

West Sound Utility District



2024 Budget

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South Kitsap Water Reclamation Facility 2024 Budget

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2924 SE LUND AVE • PORT ORCHARD • WA • 98366 • (360) 876-2545

November 15, 2023

Board of Commissioners
West Sound Utility District
2924 SE Lund Avenue
Port Orchard, WA 98337

Re: Proposed West Sound Utility District 2024 Budget

Dear Board of Commissioners:

It is with great pleasure to present the proposed West Sound Utility District (WSUD) 2024 Budget to the Board of Commissioners. The preparation of this budget document was a collaborative effort by the entire West Sound Utility District team with most employees contributing suggestions on how to improve the District's operations and services. I would like to extend my special appreciation to the staff and Department Managers for the considerable amount of time, energy, and dedication they put into making this budget process successful.

The budget has been developed as a comprehensive "policy document", the 2024 Budget document is similar in structure to previous budgets, which were prepared in a manner to enhance the financial planning of the water, wastewater, and wastewater treatment programs, operation, and capital projects while improving the overall efficiency of the budget process. This budget follows the GFOA standards, which are as follows: 1) establishes a plan of policy and operation 2) facilitates the evaluation of District programs, 3) provides management information, and 4) establishes financial control.

A continued priority in 2024 will be to work with the Board of Commissioners on obtaining sound policy direction and securing adequate financial resources that will assist WSUD in achieving the following objectives and priorities:

- 1) Provide for efficient and cost-effective operation and maintenance of the utilities.
- 2) Ensure compliance with regulatory mandates.
- 3) Continue maintenance, equipment, and facilities upgrade programs.
- 4) Provide adequate funding for capital projects and service debt obligations.
- 5) Provide ratepayers with responsible fiscal management.
- 6) Continue to maintain a positive public image.
- 7) Provide community education and awareness.

The budget document was prepared as before, utilizing the “program budget” format to make it easily readable and understandable while providing sufficient detail to serve as an active guide for the District's departments, administration, and Board of Commissioners, as we collaboratively carry out, monitor and evaluate programs. Each department's budget and fund have clear program objectives and planned projects in 2024. The benefit of this effort has resulted in a plan that will provide efficient, responsive, and cost-effective delivery of utility services to District customers and fund essential capital improvement projects while enhancing financial awareness and accountability.

The WSUD Budget is to be comprised of nine separate funds:

- 91924 - Water/Sewer Revenue Bonds Fund
- 91925 - Wastewater Operating Fund
- 91926 - Water Operating Fund
- 91927 - Rate Stabilization Fund
- 91929 - Facilities Construction Fee Fund
- 91930 - Water Capital Improvement Fund
- 91933 - Wastewater Capital Improvement Fund
- 89751 - Bond Reserve Fund
- 89752 - Local Improvement District Construction Fund

- A. Fund 91924 - Water/Sewer Revenue Bonds Fund, is a debt service fund for the accumulation of resources of principal and interest for various revenue bonds and utility local improvement district bonds.
- B. Fund 91925 - The Wastewater Operating Fund, is an enterprise fund to account for and fund the operational expenses for the District’s wastewater utility.
- C. Fund 91926 - Water Operating Fund, is an enterprise fund to account for and fund the operational expenses for the District’s water utility.
- D. Fund 91927 - Rate Stabilization Fund, is a financial reserve fund to buffer the impacts of revenue shortfalls.
- E. Fund 91929 - Facilities Construction Fee Fund, is a fiduciary fund that accounts for the collection of system development charges reserved for use for the Joint Wastewater Treatment Plant.
- F. Fund 91930 - The Water Capital Improvement Fund, is a capital asset fund to account for and fund the District’s water utility capital improvement projects and capitalized equipment replacement.
- G. Fund 91933 - Wastewater Capital Improvement Fund, is a capital asset fund to account for and fund the District’s wastewater system capital improvement projects and capitalized equipment replacement.

- H. Fund 89751 - Bond Reserve Fund, is a reserve fund to account for and maintain minimum fund balances as a reserve and guaranty to meet the legal requirements of the District's issued revenue bonds and utility local improvement district(s) bonds.
- I. Fund 89752 - Local Improvement District Construction Fund, is a capital asset fund to account for Local Improvement District formation.

Additionally, two funds exist and are managed by WSUD for the South Kitsap Water Treatment Facility (SKWRF):

- 91928 - Joint Wastewater Treatment Plant (SKWRF) Operating Fund
- 91931 - Joint Wastewater Treatment Plant (SKWRF) Capital Improvement Fund

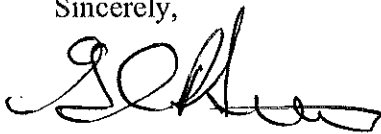
- K. Fund 91928 – Operating Fund, is an enterprise fund to account for and fund operational expenses for the Joint Wastewater Treatment Facility (SKWRF).
- L. Fund 91931 – Capital Improvement Fund, is a capital asset fund to account for and fund capital improvement projects and capitalized equipment replacement for Joint Wastewater Treatment Plant (SKWRF).

The Water and Wastewater Departments primarily provide operation, maintenance, and services from within the Water Operating Fund, Water Capital Improvement Fund, Wastewater Operating Fund, and Wastewater Capital Improvement Fund.

The District continues facing future challenges with the Water and Wastewater Utilities. Most notable are aging facilities and infrastructure with higher than anticipated increased growth demands placed on the systems and future funding challenges, especially with the water utility.

This proposed WSUD 2024 Budget continues to set forth the necessary guidance and funding to provide support to carry out the District's programs, objectives, capital projects, and priorities for 2024.

Sincerely,



Glen R. Screws
General Manager

**WEST SOUND UTILITY DISTRICT
RESOLUTION 1113-23**

**A RESOLUTION OF THE
WEST SOUND UTILITY DISTRICT BOARD OF COMMISSIONERS
ADOPTING THE 2024 SALARY SCHEDULE AND
EMPLOYEE HEALTH INSURANCE BENEFIT CONTRIBUTIONS**

WHEREAS, West Sound Utility District Board of Commissioners has determined that a cost-of-living adjustment should be implemented for District employee's wages for 2024; and

WHEREAS, the June CPI-U index for Western Washington Exhibit "A" indicates that the cost of living increased by 3.50% from June 2022 through June 2023; and

WHEREAS, the District provides a selection of health care benefit plans to the District's employees, and each fiscal year the Board sets an amount that the District contributes toward the cost of the employees' health insurance; **NOW, THEREFORE**,

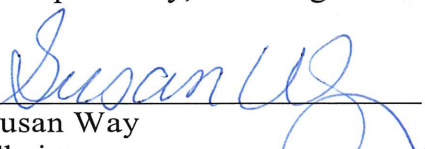
THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

Section 1. The attached Wage and Salary Schedule, Exhibit "B" which includes a cost-of-living increase of 3.50%, is hereby approved and shall be effective on January 1, 2024. The General Manager is covered by an employment contract with the District and is therefore exempt from the Exhibit "B" salary schedule.

Section 2. The contribution the District shall make to each employee's monthly health insurance benefit plan shall be as follows: effective January 1, 2024, full-time employees (40/hrs./week) - \$1,300/month and part-time employees at a pro-rata amount of a full-time employee based on their regular scheduled hours.

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regularly scheduled meeting on November 15, 2023.

