

FUND STATEMENT

Fund Type G10, Special Revenue Funds

Fund 112, Energy/Resource Recovery Facility (E/RRF)

| | FY 2011 Estimate | FY 2011 Actual | Increase (Decrease) (Col. 2-1) | FY 2012 Adopted Budget Plan | FY 2012 Revised Budget Plan | Increase (Decrease) (Col. 5-4) |
|---|---------------------|---------------------|--------------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|
| Beginning Balance | \$21,578,204 | \$21,578,204 | \$0 | \$21,776,758 | \$22,543,956 | \$767,198 |
| Revenue: | | | | | | |
| Disposal Revenue | \$31,514,056 | \$28,242,949 | (\$3,271,107) | \$31,191,182 | \$31,191,182 | \$0 |
| Other Revenue: | | | | | | |
| Interest on Investments | 218,508 | 86,247 | (132,261) | 357,067 | 357,067 | 0 |
| Miscellaneous ¹ | 500,000 | 412,102 | (87,898) | 500,000 | 500,000 | 0 |
| Subtotal Other Revenue | \$718,508 | \$498,349 | (\$220,159) | \$857,067 | \$857,067 | \$0 |
| Total Revenue | \$32,232,564 | \$28,741,298 | (\$3,491,266) | \$32,048,249 | \$32,048,249 | \$0 |
| Transfers In: | | | | | | |
| General Fund (001) ² | \$1,745,506 | \$1,745,506 | \$0 | \$0 | \$0 | \$0 |
| Total Transfers In | \$1,745,506 | \$1,745,506 | \$0 | \$0 | \$0 | \$0 |
| Total Available | \$55,556,274 | \$52,065,008 | (\$3,491,266) | \$53,825,007 | \$54,592,205 | \$767,198 |
| Expenditures: | | | | | | |
| Personnel Services | \$792,811 | \$793,569 | \$758 | \$736,968 | \$745,604 | \$8,636 |
| Operating Expenses ³ | 32,950,205 | 28,727,483 | (4,222,722) | 17,406,345 | 18,212,134 | 805,789 |
| Capital Equipment | 36,500 | 0 | (36,500) | 0 | 31,108 | 31,108 |
| Total Expenditures | \$33,779,516 | \$29,521,052 | (\$4,258,464) | \$18,143,313 | \$18,988,846 | \$845,533 |
| Total Disbursements | \$33,779,516 | \$29,521,052 | (\$4,258,464) | \$18,143,313 | \$18,988,846 | \$845,533 |
| Ending Balance* | \$21,776,758 | \$22,543,956 | \$767,198 | \$35,681,694 | \$35,603,359 | (\$78,335) |
| Tipping Fee Reserve ⁵ | \$1,500,000 | \$1,500,000 | \$0 | \$1,500,000 | \$1,500,000 | \$0 |
| Rate Stabilization Reserve ⁶ | 10,000,000 | 11,043,956 | 1,043,956 | 24,181,694 | 24,103,359 | (78,335) |
| Operations and Maintenance Reserve ⁷ | 10,276,758 | 10,000,000 | (276,758) | 10,000,000 | 10,000,000 | 0 |
| Unreserved Ending Balance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Disposal Rate/Ton | \$29/ton | \$29/ton | \$0/ton | \$29/ton | \$29/ton | \$0/ton |

¹ Miscellaneous Revenue is primarily generated by the excess amount that Covanta Fairfax, Inc. (CFI) charges for the disposal of Supplemental Waste.

² The General Fund Transfer offsets Covanta's tax liability to Fairfax County. An expenditure increase and the offsetting General Fund Transfer were funded for FY 2011 as part of the FY 2010 Carryover Review. This is not being continued in FY 2012.

³ In FY 2012, payments to Covanta Fairfax are significantly reduced due to construction bonds being paid off in FY 2011.

⁴ Ending balance fluctuations are a result of operating and revenue requirements that change annually. Funding is carried forward each fiscal year to provide flexibility given the uncertainty of market conditions, tipping fee negotiations, and expenditure requirements.

⁵ The Tipping Fee Reserve is used to buffer against sharp annual changes in tip fees. Potential changes could result from issues such as tax changes regarding energy sales, power deregulation, state or EPA environmental fees, and/or contract changes.

⁶ The Rate Stabilization Reserve (RSR) is used to buffer against a long term adjustment to tip fees. It should be noted that the long-term arrangement for solid waste disposal has not yet been determined. The current disposal arrangement with Covanta extends until 2016. Other long term options include the extension of the current agreement for use of the ERRF or pursuit of alternate disposal options. The FY 2012 budget was prepared assuming the current contract arrangement which provides for a below market disposal rate through 2016. Extending the current agreement or use of alternate disposal arrangements may result in a significant increase in disposal fees (up to 175 percent), once the current agreement expires. In order to buffer the impact to customers if a transition to market rates occurs in 2016, the disposal fee is being kept at its current rate, with savings generated being transferred to the RSR for future use. This is what is causing the substantial increase in the RSR balance between FY 2011 and FY 2012.

⁷ The Operations and Maintenance Reserve is maintained for ongoing improvements and enhancements to the E/RRF including emissions control efforts. Future projects may include additional retrofits to the air pollution control systems for reductions in nitrogen oxides. The reserve will fund the County's share of the initial capital expenditures on the improvements.