

Fund 400 Sewer Revenue

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2006 Advertised Budget Plan, as approved by the Board of Supervisors on April 25, 2005:

- ◆ 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, 2004 through June 30, 2009.

Current Availability Fee Rates:

Availability Charges are fees charged to new customers for initial access to the system. In FY 2006, Availability Fees will increase from \$5,621 to \$5,874 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 2005 Availability Fee	FY 2006 Availability Fee
Single Family	\$5,621	\$5,874
Townhouses and Apartments	\$4,497	\$4,699
Hotels/Motels	\$1,406	\$1,469
Nonresidential	\$291/fixture unit	\$304/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 \$3.20 to \$3.28 per 1,000 gallons of water consumption in FY 2006. Based on this rate increase, the additional annual cost to the typical household is anticipated to be \$6.08. Sewer Service Charges are adjusted based on projected capital requirements associated with the renovation and rehabilitation of existing treatment facilities. It should be noted that FY 2007 - FY 2009 sewer service charges were revised from last year's forecasted financial statement and was presented to the Board of Supervisors as part of the FY 2006 Advertised Budget Plan.

Fund 400 Sewer Revenue

Category	FY 2005 Sewer Service Charge	FY 2006 Sewer Service Charge
Per 1,000 gallons water consumed	\$3.20	\$3.28

The FY 2006 Sewer Service Charge and Availability Fee increases will generate an additional \$4.1 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 FY 2006 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, 2004 through June 30, 2009.

Availability Fees and Sewer Service Charges from FY 2002 through FY 2009:

Fiscal Year	Availability Fee	Sewer Service Charge Per 1,000 gallons water used
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	\$3.45
2008	\$6,506	\$3.62
2009	\$6,896	\$3.80

Changes to FY 2005 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2005 Revised Budget Plan since passage of the FY 2005 Adopted Budget Plan. Included are all adjustments made as part of the FY 2004 Carryover Review and all other approved changes through December 31, 2004:

- ◆ There have been no revisions to this agency since approval of the FY 2005 Adopted Budget Plan.

The following funding adjustments reflect all approved changes to the FY 2005 Revised Budget Plan from January 1, 2005 through April 18, 2005. Included are all adjustments made as part of the FY 2005 Third Quarter Review:

- ◆ At the FY 2005 Third Quarter Review, the Board of Supervisors approved an increase of \$794,620 in Transfers Out to Fund 403, Sewer Bond Parity Debt Service to reflect one-time refunding costs associated with the refunding of the 1996 Series Revenue Bonds in 2004. In addition, Transfers In were increased by \$9,500,000 due to the completion of Project N00322, Lower Potomac 67 MGD in Fund 408, Sewer Bond Construction. This funding will ensure that the Wastewater Management Program has an adequate cash balance for future system requirements in other sewer funds.

Fund 400 Sewer Revenue

FUND STATEMENT

Fund Type G40, Enterprise Funds

Fund 400, Sewer Revenue

	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Beginning Balance	\$133,848,787	\$70,032,963	\$70,329,786	\$61,924,487	\$70,629,867
Revenue:					
Lateral Spur Fees	\$32,400	\$20,000	\$20,000	\$20,000	\$20,000
Sales of Service	7,356,655	8,160,000	8,160,000	8,236,000	8,236,000
Availability Charges	33,772,123	33,429,000	33,429,000	35,210,000	35,210,000
Connection Charges	79,788	66,000	66,000	75,000	75,000
Sewer Service Charges	75,939,084	85,413,000	85,413,000	88,630,000	88,630,000
Delinquent Charges	25,426	100,000	100,000	50,000	50,000
Miscellaneous Revenue	99,459	200,000	200,000	150,000	150,000
Sale Surplus Property	51,019	94,000	94,000	90,000	90,000
Federal Aid ¹	117,163	0	0	0	0
Interest on Investments ²	1,571,390	572,512	572,512	1,052,717	1,052,717
Total Revenue	\$119,044,507	\$128,054,512	\$128,054,512	\$133,513,717	\$133,513,717
Transfers In:					
Sewer Bond Debt Reserve (406)	\$7,057,328	\$0	\$0	\$0	\$0
Sewer Bond Construction (408)	3,500,000	0	9,500,000	0	0
Total Transfers In	\$10,557,328	\$0	\$9,500,000	\$0	\$0
Total Available	\$263,450,622	\$198,087,475	\$207,884,298	\$195,438,204	\$204,143,584
Transfers Out:					
Sewer Operation and Maintenance (401)	\$69,640,262	\$72,596,080	\$72,596,080	\$74,565,928	\$74,565,928
Sewer Construction Improvements (402)	33,469,362	35,495,200	35,495,200	45,807,900	45,807,900
Sewer Bond Parity Debt Service (403)	68,702,004	6,695,912	7,490,532	6,720,045	6,720,045
Sewer Bond Subordinate Debt Service (407)	21,309,208	21,672,619	21,672,619	21,508,899	21,508,899
Sewer Bond Construction (408)	0	0	0	0	0
Total Transfers Out	\$193,120,836	\$136,459,811	\$137,254,431	\$148,602,772	\$148,602,772
Total Disbursements	\$193,120,836	\$136,459,811	\$137,254,431	\$148,602,772	\$148,602,772
Ending Balance³	\$70,329,786	\$61,627,664	\$70,629,867	\$46,835,432	\$55,540,812
Management Reserves:					
Operating and Maintenance Reserve ⁴	\$17,898,634	\$18,703,022	\$18,703,022	\$18,840,955	\$18,840,955
Nitrification Reserve ⁵	250,000	0	0	0	0
Future Debt Reserve ⁶	3,277,000	2,497,000	2,497,000	1,718,000	1,718,000
Total Reserves	\$21,425,634	\$21,200,022	\$21,200,022	\$20,558,955	\$20,558,955
Unreserved Balance	\$48,904,152	\$40,427,642	\$49,429,845	\$26,276,477	\$34,981,857

Fund 400

Sewer Revenue

¹ Represents federal aid received for the reimbursement of Hurricane Isabel expenses in FY 2004.

² In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$230,632 has been reflected as an increase to FY 2004 revenues to properly record accrued interest. The audit adjustment has been included in the FY 2004 Comprehensive Annual Financial Report (CAFR). Details of the FY 2004 audit adjustments were included in the FY 2005 Third Quarter Package.

³ 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.

⁴ 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.

⁵ 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. Beginning in FY 2005, no funding is required since all future nitrification expenses were appropriated in Fund 402, Sewer Construction Improvements.

⁶ The Future Debt Reserve was established in anticipation of debt service reserve requirements for future treatment plant issues.