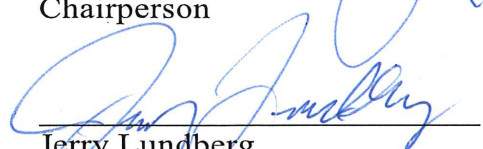
WEST SOUND UTILITY DISTRICT
Kitsap County, Washington



Susan Way
Chairperson



James J. Hart
Vice Chairperson



Jerry Lundberg
Secretary

**WEST SOUND UTILITY DISTRICT
RESOLUTION 1109-23**

**A RESOLUTION OF THE WEST SOUND UTILITY DISTRICT
BOARD OF COMMISSIONERS
ADOPTING THE
2024 BUDGET FOR THE
SOUTH KITSAP WATER RECLAMATION FACILITY**

WHEREAS, preliminary budgets for the South Kitsap Water Reclamation Facility (SKWRF) for the fiscal year 2024 have been prepared and submitted by the WSUD General Manager to the WSUD Board of Commissioners and the Sewer Advisory Committee on October 4, 2023, and November 1, 2023; and

WHEREAS, the Sewer Advisory Committee (SAC) comprised of three appointed City Council Members and the WSUD Board of Commissioners have deliberated and voted to adopt the SKWRF 2024 Budget in a public meeting conducted on November 1, 2023. Whereby the attending members of the SAC committee, constituting a quorum voted to approve the budget as written with four (4) yeas, zero (0) nays, with two (2) members not in attendance; and **NOW, THEREFORE**,


THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

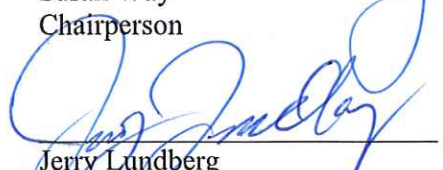
Section 1. Adoption By Reference. The South Kitsap Water Reclamation Facility 2024 Budget covering the period from January 1, 2024, through December 31, 2024, sets forth totals of projected beginning fund balances, revenues, and expenditures by funds and are as follows:

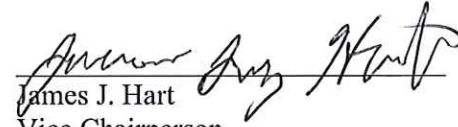
Fund	2024 Projected Beginning Balance	2024 Revenue/ Contributed	2024 Expenditures / Transfers	2024 Projected Ending Balance
SKWRF Operating Fund	\$ 2,391,400	\$ 3,574,990	\$ 4,059,200	\$ 1,907,190
SKWRF Capital Fund	\$ 1,504,200	\$ 1,864,232	\$ 1,555,900	\$ 1,812,532

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regularly scheduled meeting on December 6, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington


Susan Way
Chairperson


Jerry Lundberg
Secretary


James J. Hart
Vice Chairperson

**WEST SOUND UTILITY DISTRICT
RESOLUTION 1110-23**

**A RESOLUTION OF THE WEST SOUND UTILITY DISTRICT BOARD OF
COMMISSIONERS ADOPTING THE
WEST SOUND UTILITY DISTRICT 2024 BUDGET**

WHEREAS, a special public meeting presenting the Board of Commissioners with the proposed 2024 Capital Improvement Projects occurred on September 13, 2023; and

WHEREAS, the budget for West Sound Utility District fiscal year 2024 has been prepared and submitted by the WSUD General Manager to the WSUD Board of Commissioners at a public meeting on October 25, 2023, November 15, 2023, and December 6, 2023; **NOW, THEREFORE**,


THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

Section 1. Adoption By Reference. The West Sound Utility District 2024 Budget covering the period from January 1, 2024, through December 31, 2024, sets forth totals of projected beginning fund balances, revenues, and expenditures by funds as follows:

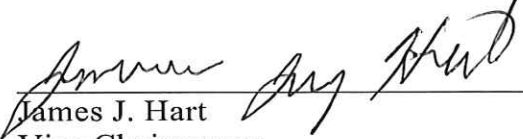
Fund	2024 Projected Beginning Balance	2024 Revenue/ Contributed/ Transfers In	2024 Expenditures / Transfers Out	2024 Projected Ending Balance
Water Operating	\$ 4,000,000	\$ 4,751,650	\$ 5,419,361	\$ 3,332,289
Water Capital	\$ 5,000,000	\$ 6,984,750	\$ 9,286,940	\$ 2,697,810
Wastewater Operating	\$ 4,000,000	\$ 5,718,300	\$ 5,504,662	\$ 4,213,638
Wastewater Capital	\$ 6,400,000	\$ 580,500	\$ 6,517,850	\$ 1,662,650
Water/Wastewater Bond Fund	\$ 193,000	\$ 202,800	\$ 207,707	\$ 188,093
Debt Reserve/Guaranty Fund	\$ 215,000	\$ 5,000	\$ -	\$ 220,000
Facility Const. Fee Reserve Fund	\$ 4,460,000	\$ 214,000	\$ 200,000	\$ 4,474,000
Rate Stabilization Fund	\$ 682,000	\$ 148,000	\$ -	\$ 830,000

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a regularly scheduled meeting on December 6, 2023.

WEST SOUND UTILITY DISTRICT
Kitsap County, Washington



Susan Way
Chairperson



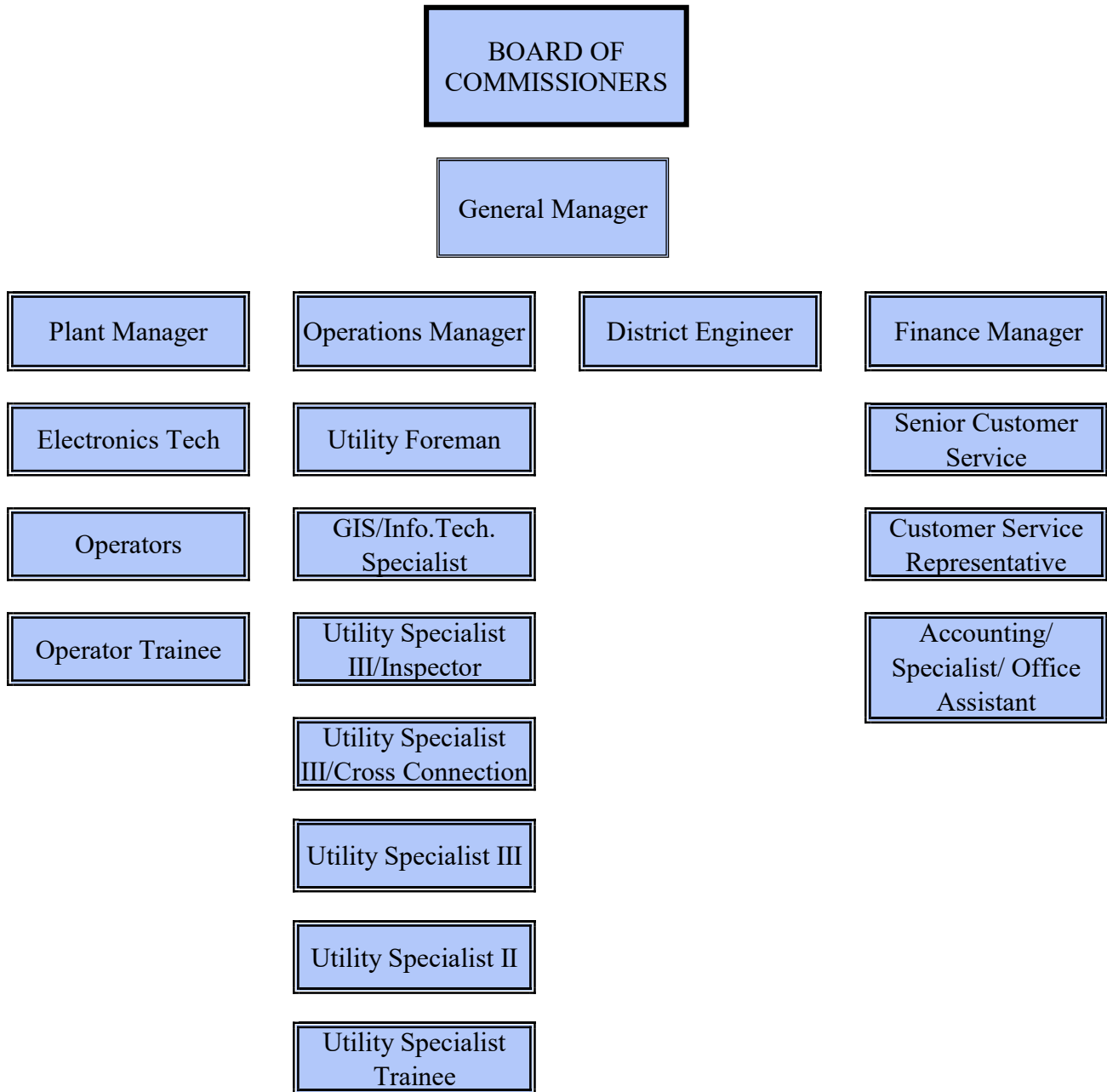
James J. Hart
Vice Chairperson



Jerry Lundberg
Secretary



2024 ORGANIZATION CHART



2024 WSUD/SKWRF ANNUAL BUDGET STAFF DISTRIBUTION

Position	Water Operations	Sewer Operations	SKWRF Operations	Total FTE's
General Manager	0.425	0.425	0.150	1.000
District Engineer	0.500	0.500		1.000
Finance Manager	0.3333	0.3333	0.3333	1.000
Senior Customer Service Rep.	0.4375	0.4375	0.125	1.000
Customer Service Specialist	0.500	0.500		1.000
Accounting/ Specialist/ Office Assistant	0.900	0.900	1.000	2.800
Operations Manager	0.500	0.500		1.000
Utility Foreman	0.500	0.500		1.000
GIS/IT Specialist	0.500	0.500		1.000
Utility Specialist III	2.000	2.000		4.000
Utility Specialist II	1.000	1.000		2.000
Utility Specialist Trainee	2.000	2.000		4.000
Plant Manager			1.000	1.000
Operator Wastewater			5.000	5.000
Operator/Laboratory Tech			1.000	1.000
Operator Trainee			2.000	2.000
Electronics Tech			1.000	1.000
FTE's	9.5958	9.5958	11.6083	30.800

Salaries of admin./finance to support the treatment plant will be funded out of Water and Sewer Operating budget; therefore, payments from the SKWRF Fund shall be posted as revenues into the Operating Funds.

