

# Fund 400 Sewer Revenue

## Board of Supervisors' Adjustments

*The following funding adjustments reflect all changes to the FY 2005 Advertised Budget Plan, as approved by the Board of Supervisors on April 26, 2004:*

- ◆ The Board of Supervisors made no adjustments to this fund.

### Focus

All availability fees and sewer service charges associated with the Wastewater Management Program are credited to this fund as operating revenues. The total receipts from all revenue sources are used to finance Operation and Maintenance (Fund 401), Debt Service (Fund 403, Sewer Bond Parity Debt Service and Fund 407, Sewer Bond Subordinate Debt Service), and Construction Projects (Fund 402, Sewer Construction Improvements and Fund 408, Sewer Bond Construction) associated with the Wastewater Management Program. Any remaining balance in Fund 400, Sewer Revenue will be used for future year requirements and required reserves.

The Program's Availability Fee and Sewer Service Charge are based on staff analysis and consultant recommendations, and are included in the Forecasted Financial Statement for July 1, 2003 through June 30, 2008.

### Current Availability Fee rates:

Availability Charges are fees charged to new customers for initial access to the system. In FY 2005, Availability Fees will increase from \$5,431 to \$5,621 for single-family homes based on current projections of capital requirements. The Availability Fee rates for all types of units are adjusted based on continued increases in expenses associated with treatment plant upgrades and interjurisdictional payments that result from population growth, more stringent treatment requirements, and inflation. The following table displays the resulting increase by category.

Category	FY 2004 Availability Fee	FY 2005 Availability Fee
Single Family	\$5,431	\$5,621
Townhouses and Apartments	\$4,345	\$4,497
Hotels/Motels	\$1,358	\$1,405
Nonresidential	\$281/fixture unit	\$291/fixture unit

### Current Sewer Service Charge:

Sewer Service Charges are revenues received from existing customers and are used to fully recover program operation and maintenance costs, debt service payments and capital project funding primarily attributable to improving wastewater treatment effluent standards as mandated by State and Federal agencies. The Sewer Service Charge rate will increase from \$3.03 to \$3.20 per 1,000 gallons of water consumption in FY 2005. Based on this rate increase, the additional annual cost to the typical household is anticipated to be \$12.92. Sewer Service Charges are adjusted based on projected capital requirements associated with the renovation and rehabilitation of existing treatment facilities.

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Category	FY 2004 Sewer Service Charge	FY 2005 Sewer Service Charge
Per 1,000 gallons water consumed	\$3.03	\$3.20

The FY 2005 Sewer Service Charge and Availability Fee increases will generate an additional \$5.4 million in revenues to offset the increased costs associated with capital project construction, system operation and maintenance, debt service, and upgrades to effectively meet new, more stringent nitrogen discharge limitations from wastewater treatment plants. The program will also utilize sewer fund balances to partially offset these higher costs. These rate increases are consistent with the recommendations of the Department of Public Works and Environmental Services and the analysis included in the Forecasted Financial Statement for July 1, 2003 through June 30, 2008.

### Availability Fees and Sewer Service Charges from FY 2001 through FY 2008:

Fiscal Year	Availability Fee	Sewer Service Charge Per 1,000 gallons water used
2001	\$4,898	\$2.81
2002	\$5,069	\$2.88
2003	\$5,247	\$2.95
2004	\$5,431	\$3.03
2005	\$5,621	\$3.20
2006	\$5,874	\$3.28
2007	\$6,138	\$3.40
2008	\$6,506	\$3.49

### **Changes to FY 2004 Adopted Budget Plan**

*The following funding adjustments reflect all approved changes in the FY 2004 Revised Budget Plan since passage of the FY 2004 Adopted Budget Plan. Included are all adjustments made as part of the FY 2003 Carryover Review and all other approved changes through December 31, 2003:*

- ◆ At the FY 2003 Carryover Review, the Board of Supervisors approved an increase of \$1,935,362 in Transfers Out to Fund 402, Sewer Construction Improvements primarily for the installation of 14,995 linear feet of sewer line for 70 County properties as recommended by the Health Department to address septic system failures.

*The following funding adjustments reflect all approved changes to the FY 2004 Revised Budget Plan from January 1, 2004 through April 19, 2004. Included are all adjustments made as part of the FY 2004 Third Quarter Review:*

- ◆ At the FY 2004 Third Quarter Review, the Board of Supervisors approved a decrease of \$2,000,000 in Transfers Out to Fund 401, Sewer Operation and Maintenance, based on the actual spending level in Fund 401 and the indication that there is sufficient funding to meet FY 2004 obligations. In addition, Transfers In were increased by \$10,557,328 based on a transfer of \$7,057,328 from Fund 406, Sewer Bond Debt Service Reserve, due to the recall of the 1993 Series Bonds in November 2003 and \$3,500,000 from Fund 408, Sewer Bond Construction, due to available fund balances no longer required for capital projects.

