

FUND STATEMENT

Fund 40160, Energy/Resource Recovery Facility (E/RRF)¹

	FY 2017 Actual	FY 2018 Adopted Budget Plan	FY 2018 Revised Budget Plan	FY 2018 Third Quarter Estimate	Increase (Decrease) (Col. 5-4)
Beginning Balance	\$65,768,001	\$0	\$0	\$0	\$0
Revenue:					
Disposal Revenue ²	\$13,017,822	\$0	\$0	\$0	\$0
Interest on Investments	349,576	0	0	0	0
Miscellaneous ³	0	0	0	0	0
Total Revenue	\$13,367,398	\$0	\$0	\$0	\$0
Total Available	\$79,135,399	\$0	\$0	\$0	\$0
Expenditures:					
Personnel Services	\$823,018	\$0	\$0	\$0	\$0
Operating Expenses ⁴	25,866,071	0	0	0	0
Total Expenditures	\$26,689,089	\$0	\$0	\$0	\$0
Transfers Out:					
General Fund (10001) ⁵	\$49,000	\$0	\$0	\$0	\$0
Total Transfers Out:	\$49,000	\$0	\$0	\$0	\$0
Total Disbursements	\$26,738,089	\$0	\$0	\$0	\$0
Ending Balance⁶	\$52,397,310	\$0	\$0	\$0	\$0
Tipping Fee Reserve ⁷	\$0	\$0	\$0	\$0	\$0
Rate Stabilization Reserve ⁸	44,397,310	0	0	0	0
Operations and Maintenance Reserve ⁹	8,000,000	0	0	0	0
Unreserved Ending Balance	\$0	\$0	\$0	\$0	\$0
Disposal Rate/Ton	\$29	\$0	\$0	\$0	\$0

¹ As part of the FY 2018 Adopted Budget Plan, Fund 40160, Energy/Resource Recovery Facility, is being consolidated into Fund 40150, Refuse Disposal, as a result of a reorganization designed to generate efficiencies, maximize operational effectiveness and increase financial transparency. Fund 40160, as part of the Service Agreement, was originally created to manage the unique agreements between Fairfax County and Covanta Fairfax, Inc. These agreements included the County's obligations to maintain the debt service payments issued to fund the original construction of the refuse incineration facility operated by Covanta. The bonds and debt service payments have been retired for several years and the County entered into a new contract with Covanta that became effective on February 2, 2016. This contract is a fee-for-service agreement and is no longer associated with debt service obligations and commitments on the part of the County to contribute to operating and maintenance expenses and capital upgrades at the Covanta facility. Fairfax County's legal and financial requirements under the Service Agreement to Covanta Fairfax, Inc. have been met. Fund 40160 is no longer necessary to pay the contract expenses for waste disposal.

² The decrease in FY 2017 revenue reflected lower disposal tonnage associated with the new Waste Disposal Agreement (WDA). The fund absorbed the reduction through use of available balance.

³ Miscellaneous revenue was generated by the excess amount that Covanta Fairfax, Inc. (CFI) charged for the disposal of Supplemental Waste.

⁴ Operating Expenses increased in FY 2016 as a result of the new Waste Disposal Agreement. In addition, Operating Expenses were increased as part of the *FY 2017 Third Quarter Review* to support projected increases in transportation and disposal costs associated with the February 2, 2017 fire at the Covanta facility.

⁵ FY 2017 funding in the amount of \$49,000 was transferred to the General Fund to partially offset central support services supported by the General Fund, which benefit Fund 40160. These indirect costs include support services such as Human Resources, Purchasing, Budget and other administrative services.

⁶ Ending balance fluctuations were a result of operating and revenue requirements that changed annually. Funding was carried forward each fiscal year to provide flexibility given the uncertainty of market conditions, tipping fee negotiations, and expenditure requirements.

⁷ The Tipping Fee Reserve was used to buffer against sharp annual changes in tipping 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. In FY 2017, the remaining balance in this reserve was redirected to the Rate Stabilization Reserve to help address the new Waste Disposal Agreement.

⁸ The Rate Stabilization Reserve (RSR) was maintained in order to safeguard against significant increases in tipping fees charged to users of the E/RRF. Starting in FY 2018, this reserve will be part of the consolidated Fund 40150, Refuse Disposal.

⁹ The Operations and Maintenance Reserve was maintained for ongoing improvements and enhancements to the E/RRF, including emissions control efforts.