Effective:

January 1, 2024

Approved

Res 1108-23

COLA

3.50%

Pay Grade	Classification		01	02	03	04	05
27	General Manager - Contract						
26	No Classification Assigned	Yearly	126,220.80	132,531.84	139,158.43	146,116.35	153,422.17
		Monthly	10,518.40	11,044.32	11,596.54	12,176.36	12,785.18
25	No Classification Assigned	Yearly	120,210.29	126,220.80	132,531.84	139,158.43	146,116.35
		Monthly	10,017.52	10,518.40	11,044.32	11,596.54	12,176.36
24	No Classification Assigned	Yearly	114,485.98	120,210.28	126,220.79	132,531.83	139,158.42
		Monthly	9,540.50	10,017.52	10,518.40	11,044.32	11,596.54
23	No Classification Assigned	Yearly	109,034.27	114,485.98	120,210.28	126,220.79	132,531.83
		Monthly	9,086.19	9,540.50	10,017.52	10,518.40	11,044.32
22	Wastewater Treatment Plant Mgr Finance Manager	Yearly	103,842.16	109,034.27	114,485.98	120,210.28	126,220.79
		Monthly	8,653.51	9,086.19	9,540.50	10,017.52	10,518.40
21	Operations Manager District Engineer	Yearly	98,897.29	103,842.15	109,034.26	114,485.97	120,210.27
		Monthly	8,241.44	8,653.51	9,086.19	9,540.50	10,017.52
20	No Classification Assigned	Yearly	94,187.90	98,897.29	103,842.15	109,034.26	114,485.97
		Monthly	7,848.99	8,241.44	8,653.51	9,086.19	9,540.50
19	Lead Operator SKWRF Utility Foreman	Yearly	89,702.75	94,187.89	98,897.28	103,842.14	109,034.25
		Monthly	7,475.23	7,848.99	8,241.44	8,653.51	9,086.19
18	<u>No Classification Assigned</u> Maintenance Supervisor SKWRF	Yearly	85,431.19	89,702.75	94,187.89	98,897.28	103,842.14
		Monthly	7,119.27	7,475.23	7,848.99	8,241.44	8,653.51

Effective:

January 1, 2024

Approved

Res 1108-23

COLA

3.50%

Pay Grade	Classification		01	02	03	04	05
17	No Classification Assigned	Yearly	81,363.03	85,431.19	89,702.75	94,187.89	98,897.28
		Monthly	6,780.25	7,119.27	7,475.23	7,848.99	8,241.44
16	Electronics/Instrumentation Technician <u>GIS/IT Specialist</u>	Yearly	77,488.61	81,363.04	85,431.19	89,702.75	94,187.89
		Monthly	6,457.38	6,780.25	7,119.27	7,475.23	7,848.99
15	Laboratory Analyst/WWTP Operator II Inspector/Utility Specialist 3 <u>GIS/IT Specialist</u>	Yearly	73,798.68	77,488.61	81,363.04	85,431.19	89,702.75
		Monthly	6,149.89	6,457.38	6,780.25	7,119.27	7,475.23
14	No Classification Assigned	Yearly	70,284.45	73,798.67	77,488.60	81,363.03	85,431.18
		Monthly	5,857.04	6,149.89	6,457.38	6,780.25	7,119.27
13	WWTP Operator I Utility Specialist 2	Yearly	66,937.57	70,284.45	73,798.67	77,488.60	81,363.03
		Monthly	5,578.13	5,857.04	6,149.89	6,457.38	6,780.25
12	Senior Customer Service Representative Accounting Specialist III	Yearly	63,750.07	66,937.57	70,284.45	73,798.67	77,488.60
		Monthly	5,312.51	5,578.13	5,857.04	6,149.89	6,457.38
11	Utility Specialist 1 Operator Trainee	Yearly	60,714.35	63,750.07	66,937.57	70,284.45	73,798.67
		Monthly	5,059.53	5,312.51	5,578.13	5,857.04	6,149.89
10	Customer Service Representative Accounting Specialist II	Yearly	57,823.19	60,714.35	63,750.07	66,937.57	70,284.45
		Monthly	4,818.60	5,059.53	5,312.51	5,578.13	5,857.04

Effective:

January 1, 2024

Approved

Res 1108-23

COLA

3.50%

Pay Grade	Classification		01	02	03	04	05
9	Utility Specialist Trainee	Yearly	55,069.70	57,823.19	60,714.35	63,750.07	66,937.57
	Accounting Specialist I	Monthly	4,589.14	4,818.60	5,059.53	5,312.51	5,578.13
8	No Classification Assigned	Yearly	52,447.33	55,069.70	57,823.19	60,714.35	63,750.07
		Monthly	4,370.61	4,589.14	4,818.60	5,059.53	5,312.51
7	Accounting/Office Assistant	Yearly	49,949.85	52,447.34	55,069.71	57,823.20	60,714.36
		Monthly	4,162.49	4,370.61	4,589.14	4,818.60	5,059.53
6	No Classification Assigned	Yearly	47,571.28	49,949.84	52,447.33	55,069.70	57,823.19
		Monthly	3,964.27	4,162.49	4,370.61	4,589.14	4,818.60
5	No Classification Assigned	Yearly	45,305.97	47,571.27	49,949.83	52,447.32	55,069.69
		Monthly	3,775.50	3,964.27	4,162.49	4,370.61	4,589.14
4	No Classification Assigned	Yearly	43,148.55	45,305.98	47,571.28	49,949.84	52,447.33
		Monthly	3,595.71	3,775.50	3,964.27	4,162.49	4,370.61
3	No Classification Assigned	Yearly	41,093.86	43,148.55	45,305.98	47,571.28	49,949.84
		Monthly	3,424.49	3,595.71	3,775.50	3,964.27	4,162.49
2	No Classification Assigned	Yearly	39,137.01	41,093.86	43,148.55	45,305.98	47,571.28
		Monthly	3,261.42	3,424.49	3,595.71	3,775.50	3,964.27
1	No Classification Assigned	Yearly	37,273.34	39,137.01	41,093.86	43,148.55	45,305.98
		Monthly	3,106.11	3,261.42	3,424.49	3,595.71	3,775.50

2024 Budget
WSUD Water Operation Fund 401-926

BARS Codes	Description	2023 Budget	2024 Budget
401-926-308-80-00	BEGINNING FUND BALANCE	3,000,000	4,000,000
REVENUES			
	OPERATING REVENUE	3,934,343	4,465,100
	OTHER INCOME	98,000	78,000
	MISCELLANEOUS	66,000	103,500
	INTERGOVERNMENTAL SVC.	89,500	105,050
	TOTAL REVENUE	4,187,843	4,751,650
EXPENDITURES			
	COMPENSATON-ADM.	372,400	377,100
	BENEFITS ADMIN.	169,400	153,200
	SUPPLIES-ADMIN	9,350	9,850
	SERVICES-ADMIN.	536,600	526,650
	COMPENSATION-OPERATIONS	579,200	579,500
	BENEFITS-OPERATIONS	223,950	216,200
	SUPPLIES-OPERATIONS	147,400	157,400
	SERVICES-OPERATIONS	492,260	594,310
	INTERGOVERNMENTAL SVC	32,000	26,500
	DEBT SERVICE	56,770	48,651
	TOTAL EXPENDITURES	2,619,330	2,689,361
401-926-508-80-00	ENDING FUND BALANCE	3,039,513	3,332,289

