Fund 407
Sewer Bond Subordinate Debt Service

Focus

Fund 407, Sewer Bond Subordinate Debt Service, provides debt service funding for the Upper Occoquan Sewage Authority (UOSA) Bond Series and the Virginia Resources Authority (VRA) loans. The UOSA Bond Series is based on the County's portion of the UOSA plant expansion from 27.0 million gallons per day (mgd) to 54.0 mgd. Two low-interest VRA loans from the State Revolving Fund Program were used to fund the County's share of construction costs for the Alexandria Sanitation Authority treatment plant upgrade for ammonia removal as required by the State Water Control Board.

All debt service payments are supported by Sewer System Revenues through a transfer from Fund 400, Sewer Revenue. Pursuant to the Sewer Bond resolution and respective agreements, these debt obligations are subordinate to the County's Sewer Revenue Bonds and therefore, the payments are made from this fund.

Funding in the amount of $26,724,284 will provide for the FY 2012 principal and interest requirements, including an amount of $20,087,212 for the UOSA plant requirements, and $6,637,072 for the VRA debt requirements. UOSA debt is structured so that no principal payments are made during the construction phase of the project. Interest is capitalized and principal payments begin once construction is substantially complete.

The following table identifies the payments required in FY 2012.

	Principal	Interest	Total
UOSA PLANT EXPANSION:			
1995A	$0	$1,568,697	$1,568,697
2003	2,160,827	1,332,299	3,493,126
2004	4,444,992	931,948	5,376,940
2005	0	2,660,060	2,660,060
2007A	0	2,621,743	2,621,743
2007B	0	2,552,749	2,552,749
2010	0	1,813,897	1,813,897
Subtotal – UOSA	**$6,605,819**	**$13,481,393**	**$20,087,212**
VRA DEBT PAYMENTS:			
FY 2001 VRA Loan	$2,019,232	$980,052	$2,999,284
FY 2002 VRA Loan	2,440,070	1,197,718	3,637,788
Subtotal – VRA	**$4,459,302**	**$2,177,770**	**$6,637,072**
Total	**$11,065,121**	**$15,659,163**	**$26,724,284**

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Changes to FY 2011 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2011 Revised Budget Plan since passage of the FY 2011 Adopted Budget Plan. Included are all adjustments made as part of the FY 2010 Carryover Review, FY 2011 Third Quarter Review, and all other approved changes through April 12, 2011:

- There have been no revisions to this fund since approval of the FY 2011 Adopted Budget Plan.

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FUND STATEMENT

Fund Type G40, Enterprise Funds **Fund 407, Sewer Bond Subordinate Debt Service**

	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2012 Advertised Budget Plan	FY 2012 Adopted Budget Plan
Beginning Balance	**$1,490,263**	**$1,456,872**	**$1,510,452**	**$1,090,660**	**$1,099,712**
Transfer In:					
Sewer Revenue (400)	$24,300,000	$24,500,000	$24,500,000	$25,633,624	$25,633,624
Total Transfer In	$24,300,000	$24,500,000	$24,500,000	$25,633,624	$25,633,624
Total Available	**$25,790,263**	**$25,956,872**	**$26,010,452**	**$26,724,284**	**$26,733,336**
Expenditures:					
Principal Payment[1]	$9,546,810	10,581,593	$10,581,593	$11,065,121	$11,065,121
Interest Payment[1]	14,733,001	14,329,147	14,329,147	15,659,163	15,659,163
Total Expenditures[2]	$24,279,811	$24,910,740	$24,910,740	$26,724,284	$26,724,284
Total Disbursements	**$24,279,811**	**$24,910,740**	**$24,910,740**	**$26,724,284**	**$26,724,284**
Ending Balance[3]	**$1,510,452**	**$1,046,132**	**$1,099,712**	**$0**	**$9,052**

[1] The bond principal and interest payments are shown here as expenditures. However, for accounting purposes, the Comprehensive Annual Financial Report will show these disbursements as "Construction in Progress" to be capitalized.

[2] In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of $9,052.00 has been reflected as a decrease to FY 2010 expenditures due to expenditure accruals. The audit adjustment has been included in the FY 2010 Comprehensive Annual Financial Report (CAFR). Details of the FY 2010 audit adjustment were included in the FY 2011 Third Quarter Package.

[3] The Wastewater Management Program maintains fund balances at adequate levels relative to projected debt service requirements. These costs change annually and therefore, fund balances fluctuate from year to year based on actual debt service requirements.