

Fund 407

Sewer Bond Subordinate Debt Service

FY 2008 Adopted Budget Plan	
Fund 407, Sewer Bond Subordinate Debt Service	
Total Expenditures:	\$21,923,527
Revenue:	
General Fund Support	\$0
Bond Revenue	\$0
Other Revenue	\$21,923,527
Total Revenue	\$21,923,527

Note: All expenditures in sewer operations and maintenance are supported by a Transfer In from the Sewer Revenue Fund.

► Summary of Program

Sewer Bond Subordinate Debt Service Fund provides debt service funding for the Upper Occoquan Sewage Authority (UOSA) Bond Series based on the County's portion of the plant expansion to 54 million gallons per day (mgd) pursuant to the Sewer Bond Resolution and the UOSA service agreement. The County's obligations to UOSA are subordinate to the County's Sewer Revenue Bonds. The Subordinate Debt Service Fund also provides debt service funding for two subordinated sewer revenue bonds, to the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority (VRA) for capital funding support based on the County's portion of improvements at the Alexandria Sanitation Authority Wastewater Treatment Plant..

There are 5 revenue bonds outstanding: In January 1993, UOSA, a joint venture, issued \$63,310,000 of Regional Sewer System Revenue Refunding Bonds to refund certain outstanding bonds that had been issued to refund earlier bonds. In January 1995, UOSA issued \$288,600,000 of Regional Sewer System Revenue Bonds to finance the cost of expanding the capacity of its wastewater treatment facilities from 32 (mgd) to 54 (mgd) and \$42,260,000 of Regional Sewer System Revenue Refunding Bonds to refund certain outstanding bonds that had been issued to finance a prior expansion. On December 15, 2003, UOSA issued \$58,150,000 of Regional Sewer System Revenue Refunding Bonds, of which the System's share is \$36,848,116, to advance refund the outstanding Series 1993 bonds, resulting in a \$1,514,494 accounting gain, which is being amortized over the life of the Series 2003 Bonds. On November 9, 2004, UOSA issued \$49,395,000 of Regional Sewer System Revenue Refunding Bonds, of which the System's share is \$31,866,527, to advance refund a portion of the outstanding Series 1995 Bonds, resulting in a \$619,329 accounting gain, which is being amortized over the life of the Series 2004 Bonds. On July 1, 2005, UOSA issued \$82,465,000 of Regional Sewer System Revenue Refunding Bonds, of which the System's share is \$53,201,198, to advance refund another portion of the outstanding Series 1995 Bonds, resulting in a \$1,909,604 accounting gain, which is being amortized over the life of the Series 2005 Bonds. In February of 2007, UOSA issued \$90,315,000 of Regional Sewer System Revenue Refunding Bonds, of which the System's share is 58,265,521, to advance refund a another portion of the outstanding Series 1995 Bonds, resulting in a \$83,868 accounting loss, which is being amortized over the life of the Series 2007 Bonds. The System's share of UOSA's total outstanding debt at June 30, 2007, is \$209,858,982, and it is subordinate to the sewer revenue bonds issued by the System.

Fund 407

Sewer Bond Subordinate Debt Service

In June 2001 and June 2002, the System issued 20-year subordinated sewer revenue bonds in the amounts of \$40,000,000 and \$50,000,000, respectively, to the Virginia Water Facilities Revolving Fund, acting by and through the VRA. The proceeds have been used to finance a portion of the System's share of the expansion and upgrade costs of the Alexandria Sanitation Authority's wastewater treatment facilities, which provide service to certain County residents. These bonds bear interest rates of 4.10 percent per annum and 3.75 percent per annum, respectively, and require semi-annual debt service payments of \$1,499,642 and \$1,818,894, respectively. These bonds are subordinated to all outstanding prior bond issues of the System and payments for operation and maintenance expenses.

► Funding Availability and Future Considerations

Funds are made available through the transfer of funds from Fund 400, Sewer Revenue. Transfers are based on the debt service schedule established by the UOSA and VRA Bond series.

► Status of Program

The two VRA bond series will be paid off by 2022.; the current UOSA bond series will be paid off by 2029. However, additional bond issuances are being considered by UOSA, which will increase the amount of future debt service payments as well as extend payments beyond 2029.

► Mandate Information

There is no federal or state mandate for this LOB.