2024 Budget
WSUD Water Operation Fund 401-926

BARS Codes	Description	2023 Budget	2024 Budget
401-926-308-80-00	BEGINNING FUND BALANCE	3,000,000	4,000,000
REVENUES			
OPERATING REVENUE			
401-926-343-40-10	Residential - Metered Water	2,624,629	2,925,000
401-926-343-40-20	Commercial-Metered Water	396,504	530,000
401-926-343-40-30	Multi-Family-Metered Water	681,638	735,000
401-926-343-40-40	Schools-Metered Water	20,444	45,000
401-926-343-40-70	Flat Rates-Water	211,129	230,100
	OPERATING REVENUE	3,934,343	4,465,100
OTHER INCOME			
401-926-322-40-00	Permit Fee	5,000	5,000
401-926-343-40-60	DEC Admin Fee		5,000
401-926-343-40-80	New Meter Connections	65,000	35,000
401-926-359-40-00	Penalty Income - Water	28,000	28,000
401-926-373-10-00	Gain(Loss) Disp of Property	-	5,000
	OTHER INCOME	98,000	78,000
MISCELLANEOUS			
401-926-361-10-00	Interest Income	40,000	85,000
401-926-362-40-00	Rental Income	6,000	2,500
401-926-369-90-00	Misc. Revenue - Water	20,000	16,000
	MISCELLANEOUS	66,000	103,500
INTERGOVERNMENTAL SVC.			
401-926-337-50-00	SKWRF Adm Support	89,500	91,500
401-926-337-50-10	SKWRF IT Support	-	13,550
	INTERGOVERNMENTAL SVC.	89,500	105,050
	TOTAL REVENUE	4,187,843	4,751,650
EXPENDITURES			
COMPENSATON-ADM.			
401-926-534-10-10	Compensation-Admin	345,000	349,700
401-926-534-10-11	Compensation Overtime-Admin	2,500	2,500
401-926-534-10-12	Compensation-Commissioners	18,400	18,400
401-926-534-10-13	Compensation-Admin-Temp Help	6,500	6,500
	COMPENSATON-ADM.	372,400	377,100

BARS Codes	Description	2023 Budget	2024 Budget
	BENEFITS ADMIN.		
401-926-534-10-20	Employee Bfts-Pensions	40,000	35,200
401-926-534-10-21	Employee Bfts-Medical Insurance	85,800	89,100
401-926-534-10-24	Employee-Uniforms-Adm Support	1,100	800
401-926-534-10-25	Workers Comp-Office Employees	2,500	1,600
401-926-534-10-26	FICA & Medicare-Employer-Admin	38,000	24,000
401-926-534-10-28	State Unemployment Tax	2,000	2,500
	BENEFITS ADMIN.	169,400	153,200
	SUPPLIES-ADMIN		
401-926-534-10-31	General Office Supplies	6,500	4,000
401-926-534-10-32	Transportation Exp-Fuel	400	500
401-926-534-10-35	Small Tools/Minor Equipment	350	350
401-926-534-12-31	Facility - Janitorial Supplies	1,600	4,500
401-926-534-15-31	Water Conservation	500	500
	SUPPLIES-ADMIN	9,350	9,850
	SERVICES-ADMIN.		
401-926-534-10-41	Contractual Srv-Legal	6,000	6,000
401-926-534-10-42	Annual Software Maintenance	29,000	24,000
401-926-534-10-43	Employee-Admin Travel/Training	8,000	6,500
401-926-534-10-44	Communication Services	16,000	16,000
401-926-534-10-45	Rental/Leases	300	300
401-926-534-10-46	Insurance Gen Liability & Bond	68,500	66,500
401-926-534-10-49	Membership Dues-District	10,000	10,000
401-926-534-11-42	Postage & Delievery	8,500	8,500
401-926-534-11-43	Commissioners-Travel/Training	5,000	5,000
401-926-534-11-49	Recording/Filing Fees	7,000	3,500
401-926-534-12-49	Printing Services/Scanning	14,000	10,000
401-926-534-13-31	Employee Appreciation	5,000	5,000
401-926-534-13-49	Bank Fees	42,000	42,000
401-926-534-14-41	Contractual Srv-Custodial	10,000	10,000
401-926-534-14-49	Other Misc Expense	200	250
401-926-534-15-41	Other Professional Services	75,000	75,000
401-926-534-17-41	Monitoring-Fire & Security	2,500	2,500
401-926-534-18-41	Public Notices/Advertisements	1,000	2,000
401-926-534-42-47	Utilities-Power Lund Ave	12,600	12,600
401-926-534-43-47	Utilities-Natural Gas	6,000	6,000
401-926-534-44-47	Utilities-Trash Removal & Disp	1,500	1,500
401-926-534-60-48	Lund Ave-Repairs & Maintenance	20,000	20,000
401-926-534-70-44	Excise Tax	185,000	190,000
401-926-534-71-44	Storm Water Mgmt (SWWM)	3,500	3,500
	SERVICES-ADMIN.	536,600	526,650

BARS Codes	Description	2023 Budget	2024 Budget
	COMPENSATION-OPERATIONS		
401-926-534-50-10	Compensation-Operations	545,700	545,000
401-926-534-50-11	Compensation Overtime-Operations	25,000	25,000
401-926-534-50-12	Compensation-Operations-Temp Help	3,000	4,000
401-926-534-50-13	Stand By-Pay	5,500	5,500
	COMPENSATION-OPERATIONS	579,200	579,500
	BENEFITS-OPERATIONS		
401-926-534-50-20	Employee Bfts-Pensions	62,000	56,000
401-926-534-50-21	Employee Bfts-Medical Insurance	101,400	97,200
401-926-534-50-24	Employee-Uniforms-Operations	3,000	3,000
401-926-534-50-25	Workman's Comp	11,500	12,000
401-926-534-50-26	FICA & Medicare-Employer	42,550	43,000
401-926-534-50-28	State Unemployment Tax	3,500	5,000
	BENEFITS-OPERATIONS	223,950	216,200
	SUPPLIES-OPERATIONS		
401-926-534-11-31	Safety Supplies & Equipment	7,500	7,000
401-926-534-50-31	Materials-Mains	50,000	50,000
401-926-534-50-32	Transportation Exp-Fuel	13,500	14,000
401-926-534-50-35	Small Tools	6,400	6,400
401-926-534-51-31	Materials-Pumps	10,000	10,000
401-926-534-53-31	Chemicals-Treatment	60,000	70,000
	SUPPLIES-OPERATIONS	147,400	157,400
	SERVICES-OPERATIONS		
401-926-534-12-41	Contractual Srv-Engineering	47,500	150,000
401-926-534-40-47	Utilities-Street Lights	60,000	60,000
401-926-534-41-47	Utilities-Power Pumps	190,000	195,000
401-926-534-50-41	Underground Locates	900	900
401-926-534-50-42	Mobile-SCADA	500	500
401-926-534-50-43	Employee-Cert/Testing/Training	14,860	8,910
401-926-534-50-45	Rental Equipment	5,000	5,000
401-926-534-50-49	Dumping Fees-Vactor Truck	1,500	1,500
401-926-534-51-41	Outside Srv-Equipment	15,000	15,000
401-926-534-52-41	Outside Srv-Mains	20,000	20,000
401-926-534-53-41	Outside Srv-Pump Station	4,500	4,500
401-926-534-54-41	Outside Srv-Tanks	10,000	10,000
401-926-534-55-41	Contractual Srv-Hydro Geologists	50,000	50,000
401-926-534-56-41	Contractual Srv-Wtr Quality Lab	35,000	35,000
401-926-534-58-41	Landscaping Service	12,000	12,000
401-926-534-61-48	R & M-Equipment	3,500	3,500
401-926-534-62-48	R & M-Materials & Supplies	10,000	10,000
401-926-534-63-48	R & M-Pump Station	6,000	6,500
401-926-534-64-48	R & M-Tanks	1,000	1,000
401-926-534-65-48	R & M-Vehicles	5,000	5,000
	SERVICES-OPERATIONS	492,260	594,310

BARS Codes	Description	2023 Budget	2024 Budget
	INTERGOVERNMENTAL SVC		
401-926-534-10-51	State Auditor	12,500	14,500
401-926-534-11-51	Election Costs	7,500	
401-926-534-51-51	Permit Fees	12,000	12,000
	INTERGOVERNMENTAL SVC	32,000	26,500
	DEBT SERVICE		
401-926-263-80-10	PWTF-Water Loan Payable	55,578	47,697
401-926-592-34-83	Interest Expenses-PWTF	1,192	954
	DEBT SERVICE	56,770	48,651
	TOTAL EXPENDITURES	2,619,330	2,689,361
	OTHER FINANCING USES		
	Water Capital Fund Transfer Out	1,300,000	2,500,000
	Revenue Bond Fund - Trsf Out	164,000	165,000
	Rate Stabilization Fund Trsf Out	65,000	65,000
	OTHER FINANCING USES	1,529,000	2,730,000
401-926-508-80-00	ENDING FUND BALANCE	3,039,513	3,332,289

