendable and listed the funds restricted use as applicable.

The Spendable category represents funds that are readily available and can be spent for their restricted or unrestricted purpose. Below is a list of the various restrictions.

- **Debt Proceeds** – These are the debt proceeds received to fund the various capital projects.
- **Debt Service** – These funds are set aside for sewer debt service payments. On a monthly basis, the County transfers one-twelfth of budgeted annual debt service into a reserve account to ensure cash is available for the annual debt service payments.
- **Operating Reserve** – Various debt instruments require the County to maintain a 30 day balance of anticipated operating expenses. Pima County maintains 90 days of anticipated operating expenses in this fund, the remaining 60 days of reserve of cash is designated by management for operating expenses.
- **Emergency Reserve** – In Fiscal Year 2009-2010, the Board of Supervisors established a \$20 million Emergency Reserve Fund. The fund is for unexpected events affecting the ongoing operations of the sewer system.

The Non-spendable category includes amounts that cannot be spent because they are either not in spendable form, such as net investment in capital assets, or are contractually required to be maintained intact.

- **Net Investment in Capital Assets** – This represents the amount spent on capital assets less accumulated depreciation.

- **Debt Service Reserve** – These funds are currently held by a trustee and are set aside for the final debt service payments for the respective debt. Therefore, these funds cannot be spent until certain criteria are met such as the final debt service payment is paid for the particular debt issue.

Fund Balance	June 30, 2019 Amount (in Millions)
Spendable	
Debt Proceeds	\$ 6.0
Debt Service	5.0
Operating Reserve	20.7
Emergency Reserve	20.0
Unrestricted	57.2
Total Spendable	<u>108.9</u>
Non-spendable	
Net Investment in Capital Assets	659.0
Debt Service Reserve	35.7
Total Non-spendable	<u>694.7</u>
Total Estimated Fund Balance	<u>\$ 803.6</u>