

# Sewer System Debt Redemption Fund

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**Managing Bureau:** Bureau of Environmental Services

**Statement of Purpose:** The Sewer System Debt Redemption Fund pays the principal and interest on revenue bonds, notes, and state loans issued to finance sewer system improvements.

**Sources of Revenue:** Revenues earned in the fund include but are not limited to sewer revenue bond proceeds and cash transfers from the SDC subfund of the Sewer System Operating Fund, and interest earnings.

**Contingency Requirements:** Oregon Administrative Rule 150-294.388(7) does not permit contingencies in a debt service fund.

**Reserve Requirements:** The fund contains loan reserves required by the bond covenants of outstanding debt. Typically, the loan agreements require that if reserve falls below the loan reserve requirement, the bureau shall promptly deposit from the first Net Operating Revenues available after the loan payments are due; this would be a cash transfer from the Sewer System Operating Fund.

**Disposition of Funds:** City Code Chapter 5.04.460 states that if any of the funds associated with the Sewer System are dissolved and discontinued, then any remaining balances in that fund shall be transferred to the Sewer System Operating Fund.