2024 Budget
Water Capital Fund 401 - 930

BARS Codes	Description	2023 Budget	2024 Budget
401-930-308-80-00	BEGINNING FUND BALANCE	2,516,520	5,000,000
REVENUES			
	CONTRIBUTED INCOME	600,000	200,000
	MISCELLANEOUS	108,500	134,750
	TOTAL REVENUE	708,500	334,750
EXPENDITURES			
	SERVICES	301,641	169,864
	TOTAL EXPENDITURES	3,794,745	9,286,940
	OTHER FINANCING SOURCES	1,300,000	6,650,000
401-930-508-80-00	ENDING FUND BALANCE	730,275	2,697,810

2024 Budget
Water Capital Fund 401 - 930

BARS Codes	Description	2023 Budget	2024 Budget
401-930-308-80-00	BEGINNING FUND BALANCE	2,516,520	5,000,000
REVENUES			
CONTRIBUTED INCOME			
401-930-379-34-00	General Facility Charge-Water	600,000	200,000
	CONTRIBUTED INCOME	600,000	200,000
MISCELLANEOUS			
401-930-361-10-00	Interest-Water Cap Improvement	30,000	75,000
401-930-362-40-10	Tower Leases	75,000	57,750
401-930-369-90-00	Misc. Revenue - WA Capital	3,500	2,000
	MISCELLANEOUS	108,500	134,750
	TOTAL REVENUE	708,500	334,750
EXPENDITURES			
CAPTIAL OUTLAYS			
401-930-594-34-64	Water Capital Equipment	258,200	312,100
401-930-189-16-05	Mains	756,871	3,560,000
401-930-189-22-00	Storage	51,233	53,026
401-930-189-22-01	Wells	2,383,400	5,165,000
	CAPTIAL OUTLAYS	3,449,704	9,090,126
INFORMATION SYSTEMS			
401-930-189-12-06	SCADA (Hardware, Software, Systems, etc.)	8,800	11,650
401-930-594-10-64	Computer Software	2,100	2,500
401-930-594-11-64	Computer Equipment	6,300	4,850
401-930-594-12-64	Network Equipment	26,200	7,950
	INFORMATION SYSTEMS	43,400	26,950
SERVICES			
401-930-534-12-41	Engineering Services	228,000	156,060
401-930-534-52-41	Other Services	3,641	3,714
401-930-534-55-41	Well Rehabilitation	60,000	-
401-930-534-70-44	Excise Tax	10,000	10,090
	SERVICES	301,641	169,864
	TOTAL EXPENDITURES	3,794,745	9,286,940
OTHER FINANCING SOURCES			
401-930-397-00-26	Water Operation Transfer In	1,300,000	2,500,000
	Public Works Board Loans		4,150,000
	OTHER FINANCING SOURCES	1,300,000	6,650,000
401-930-508-80-00	ENDING FUND BALANCE	730,275	2,697,810

2024 - 2044 Water Capital Outlay

Capital Outlay/Projects/Rehabilitation & Replacement *	Class	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total	
STORAGE																								
Routine Maintenance Tank Cleaning (5 Storage Tanks)	R&R	53,026	56,528	58,506	60,554	62,673	64,867	67,137	69,487	71,920	74,437	77,042	79,738	82,529	85,418	88,407	91,501	94,704	98,019	101,450	104,709	108,025	1,650,678	
Paint Int. (2001) & ext. (1991) of Salmonberry elevated, make safety imp, install cat protection	R&R		970,960																				970,960	
Repaint interior of Fircrest Standpipe (NW Corrosion recommendation)	R&R			565,279																			565,279	
Paint interior and exterior Salmonberry reservoir (2008)	R&R					487,458																	487,458	
Paint interior of Powell Reservoir and caulk roof seams	R&R								193,949														193,949	
Paint Well 1 reservoir int. and ext. (2016)	R&R													91,701									91,701	
Paint exterior of Fircrest standpipe (2016)	R&R													183,402									183,402	
Paint exterior of Powell tank (2016)	R&R													146,718									146,718	
Replace Fircrest elevated reservoir (75 Years)	R&R													3,629,213									3,629,213	
Replace Salmonberry elevated reservoir (75 Years)	R&R																		4,356,390				4,356,390	
WELLS																								
Install on-site generator at well #1&5 **	CAP	87,500																					87,500	
Install Generator at well 22	CAP	87,500																					87,500	
Powell Booster Station Upgrades ** (PWB Award)	R&R	2,850,000																					2,850,000	
Well 18 Rehab			160,000																				160,000	
Well 16 Rehab			160,000																				160,000	
Well 17 Re-Drill			1,200,000																				1,200,000	
Well 14 Rehab			450,000																				450,000	
Well 11 Rehab	R&R	160,000																					160,000	
Aquifer Field Characterization	R&R		80,000																				80,000	
Install Generator at well 20	CAP		90,125																				90,125	
Purchase Property, Drill New Well and Construct New South Reservoir	CAP																				6,315,887		6,315,887	
Electrical Surge Protection		10,000																					10,000	
INFORMATION SYSTEMS																								
SCADA Software																								
SCADA Computer Equipment																								
SCADA Network Equipment		11,650																					11,650	
Computer Software		2,500																					2,500	
Computer Equipment		4,850																					4,850	
Network Equipment		7,950																					7,950	
SERVICES																								
Engineering/Services		156,060	163,956	167,236	170,580	173,992	177,472	181,021	184,642	188,334	192,101	195,943	199,862	203,860	207,936	212,096	216,337	220,664	225,078	229,579	234,021	238,479	4,139,250	
Leak Finders		3,714	3,903	3,980	4,060	4,141	4,224	4,308	4,394	4,483	4,572	4,664	4,757	4,852	4,949	5,048	5,149	5,252	5,357	5,464	5,570	5,676	98,517	
TAXES																								
Excise Tax (Assumes 1% additional obligation per year)		10,090	10,403	10,507	10,612	10,718	10,825	10,933	11,043	11,154	11,265	11,377	11,492	11,606	11,722	11,840	11,958	12,078	12,198	12,320	12,441	12,563	239,147	
Total Capital Expenditures		9,286,940	2,848,755	4,655,643	1,694,909	2,227,776	3,388,803	3,752,225	1,155,871	2,523,824	2,523,376	9,017,984	9,286,671	4,532,101	3,998,976	506,464	519,691	533,287	6,812,012	9,419,247	575,930	590,506	79,850,992	

*All Expenditures Include 3.0% Cost Escalation Factor Unless Otherwise Noted.

**2023 Carry Over Projects

2024 Budget
Wastewater Operation Fund 401-925

BARS Codes	Description	2023 Budget	2024 Budget
401-925-308-80-00	BEGINNING FUND BALANCE	2,675,000	4,000,000
REVENUES			
	OPERATING REVENUE	5,064,374	5,481,000
	OTHER INCOME	26,000	32,250
	MISCELLANEOUS	53,000	100,000
	INTERGOVERNMENTAL SVC.	89,500	105,050
	TOTAL REVENUE	5,232,874	5,718,300
EXPENDITURES			
	COMPENSATION-ADM.	372,400	377,100
	BENEFITS-ADMIN	169,400	153,200
	SUPPLIES-ADMIN	8,850	9,350
	SERVICES - ADMIN	418,900	415,450
	COMPENSATION-OPERATIONS	579,200	579,500
	BENEFITS-OPERATIONS	223,950	216,200
	SUPPLIES-OPERATIONS	45,000	45,400
	SERVICES-OPERATIONS	167,150	252,345
	INTERGOVERNMENTAL SVC.	1,898,396	2,002,246
	DEBT SERVICE	172,937	153,871
	TOTAL EXPENDITURES	4,056,183	4,204,662
	OTHER FINANCING USES	1,086,000	1,300,000
401-925-508-80-00	ENDING FUND BALANCE	2,765,691	4,213,638

