

# Fund 69040: Sewer Bond Subordinate Debt Service

**Focus** Fund 69040, Sewer Bond Subordinate Debt Service, provides debt service funding for the Upper Occoquan Service Authority (UOSA) Bond Series and the Virginia Resources Authority (VRA) loans. The UOSA Bond Series is based on the County's portion of the UOSA plant expansion from 27.0 million gallons per day (mgd) to 54.0 mgd. Two low-interest VRA loans from the State Revolving Fund Program were used to fund the County's share of construction costs for the Alexandria Renew Enterprises Treatment Plant upgrade for ammonia removal as required by the State Water Control Board.

All debt service payments are supported by Sewer System Revenues through a transfer from Fund 69000, Sewer Revenue. Pursuant to the Sewer Bond resolution and respective agreements, these debt obligations are subordinate to the County's Sewer Revenue Bonds and, therefore, the payments are made from this fund.

Funding in the amount of \$25,689,605 will provide for the FY 2022 principal and interest requirements, including an amount of \$20,717,097 for the UOSA plant requirements, \$3,276,611 for the VRA debt requirements and \$1,695,897 for the Stormwater/Wastewater Facility Economic Development Authority (EDA) revenue bond. It should be noted that UOSA debt for bond series 2014, 2016B and 2019A is structured so that no principal payments are made during the construction phase of the project. Interest is capitalized and principal payments begin once construction is substantially complete. This helps level the debt service payments for all jurisdictions involved.

The following table identifies the payments required in FY 2022:

	Principal	Interest	Total
<b>UOSA PLANT EXPANSION:</b>			
2010B	\$867,058	\$1,033,752	\$1,900,810
2011A	113,115	43,786	156,901
2011B	262,665	87,029	349,694
2013A	11,322,149	1,375,775	12,697,924
2014	0	4,219,919	4,219,919
2016B	0	690,313	690,313
2019A	0	701,536	701,536
Subtotal – UOSA	\$12,564,987	\$8,152,110	\$20,717,097
<b>VRA DEBT PAYMENT:</b>			
FY 2002 VRA Loan	\$3,253,412	\$23,199	\$3,276,611
<b>STORMWATER/WASTEWATER FACILITY EDA DEBT PAYMENT:</b>			
Stormwater/Wastewater Facility	\$675,000	\$1,020,897	\$1,695,897
<b>Total</b>	<b>\$16,493,399</b>	<b>\$9,196,206</b>	<b>\$25,689,605</b>

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### **Pandemic Response and Impact**

The Wastewater Management Program of DPWES has continued to work at full capacity during the COVID-19 pandemic to fulfill the System's responsibilities to its customers. Accomplishing this task has required considerable innovation, hard work, and adaptation (e.g., additional personal protective equipment, facility cleaning, distancing measures, equipment, and new tools) that have increased the System's resource requirements.

The Wastewater Management staff worked with the System's financial advisors to project estimated impacts to revenues and developed financial management strategies. The System's 10-year financial plan has been updated to include adjustments for revenues during the pandemic and staff is closely monitoring unfolding trends throughout the year.

### **Changes to FY 2021 Adopted Budget Plan**

*The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, and all other approved changes through December 31, 2020:*

**There have been no adjustments to this fund since approval of the FY 2021 Adopted Budget Plan.**

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### FUND STATEMENT

Category	FY 2020 Actual	FY 2021 Adopted Budget Plan	FY 2021 Revised Budget Plan	FY 2022 Advertised Budget Plan
<b>Beginning Balance</b>	<b>\$4,159,040</b>	<b>\$375,866</b>	<b>\$1,052,098</b>	<b>\$715,072</b>
<b>Transfer In:</b>				
Sewer Revenue (69000)	\$22,000,000	\$25,100,000	\$25,100,000	\$25,000,000
<b>Total Transfer In</b>	<b>\$22,000,000</b>	<b>\$25,100,000</b>	<b>\$25,100,000</b>	<b>\$25,000,000</b>
<b>Total Available</b>	<b>\$26,159,040</b>	<b>\$25,475,866</b>	<b>\$26,152,098</b>	<b>\$25,715,072</b>
<b>Expenditures:</b>				
Principal Payment <sup>1</sup>	\$16,868,945	\$17,626,426	\$17,626,426	\$16,493,399
Interest Payment <sup>1,2</sup>	8,237,997	7,810,600	7,810,600	9,196,206
<b>Total Expenditures</b>	<b>\$25,106,942</b>	<b>\$25,437,026</b>	<b>\$25,437,026</b>	<b>\$25,689,605</b>
<b>Total Disbursements</b>	<b>\$25,106,942</b>	<b>\$25,437,026</b>	<b>\$25,437,026</b>	<b>\$25,689,605</b>
<b>Ending Balance<sup>3</sup></b>	<b>\$1,052,098</b>	<b>\$38,840</b>	<b>\$715,072</b>	<b>\$25,467</b>

<sup>1</sup> The bond principal and interest payments are shown here as expenditures. However, for accounting purposes, the Comprehensive Annual Financial Report (CAFR) will show these disbursements as "Construction in Progress" to be capitalized.

<sup>2</sup> The Wastewater Management Program makes principal and interest payments to the Upper Occoquan Service Authority (UOSA) in advance of the principal and interest due dates based on the original agreement with UOSA. UOSA credits the Wastewater Management Program any interest earnings from the advanced payments; therefore, the interest payment actuals are normally lower than anticipated.

<sup>3</sup> The Wastewater Management Program maintains fund balances at adequate levels relative to projected debt service requirements. These costs change annually and therefore, fund balances fluctuate from year to year based on actual debt service requirements.