

Fund 69000: Sewer Revenue

FUND STATEMENT

Category	FY 2020 Estimate	FY 2020 Actual	Increase (Decrease) (Col. 2-1)	FY 2021 Adopted Budget Plan	FY 2021 Revised Budget Plan	Increase (Decrease) (Col. 5-4)
Beginning Balance	\$108,685,073	\$108,685,073	\$0	\$115,107,774	\$121,353,571	\$6,245,797
Revenue:						
Lateral Spur Fees	\$16,911	\$11,400	(\$5,511)	\$17,020	\$17,020	\$0
Water Reuse Charges	164,606	282,065	117,459	164,606	164,606	0
Sales of Service	9,042,552	8,350,798	(691,754)	10,000,620	10,000,620	0
Availability Charges ¹	15,887,138	22,180,963	6,293,825	1,869	12,000,000	11,998,131
Connection Charges	34,425	580,558	546,133	34,648	34,648	0
Sewer Service Charges ²	209,182,463	207,678,564	(1,503,899)	188,174,662	198,174,662	10,000,000
Miscellaneous Revenue	664,606	473,248	(191,358)	829,212	829,212	0
Sale Surplus Property	100,000	69,981	(30,019)	100,000	100,000	0
Interest on Investments	650,000	2,360,921	1,710,921	650,000	650,000	0
Total Revenue	\$235,742,701	\$241,988,498	\$6,245,797	\$199,972,637	\$221,970,768	\$21,998,131
Total Available	\$344,427,774	\$350,673,571	\$6,245,797	\$315,080,411	\$343,324,339	\$28,243,928
Transfers Out:						
Sewer Operation and Maintenance (69010)	\$109,220,000	\$109,220,000	\$0	\$109,250,000	\$109,250,000	\$0
Sewer Bond Parity Debt Service (69020)	23,100,000	23,100,000	0	31,000,000	31,000,000	0
Sewer Bond Subordinate Debt Service (69040)	22,000,000	22,000,000	0	25,100,000	25,100,000	0
Sewer Construction Improvements (69300) ³	75,000,000	75,000,000	0	65,000,000	77,000,000	12,000,000
Total Transfers Out	\$229,320,000	\$229,320,000	\$0	\$230,350,000	\$242,350,000	\$12,000,000
Total Disbursements	\$229,320,000	\$229,320,000	\$0	\$230,350,000	\$242,350,000	\$12,000,000
Ending Balance⁴	\$115,107,774	\$121,353,571	\$6,245,797	\$84,730,411	\$100,974,339	\$16,243,928
Management Reserves:						
Operating and Maintenance Reserve ⁵	\$45,000,000	\$45,000,000	\$0	\$30,000,000	\$45,000,000	\$15,000,000
New Customer Reserve ⁶	30,000,000	30,000,000	0	30,000,000	30,000,000	0
Virginia Resource Authority Reserve ⁷	5,974,892	5,974,892	0	5,974,892	5,974,892	0
Capital Reinvestment Reserve ⁸	34,132,882	40,378,679	6,245,797	18,755,519	19,999,447	1,243,928
Total Reserves	\$115,107,774	\$121,353,571	\$6,245,797	\$84,730,411	\$100,974,339	\$16,243,928
Unreserved Balance	\$0	\$0	\$0	\$0	\$0	\$0

¹ As part of the FY 2021 Adopted Budget Plan, the County assumed a minimal amount of Availability Fee revenue as a result of the COVID-19 pandemic. Updated data for the final quarter of FY 2020 noted an average of \$2.5 million per month. The \$12.0 million figure for the FY 2021 Revised Budget Plan assumes a conservative \$1.0 million in fee revenue per month. Historically, the minimum annual availability fee revenue collected over the past 20 years was \$10.7 million in FY 2010 at lower fee levels.

² As part of the FY 2021 Adopted Budget Plan, the County assumed a 5 percent decline in revenues for delinquent payments as a result of the COVID-19 pandemic. Updated data through June 2020 indicates delinquent payments to be immaterial. As a result, \$10.0 million has been added back to the FY 2021 Revised Budget Plan.

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³ The *FY 2021 Revised Budget Plan* Transfer Out to Fund 69300, Sewer Construction Improvements, is recommended to increase \$12.0 million. This increase is necessary to support Fairfax County's share of facility improvements at the Alexandria Wastewater Treatment Plant to comply with nutrient discharge limits.

⁴ The Wastewater Management Program maintains fund balances at adequate levels relative to projected debt service requirements, operation and maintenance expenses and capital improvements.

⁵ 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 \$25.0 and \$45.0 million. This level of reserve is based on an industry practice to maintain existing customer reserves at a level that 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.

⁶ 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 based on payment expenses associated with one year of debt service and administrative expenses associated with new customer debt.

⁷ 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.

⁸ 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. A reserve of 3.0 percent of the five-year capital plan is consistent with other utilities and is recommended by rating agencies. Based on the total five-year capital plan, an amount of \$30.0 million would be required to reach 3.0 percent.