2024 Budget
Wastewater Operation Fund 401-925

BARS Codes	Description	2023 Budget	2024 Budget
401-925-308-80-00	BEGINNING FUND BALANCE	2,675,000	4,000,000
REVENUES			
OPERATING REVENUE			
401-925-343-50-10	Residential - Unmetered	2,919,491	3,134,000
401-925-343-50-20	Commercial - Metered	743,348	837,000
401-925-343-50-30	Multi-Family-Unmetered	1,361,738	1,450,000
401-925-343-50-40	Schools - Unmetered	39,797	60,000
	OPERATING REVENUE	5,064,374	5,481,000
OTHER INCOME			
401-925-322-50-00	Permit Fee	2,500	2,500
401-925-343-40-60	DEC Admin Fee		6,000
401-925-343-50-60	Service Fee-Existing Customers	3,000	3,000
401-925-359-50-00	Penalty Income - Wastewater	20,000	20,000
401-925-373-10-00	Gain(Loss) Disp of Property	500	750
	OTHER INCOME	26,000	32,250
MISCELLANEOUS			
401-925-361-10-00	Interest Income	38,000	85,000
401-925-369-90-00	Misc. Revenue - Wastewater	15,000	15,000
	MISCELLANEOUS	53,000	100,000
INTERGOVERNMENTAL SVC.			
401-925-337-50-00	SKWRF Adm Support	89,500	91,500
401-925-337-50-10	SKWRF IT Service	-	13,550
	INTERGOVERNMENTAL SVC.	89,500	105,050
	TOTAL REVENUE	5,232,874	5,718,300
EXPENDITURES			
COMPENSATION-ADM.			
401-925-535-10-10	Compensation-Admin	345,000	349,700
401-925-535-10-11	Compensation Overtime-Admin	2,500	2,500
401-925-535-10-12	Compensation-Commissioners	18,400	18,400
401-925-535-10-13	Compensation-Admin-Temp Help	6,500	6,500
	COMPENSATION-ADM.	372,400	377,100

BARS Codes	Description	2023 Budget	2024 Budget
	BENEFITS-ADMIN		
401-925-535-10-20	Employee Bfts-Pensions	40,000	35,200
401-925-535-10-21	Employee Bfts-Medical Insurance	85,800	89,100
401-925-535-10-24	Employee-Uniforms-Adm Support	1,100	800
401-925-535-10-25	Workers Comp-Office Employees	2,500	1,600
401-925-535-10-26	FICA & Medicare-Employer-Admin	38,000	24,000
401-925-535-10-28	State Unemployment Tax	2,000	2,500
	BENEFITS-ADMIN	169,400	153,200
	SUPPLIES-ADMIN		
401-925-535-10-31	General Office Supplies	6,500	4,000
401-925-535-10-32	Transportation Exp-Fuel	400	500
401-925-535-10-35	Small Tools/Minor Equipment	350	350
401-925-535-12-31	Facility - Janitorial Supplies	1,600	4,500
	SUPPLIES-ADMIN	8,850	9,350
	SERVICES-ADMIN		
401-925-535-10-41	Contractual Srv-Legal	6,000	6,000
401-925-535-10-42	Annual Software Maintenance	29,000	24,000
401-925-535-10-43	Employee-Admin Travel/Training	8,000	6,500
401-925-535-10-44	Communication Services	16,000	16,000
401-925-535-10-45	Rental/Leases	300	300
401-925-535-10-46	Insurance Gen Liability & Bond	56,000	49,300
401-925-535-10-49	Membership Dues-District	10,000	10,000
401-925-535-11-43	Commissioners-Travel/Training	5,000	5,000
401-925-535-11-49	Recording/Filing Fees	7,000	3,500
401-925-535-12-42	Postage & Delivery	8,500	8,500
401-925-535-12-49	Printing Services/Scanning	6,000	6,000
401-925-535-13-31	Employee Appreciation	5,000	5,000
401-925-535-13-49	Bank Fees	42,000	42,000
401-925-535-14-41	Contractual Srv-Custodial	10,000	10,000
401-925-535-14-49	Other Misc Expenses	200	250
401-925-535-15-41	Other Professional Services	75,000	75,000
401-925-535-17-41	Monitoring-Fire & Security	2,500	2,500
401-925-535-18-41	Public Notices/Advertisements	1,000	2,000
401-925-535-42-47	Utilities-Power Lund Ave	10,400	12,600
401-925-535-43-47	Utilities-Natural Gas	6,000	6,000
401-925-535-44-47	Utilities-Trash Removal & Disp	1,500	1,500
401-925-535-60-48	Lund Ave-Repairs & Maintenance	20,000	20,000
401-925-535-70-44	Excise Tax	90,000	100,000
401-925-535-71-44	Storm Water Mgmt (SWWM)	3,500	3,500
	SERVICES - ADMIN	418,900	415,450

BARS Codes	Description	2023 Budget	2024 Budget
	COMPENSATION-OPERATIONS		
401-925-535-50-10	Compensation-Operations	545,700	545,000
401-925-535-50-11	Compensation Overtime-Operations	25,000	25,000
401-925-535-50-12	Compensation-Operations-Temp Help	3,000	4,000
401-925-535-50-13	Stand-By-Pay	5,500	5,500
	COMPENSATION-OPERATIONS	579,200	579,500
	BENEFITS-OPERATIONS		
401-925-535-50-20	Employee Bfts-Pensions	62,000	56,000
401-925-535-50-21	Employee Bfts-Medical Insurance	101,400	97,200
401-925-535-50-24	Employee-Uniforms-Operations	3,000	3,000
401-925-535-50-25	Workman's Comp	11,500	12,000
401-925-535-50-26	FICA & Medicare-Employer	42,550	43,000
401-925-535-50-28	State Unemployment Tax	3,500	5,000
	BENEFITS-OPERATIONS	223,950	216,200
	SUPPLIES-OPERATIONS		
401-925-535-11-31	Safety Supplies & Equipment	5,000	5,000
401-925-535-50-31	Materials-Mains	8,000	8,000
401-925-535-50-32	Transportation Exp-Fuel	13,500	16,000
401-925-535-50-35	Small Tools	6,500	6,400
401-925-535-51-31	Materials-Pumps Stations	5,000	5,000
401-925-535-52-31	Materials-EOne Pumps	7,000	5,000
	SUPPLIES-OPERATIONS	45,000	45,400
	SERVICES-OPERATIONS		
401-925-535-12-41	Contractual Srv-Engineering	63,000	150,000
401-925-535-41-47	Utilities-Power-Lift Stations	28,000	30,000
401-925-535-50-41	Underground Locates	900	900
401-925-535-50-42	Utilities-Tel Pump Station	1,500	1,500
401-925-535-50-43	Employee-Cert/Testing/Training	12,250	8,445
401-925-535-50-45	Rental Equipment	1,000	1,000
401-925-535-50-49	Dumping Fees-Vactor Truck	1,000	1,000
401-925-535-51-41	Outside Srv-Equipment	13,000	13,000
401-925-535-52-41	Outside Srv-Mains	10,000	10,000
401-925-535-58-41	Landscaping Service	12,000	12,000
401-925-535-61-48	R & M - Equipment	11,000	11,000
401-925-535-62-48	R & M-Pump Station Structures	2,500	2,500
401-925-535-63-48	R & M - Pumping Equipment	6,000	6,000
401-925-535-65-48	R & M-Vehicles	5,000	5,000
	SERVICES-OPERATIONS	167,150	252,345

BARS Codes	Description	2023 Budget	2024 Budget
	INTERGOVERNMENTAL SVC.		
401-925-535-10-51	State Auditor	12,500	14,500
401-925-535-11-51	Election Costs	7,500	
401-925-535-50-47	SKWRF Operation	1,723,680	1,752,570
401-925-535-50-52	SKWRF CIP	153,216	233,676
401-925-535-51-51	Permit Fees	1,500	1,500
	INTERGOVERNMENTAL SVC.	1,898,396	2,002,246
	DEBT SERVICE		
401-925-263-80-00	PWTF-Wastewater Loan Payable	169,895	151,679
401-925-592-35-83	Interest Expense-PWTF	3,042	2,192
	DEBT SERVICE	172,937	153,871
	TOTAL EXPENDITURES	4,056,183	4,204,662
	OTHER FINANCING USES		
	Sewer Capital Fund Transfer Out	1,000,000	1,200,000
	Rev Bond Transfer Out	21,000	35,000
	Rate Stabilization Fund Transfer Out	65,000	65,000
	OTHER FINANCING USES	1,086,000	1,300,000
401-925-508-80-00	ENDING FUND BALANCE	2,765,691	4,213,638