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## FUND STATEMENT

Fund Type G40, Enterprise Funds

Fund 400, Sewer Revenue

	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$173,117,699</b>	<b>\$141,033,768</b>	<b>\$133,848,787</b>	<b>\$57,475,635</b>	<b>\$70,032,963</b>
Revenue:					
Lateral Spur Fees	\$20,400	\$21,000	\$21,000	\$20,000	\$20,000
Sales of Service	7,415,426	7,723,000	7,723,000	8,160,000	8,160,000
Availability Charges	26,781,717	28,810,000	28,810,000	33,429,000	33,429,000
Connection Charges	67,574	79,000	79,000	66,000	66,000
Sewer Service Charges	73,628,271	78,928,000	78,928,000	85,413,000	85,413,000
Delinquent Charges	61,659	56,000	56,000	100,000	100,000
Miscellaneous Revenue	174,511	170,000	170,000	200,000	200,000
Sale Surplus Property	49,604	30,000	30,000	94,000	94,000
Interest on Investments <sup>1</sup>	2,727,857	2,930,684	2,930,684	572,512	572,512
<b>Total Revenue</b>	<b>\$110,927,019</b>	<b>\$118,747,684</b>	<b>\$118,747,684</b>	<b>\$128,054,512</b>	<b>\$128,054,512</b>
Transfers In:					
Sewer Bond Debt Reserve (406)	\$0	\$0	\$7,057,328	\$0	\$0
Sewer Bond Construction (408)	0	0	3,500,000	0	0
<b>Total Transfers In</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,557,328</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Available</b>	<b>\$284,044,718</b>	<b>\$259,781,452</b>	<b>\$263,153,799</b>	<b>\$185,530,147</b>	<b>\$198,087,475</b>
Transfers Out:					
Sewer Operation and Maintenance (401)	\$61,894,958	\$71,640,262	\$69,640,262	\$72,596,080	\$72,596,080
Sewer Construction Improvements (402)	54,171,000	31,534,000	33,469,362	35,495,200	35,495,200
Sewer Bond Parity Debt Service (403)	13,447,108	68,702,004	68,702,004	6,695,912	6,695,912
Sewer Bond Subordinate Debt Service (407)	20,682,865	21,309,208	21,309,208	21,672,619	21,672,619
Sewer Bond Construction (408)	0	0	0	0	0
<b>Total Transfers Out</b>	<b>\$150,195,931</b>	<b>\$193,185,474</b>	<b>\$193,120,836</b>	<b>\$136,459,811</b>	<b>\$136,459,811</b>
<b>Total Disbursements</b>	<b>\$150,195,931</b>	<b>\$193,185,474</b>	<b>\$193,120,836</b>	<b>\$136,459,811</b>	<b>\$136,459,811</b>
<b>Ending Balance <sup>2</sup></b>	<b>\$133,848,787</b>	<b>\$66,595,978</b>	<b>\$70,032,963</b>	<b>\$49,070,336</b>	<b>\$61,627,664</b>
Management Reserves:					
Operating and Maintenance Reserve <sup>3</sup>	\$16,812,237	\$17,898,634	\$17,898,634	\$18,703,022	\$18,703,022
Nitrification Reserve <sup>4</sup>	1,250,000	250,000	250,000	0	0
Future Debt Reserve <sup>5</sup>	4,056,000	3,277,000	3,277,000	2,497,000	2,497,000
<b>Total Reserves</b>	<b>\$22,118,237</b>	<b>\$21,425,634</b>	<b>\$21,425,634</b>	<b>\$21,200,022</b>	<b>\$21,200,022</b>
<b>Unreserved Balance</b>	<b>\$111,730,550</b>	<b>\$45,170,344</b>	<b>\$48,607,329</b>	<b>\$27,870,314</b>	<b>\$40,427,642</b>

## Fund 400 Sewer Revenue

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<sup>1</sup> In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$224,434 has been reflected as an increase to FY 2003 revenues to properly record accrued interest. The audit adjustment has been included in the FY 2003 Comprehensive Annual Financial Report (CAFR). Details of the FY 2003 audit adjustments were included in the FY 2004 Third Quarter Package.

<sup>2</sup> The Wastewater Management Program maintains fund balances at adequate levels relative to projected debt service requirements, operation and maintenance expenses, and capital improvements. These costs change annually and funding for sewer projects is carried forward each fiscal year; therefore, ending balances fluctuate, reflecting the carryover of these funds.

<sup>3</sup> The Operating and Maintenance Reserve was established to provide funding to offset expenses associated with sewer system emergencies occurring within Fund 401, Sewer Operation and Maintenance.

<sup>4</sup> The Nitrification Reserve was established to offset expenses occurring in Fund 402, Sewer Construction Improvements, associated with the nitrogen discharge upgrades at the Arlington Wastewater Treatment Plant. No funding is required in FY 2005 since all future nitrification expenses will be appropriated in Fund 402, Sewer Construction Improvements.

<sup>5</sup> The Future Debt Reserve was established in anticipation of debt service reserve requirements for future treatment plant issues.