

FUND STATEMENT

Fund Type G40, Enterprise Funds

Fund 400, Sewer Revenue

	FY 2011 Actual	FY 2012 Adopted Budget Plan	FY 2012 Revised Budget Plan	FY 2012 Third Quarter Estimate	Increase (Decrease) (Col. 5-4)
Beginning Balance	\$86,560,787	\$88,525,787	\$96,393,648	\$96,393,648	\$0
Revenue:					
Lateral Spur Fees	\$30,600	\$10,000	\$10,000	\$10,000	\$0
Sales of Service	8,534,911	9,500,000	9,500,000	9,500,000	0
Availability Charges	11,583,202	10,000,000	10,000,000	28,000,000	18,000,000
Connection Charges	45,194	30,000	30,000	30,000	0
Sewer Service Charges	133,656,492	143,383,500	143,383,500	149,148,866	5,765,366
Miscellaneous Revenue	268,316	150,000	150,000	150,000	0
Sale Surplus Property	14,748	30,000	30,000	30,000	0
Interest on Investments	749,398	900,000	900,000	900,000	0
Total Revenue ¹	\$154,882,861	\$164,003,500	\$164,003,500	\$187,768,866	\$23,765,366
Total Available	\$241,443,648	\$252,529,287	\$260,397,148	\$284,162,514	\$23,765,366
Transfers Out:					
Sewer Operation and Maintenance (401)	\$73,400,000	\$78,000,000	\$86,000,000	\$86,000,000	\$0
Sewer Construction Improvements (402)	24,500,000	29,000,000	29,000,000	29,000,000	0
Sewer Bond Parity Debt Service (403)	22,650,000	25,554,960	25,554,960	25,554,960	0
Sewer Bond Subordinate Debt Service (407)	24,500,000	25,633,624	25,633,624	25,633,624	0
Total Transfers Out	\$145,050,000	\$158,188,584	\$166,188,584	\$166,188,584	\$0
Total Disbursements	\$145,050,000	\$158,188,584	\$166,188,584	\$166,188,584	\$0
Ending Balance ²	\$96,393,648	\$94,340,703	\$94,208,564	\$117,973,930	\$23,765,366
Management Reserves:					
Operating and Maintenance Reserve ³	\$45,000,000	\$40,000,000	\$45,000,000	\$45,000,000	\$0
New Customer Reserve ⁴	23,000,000	23,000,000	23,000,000	23,000,000	0
Virginia Resource Authority Reserve ⁵	6,637,072	6,637,072	6,637,072	6,637,072	0
Capital Reinvestment Reserve ⁶	0	0	0	23,000,000	23,000,000
Total Reserves	\$74,637,072	\$69,637,072	\$74,637,072	\$97,637,072	\$23,000,000
Unreserved Balance	\$21,756,576	\$24,703,631	\$19,571,492	\$20,336,858	\$765,366

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$1,656.00 has been reflected as an increase to FY 2011 revenue to reflect earned interest in the appropriate fiscal year. The audit adjustment has been included in the FY 2011 Comprehensive Annual Financial Report (CAFR). Details of the audit adjustments are included in the FY 2012 Third Quarter package.

² The Wastewater Management Program maintains fund balances at adequate levels relative to projected debt service requirements, operation and maintenance expenses and capital improvements.

³ The Operating and Maintenance Reserve provides for unforeseen expenses associated with sewer system emergencies. This reserve is targeted to be maintained at a level between \$25 and \$45 million. This level of reserve is based on industry practice to maintain existing customer reserves at a level which can support 30 and 180 days of working capital and approximately 50 percent of one year's requirements for rehabilitation and replacement of the current system's assets.

⁴ The New Customer Reserve provides for debt service and administrative expenses associated with new customer debt, until such time as adjustments to availability charges can be accommodated. This reserve is targeted to be maintained at approximately \$22 to \$23 million. This level of reserve is based on payment expenses associated with one year of debt service and administrative expenses associated with new customer debt.

⁵ The Virginia Resource Authority Reserve was established in anticipation of debt service reserve requirements for Virginia Resource Authority loans related to future treatment plant issues.

⁶ The Capital Reinvestment Reserve is intended to address both anticipated and unanticipated increases within the Capital Improvement Program. This reserve will provide for significant rehabilitation and replacement of emergency infrastructure repairs as well as fluctuations in project scope requirements. It is anticipated that this reserve will eventually reach an amount which is 3.0 percent of the total five year capital funding plan or approximately \$30,000,000. A reserve of 3.0 percent of the five year capital plan is consistent with other with other utilities and is recommended by rating agencies.