2024 Budget
Wastewater Capital Fund 401 - 933

BARS Codes	Description	2023 Budget	2024 Budget
401-933-308-80-00	BEGINNING FUND BALANCE	3,756,800	6,400,000
REVENUE			
	CONTRIBUTED INCOME	<u>420,000</u>	<u>420,000</u>
	MISCELLANEOUS	<u>10,500</u>	<u>160,500</u>
	TOTAL REVENUE	<u><u>430,500</u></u>	<u><u>580,500</u></u>
EXPENDETURES			
	INFORMATION SYSTEMS	<u>34,800</u>	<u>15,300</u>
	SERVICES	<u>224,100</u>	<u>439,579</u>
	TOTAL EXPENDETURES	<u><u>3,976,695</u></u>	<u><u>6,517,850</u></u>
	OTHER FINANCING SOURCES	<u>1,000,000</u>	<u>1,200,000</u>
401-933-508-80-00	ENDING FUND BALANCE	<u><u>1,210,605</u></u>	<u><u>1,662,650</u></u>

2024 Budget
Wastewater Capital Fund 401 - 933

BARS Codes	Description	2023 Budget	2024 Budget
401-933-308-80-00	BEGINNING FUND BALANCE	3,756,800	6,400,000
REVENUE			
CONTRIBUTED INCOME			
401-933-379-35-00	General Fac. Charge-Wastewater	420,000	420,000
401-933-379-35-10	Latecomers	-	-
	CONTRIBUTED INCOME	420,000	420,000
MISCELLANEOUS			
401-933-361-10-00	Interest-WW Capital Improvement	10,000	160,000
401-933-369-90-00	Misc. Revenue - WW Capital	500	500
	MISCELLANEOUS	10,500	160,500
	TOTAL REVENUE	430,500	580,500
EXPENDETURES			
CAPITAL OUTLAYS			
401-933-594-35-64	Sewer Capital Equipment	1,250,295	178,230
401-933-189-16-07	Lift Stations	674,000	3,590,170
401-933-189-19-03	Mains	1,793,500	2,294,571
	CAPITAL OUTLAYS	3,717,795	6,062,971
INFORMATION SYSTEMS			
401-933-594-10-64	Computer Software	2,300	2,500
401-933-594-11-64	Computer Equipment	6,300	4,850
401-933-594-12-64	Network Equipment	26,200	7,950
	INFORMATION SYSTEMS	34,800	15,300
SERVICES			
401-933-535-12-41	Engineering Services	126,600	132,079
	General Sewer Plan	90,000	300,000
401-933-534-70-44	Excise Tax	7,500	7,500
	SERVICES	224,100	439,579
	TOTAL EXPENDETURES	3,976,695	6,517,850
OTHER FINANCING SOURCES			
	Wastewater Operating Transfers In	1,000,000	1,200,000
	OTHER FINANCING SOURCES	1,000,000	1,200,000
401-933-508-80-00	ENDING FUND BALANCE	1,210,605	1,662,650

2024 - 2044 Sewer Capital Improvement Program

Capital Revenues		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044		
Beginning Fund Balance		6,400,000	1,662,650	309,463	917,993	1,349,531	1,750,790	1,734,249	1,458,994	307,679	276,040	677,159	1,275,403	597,055	1,118,736	1,600,315	2,040,528	2,438,076	2,791,617	3,099,770	3,363,129	3,581,533		
Operating Transfers In (15% minimum)		1,200,000	1,600,000	1,600,000	1,200,000	1,200,000	1,200,000	1,300,000	1,600,000	1,700,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000		
General Facility Charges (Assumes 1% Growth)	1.0%	420,000	424,200	428,442	432,726	437,054	441,424	445,838	450,297	454,800	459,348	463,941	468,581	473,267	477,999	482,779	487,607	492,483	497,408	502,382	507,406	512,480		
Misc. Revenue (Escalation 1%/Year)	1.0%	160,500	10,000	10,100	10,201	10,303	10,406	10,510	10,615	10,721	10,829	10,937	11,046	11,157	11,268	11,381	11,495	11,610	11,726	11,843	11,961	12,081		
Debt Funding Source		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Capital Funds		8,180,500	3,696,850	2,348,005	2,560,920	2,996,888	3,402,620	3,490,598	3,519,907	2,473,200	2,346,216	2,752,037	3,355,030	2,681,479	3,208,004	3,694,475	4,139,630	4,542,168	4,900,750	5,213,995	5,482,497	5,706,094		
Capital Outlay/Projects/Rehabilitation & Replacement		Class.	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total
CAPITAL EQUIPMENT																								
Equipment Replacement (Unplanned)	R&R		138,230	142,377	146,648	151,048	155,579	160,246	165,054	170,005	175,106	180,359	185,770	191,343	197,083	202,995	209,085	215,358	221,819	228,473	234,653	241,021	247,390	3,959,641
Common Use Duty Vehicle			20,000																					20,000
Replacement Crew Truck			20,000																					20,000
LIFT STATIONS																								
Sewer station Flow meter replacements	CAP		2,575																					2,575
Pump replacements/ Upgrades	R&R		87,550																					87,550
Madrona Lift Station retrofit **	CAP		970,000																					970,000
Spare Pumps for Lift Stations	R&R		53,045																					53,045
Lift Station Building Repairs	CAP		17,000																					17,000
Lift Station Fish Barrier Project HWY 166			1,600,000																					1,600,000
Beach Drive to Gravity			850,000																					850,000
Replace Snug Harbor lift station pumps and controls	CAP				252,350																			252,350
Replace Conifer Park lift station (2000, pumps/controller 2015)	R&R									411,485														411,485
Replace Grand Ridge lift station (1993, pumps/controller 2016)	R&R										423,721													423,721
Construct lift station and collection system on Beach Dr. at Lidstrom (Partnership with Developers)	CAP									1,077,607														1,077,607
Brada lift station upsize wet well, pumps, and discharge to accommodate growth	CAP													1,238,905										1,238,905
Replace Aidan Lift Station (1997, pumps/controller 2014)	R&R						386,554																	386,554
Replace Conifer Park lift station (2000, pumps/controller 2015)	R&R								356,514															356,514
Replace Sinclair lift station (1996, pumps/controller 2015). Pumps and Controls.	R&R								356,514															356,514
Replace Villa Carmel pumps and controller (2015)	R&R									366,732														366,732
Replace Orchard Bluff lift station (1997, pumps/controller 2016)	R&R										378,103													378,103
Replace Crownwood lift station (2003, pumps/controller 2018)	R&R											233,656												233,656
Electrical Surge Protection			10,000																					
MAINS																								
Repair high spot in main-Thai Orchard parking lot **	R&R		33,990																					33,990
Sewer liner project Madrona/ Fircrest 15"	R&R																							
Olney Sewer replacement **	R&R		1,450,000																					1,450,000
Repair sewer in St.Vincent parking lot **	R&R		27,000																					27,000
Sewer Linings			200,000																					200,000
Sewer Main Spot repairs			150,000																					150,000
Salmonberry Bethel Roundabout Project			380,000																					
Horstman Capacity Enhancement Project Replace mains between SH1 - SH3	R&R			362,500																				362,500
Replace concrete mains in area of Lincoln	R&R			1,880,000																				1,880,000
Replace/Repair Aging Mains (Detailed Plan in Development)	R&R			852,840	878,425	904,778	931,921	959,879	988,675	1,018,336	1,048,886	1,080,352	1,112,763	1,146,146	1,180,530	1,215,946	1,252,424	1,289,997	1,328,697	1,368,558	1,408,419	1,448,280	1,488,141	22,903,991
Manhole Rehabilitation			53,581	54,652	55,745	56,860	57,997	59,157	60,340	61,547	62,778	64,034	65,314	66,621	67,953	69,312	70,698	72,112	73,555	75,026	76,497	77,968	79,439	1,381,188
INFORMATION SYSTEMS																								
Computer Software			2,500																					
Computer Equipment	R&R		4,850																					
Network Equipment	R&R		7,950																					
SCADA Software (Placeholder)																								
SCADA Computer Equipment (Placeholder)																								
SCADA Network Equipment (Placeholder)																								
SERVICES																								
Engineering Sewer stations and main replacements			85,729	87,444	89,192	90,976	92,796	94,652	96,545	98,476	100,445	102,454	104,503	106,593	108,725	110,900	113,118	115,380	117,687	120,041	122,326	124,634	126,953	2,209,569
Engineering mains in area of Lincoln **			46,350																					46,350
Engineering General Sewer Plan **			300,000																					300,000
TAXES																								
Excise Tax (Assumes 1% additional obligation per year)	N/A		7,500	7,575	7,651	7,727	7,805	7,883	7,961	8,041	8,121	8,203	8,285	8,368	8,451	8,536	8,621	8,707	8,794	8,882	8,971	9,061	9,151	174,294
Total Capital Expenditures			6,517,850	3,387,388	1,430,012	1,211,389	1,246,098	1,668,371	2,031,604	3,212,228	2,197,160	1,669,057	1,476,635	2,757,974	1,562,742	1,607,689	1,653,947	1,701,554	1,750,552	1,800,980	1,850,866	1,900,964	1,951,075	44,586,133

*All Expenditures Include 3.0% Cost Escalation Factor Unless Otherwise Noted.

