

FUND STATEMENT

Fund 69000, Sewer Revenue

	FY 2012 Actual	FY 2013 Adopted Budget Plan	FY 2013 Revised Budget Plan	FY 2013 Third Quarter Estimate	Increase (Decrease) (Col. 5-4)
Beginning Balance	\$96,393,648	\$117,973,930	\$119,542,939	\$119,542,939	\$0
Revenue:					
Lateral Spur Fees	\$87,000	\$10,000	\$10,000	\$10,000	\$0
Sales of Service	10,544,496	8,929,364	8,929,364	8,929,364	0
Availability Charges	28,959,575	12,927,000	12,927,000	12,927,000	0
Connection Charges	125,430	30,000	30,000	30,000	0
Sewer Service Charges	148,891,691	161,767,000	161,767,000	161,767,000	0
Miscellaneous Revenue	323,720	150,000	150,000	150,000	0
Sale Surplus Property	30,527	30,000	30,000	30,000	0
Interest on Investments ¹	375,436	748,000	748,000	748,000	0
Total Revenue	\$189,337,875	\$184,591,364	\$184,591,364	\$184,591,364	\$0
Total Available	\$285,731,523	\$302,565,294	\$304,134,303	\$304,134,303	\$0
Transfers Out:					
Sewer Operation and Maintenance (69010)	\$86,000,000	\$93,750,000	\$93,750,000	\$93,750,000	\$0
Sewer Bond Parity Debt Service (69020)	25,554,960	21,000,000	21,000,000	21,000,000	0
Sewer Bond Subordinate Debt Service (69040)	25,633,624	27,000,000	27,000,000	27,000,000	0
Sewer Construction Improvements (69300)	29,000,000	30,000,000	30,000,000	30,000,000	0
Total Transfers Out	\$166,188,584	\$171,750,000	\$171,750,000	\$171,750,000	\$0
Total Disbursements	\$166,188,584	\$171,750,000	\$171,750,000	\$171,750,000	\$0
Ending Balance²	\$119,542,939	\$130,815,294	\$132,384,303	\$132,384,303	\$0
Management Reserves:					
Operating and Maintenance Reserve ³	\$45,000,000	\$45,000,000	\$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	23,000,000	29,500,000	29,500,000	29,500,000	0
Total Reserves	\$97,637,072	\$104,137,072	\$104,137,072	\$104,137,072	\$0
Unreserved Balance	\$21,905,867	\$26,678,222	\$28,247,231	\$28,247,231	\$0

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$52,680.21 has been reflected as a decrease to FY 2012 revenue to reflect earned interest in the appropriate fiscal year. This audit adjustment has been included in the FY 2012 Comprehensive Annual Financial Report (CAFR). Details of the audit adjustment are included in the FY 2013 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.