**2023 Carry Over Projects

2024 Budget
Water/Wastewater Utility Bond Fund 401-924

BARS Codes	Description	2023 Budget	2024 Budget
	BEGINNING FUND BALANCE	20,000	193,000
REVENUE			
	INTEREST INCOME	1,300	2,800
	TOTAL REVENUES	1,300	2,800
EXPENDITURES			
	NOTES PAYABLE	185,498	190,666
	NON-OPERATING EXPENSES	19,862	17,041
	TOTAL EXPENDITURES	205,360	207,707
	OTHER FINANCING USES	185,000	200,000
	ENDING FUND BALANCE	940	188,093

2024 Budget
Water/Wastewater Utility Bond Fund 401-924

BARS Codes	Description	2023 Budget	2024 Budget
	BEGINNING FUND BALANCE	20,000	193,000
REVENUE	INTEREST INCOME		
	Int.-2016 Water Rev Bond	800	2,000
	Int.-2016 Sewer Rev Bond	500	800
	INTEREST INCOME	1,300	2,800
	TOTAL REVENUES	1,300	2,800
EXPENDITURES	NOTES PAYABLE		
401-924-246-30-34	2016 Revenue Bond-Water	148,398	152,533
401-924-246-30-35	2016 Revenue Bond-Wstwater	37,100	38,133
	NOTES PAYABLE	185,498	190,666
	NON-OPERATING EXPENSES		
401-924-592-34-83	Int. Exp.-Water Rev Bond 16	15,889	13,633
401-924-592-35-83	Int. Exp-Wstwtr Rev Bond 16	3,973	3,408
	NON-OPERATING EXPENSES	19,862	17,041
	TOTAL EXPENDITURES	205,360	207,707
	OTHER FINANCING USES		
	Sewer OP. Fund - Transfer in	21,000	35,000
	Water OP Fund - Transfer in	164,000	165,000
	OTHER FINANCING USES	185,000	200,000
	ENDING FUND BALANCE	940	188,093

WSUD Water/Sewer Debt Obligation

Water	Rev Bond 16	Loan 1	Loan 2	Loan PWB Powell Booster 2024	Loan PWB Lund Main Relocate 2024	Yearly Total
2024	166,166	31,942	16,709	39,330	21,840	275,987
2025	163,686	31,786	16,668	181,830	82,940	476,910
2026	161,026	31,629	16,627	179,864	82,043	471,189
2027	157,806	31,472	16,586	177,897	81,146	464,907
2028	87,470		16,545	175,931	80,249	360,194
2029			16,504	173,964	79,352	269,820
2030			16,463	171,998	78,455	266,915
2031			16,422	170,031	77,558	264,011
2032				168,065	76,661	244,726
2033				166,098	75,764	241,862
2034				164,132	74,867	238,999
2035				162,165	73,970	236,135
2036				160,199	73,073	233,272
2037				158,232	72,176	230,408
2038				156,266	71,279	227,545
2039				154,299	70,382	224,681
2040				152,333	69,485	221,818
2041				150,366	68,588	218,954
2042				148,400	67,691	216,091
2043				146,433	66,794	213,227
2044				144,467	65,897	210,364
Total	736,156	126,829	132,522	3,302,295	1,510,210	5,808,011
Sewer	Rev Bond 16	Loan 1	Loan 2	Null	Null	Yearly Total
2024	41,542	80,400	73,471			195,413
2025	40,922		73,113			114,034
2026	40,257		72,754			113,011
2027	39,452		72,396			111,847
2028	39,599		72,037			111,636
Total	201,770	80,400	363,771			645,942

2024 Budget
Utility Rate Stabilization Fund - 927

BARS Codes	Description	2023 Budget	2024 Budget
	BEGINNING FUND BALANCE	533,000	682,000
REVENUES			
	INTEREST INCOME	<u>6,000</u>	<u>18,000</u>
	TOTAL REVENUES	<u>6,000</u>	<u>18,000</u>
	TRANSFERS	130,000	130,000
	ENDING FUND BALANCE	<u>669,000</u>	<u>830,000</u>

2024 Budget
Utility Rate Stabilization Fund - 927

BARS Codes	Description	2023 Budget	2024 Budget
	BEGINNING FUND BALANCE	533,000	682,000
REVENUES	INTEREST INCOME		
	Interest	6,000	18,000
	INTEREST INCOME	<u>6,000</u>	<u>18,000</u>
	TOTAL REVENUES	<u>6,000</u>	<u>18,000</u>
	TRANSFERS		
	Water Operations Fund Trsf In	65,000	65,000
	Wastewater Operations Trsf In	65,000	65,000
	TRANSFERS	<u>130,000</u>	<u>130,000</u>
	ENDING FUND BALANCE	<u>669,000</u>	<u>830,000</u>

2024 Budget
Utility Debt Reserve/Guaranty Fund 401-751

BARS Codes	Description	2023 Budget	2024 Budget
	BEGINNING FUND BALANCE	209,000	215,000
REVENUES	INTEREST INCOME	2,500	5,000
	TOTAL REVENUES	<u>2,500</u>	<u>5,000</u>
	ENDING FUND BALANCE	<u>211,500</u>	<u>220,000</u>

2024 Budget

Utility Debt Reserve/Guaranty Fund 401-751

BARS Codes	Description	2023 Budget	2024 Budget
	BEGINNING FUND BALANCE	209,000	215,000
REVENUES	INTEREST INCOME		
401-751-361-11-34	Interest - Water Reserve	2,000	4,000
401-751-361-11-35	Interest - Wastewater Reserve	<u>500</u>	<u>1,000</u>
	INTEREST INCOME	<u>2,500</u>	<u>5,000</u>
	TOTAL REVENUES	<u><u>2,500</u></u>	<u><u>5,000</u></u>
	ENDING FUND BALANCE	<u><u>211,500</u></u>	<u><u>220,000</u></u>

2024 Budget
Facility Construction Fee Fund 401-929

BARS Codes	Description	2023	Budget	2024 Budget
	BEGINNING FUND BALANCE	2,200,000		4,460,000
REVENUES				
	TOTAL REVENUES	325,000		214,000
EXPENDITURES				
	TOTAL EXPENDITURES	200,000		200,000
401-929-508-10-00	ENDING FUND BALANCE	2,325,000		4,474,000

2024 Budget
Facility Construction Fee Fund 401-929

BARS Codes	Description	2023	Budget	2024 Budget
	BEGINNING FUND BALANCE		2,200,000	4,460,000
REVENUES				
401-929-151-10-00	Cash Acct-Facility Const. Fee		300,000	114,000
401-929-151-20-00	Investment-Facility Const. Fee		25,000	100,000
	TOTAL REVENUES		325,000	214,000
EXPENDITURES				
401-929-263-80-00	SKWRF-Facility Construction Fee		200,000	200,000
	TOTAL EXPENDITURES		200,000	200,000
401-929-508-10-00	ENDING FUND BALANCE		2,325,000	4,474,000



SOUTH KITSAP WATER RECLAMATION FACILITY



2024 BUDGET

South Kitsap Water Reclamation Facility

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October 4, 2023

Sewer Advisory Committee, South Kitsap Water Reclamation Facility
City of Port Orchard/West Sound Utility District
1165 Beach Drive East
Port Orchard, WA 98366

Re: 2024 SKWRF Budget

Sewer Advisory Committee:

It is with pleasure we introduce and submit to the South Kitsap Water Reclamation Facility (SKWRF) Sewer Advisory Committee (SAC) the 2024 SKWRF Budget. Developed as a comprehensive “policy document”, this “program” budget was prepared in a manner that is designed to enhance the financial planning of the wastewater treatment facilities programs, operation, and capital projects. The framework of this budget document follows the Government Finance Officers Association’s (GFOA) standards with a focus that:

- Establishes a Plan of Policy and Operation
- Facilitates the Evaluation of District/City Programs
- Provides Management Information
- Establishes Financial Control

This budget was prepared in a manner that provides sufficient resources from the City and District to adequately fund the wastewater treatment operations, maintenance, and capital projects while maintaining rates at a reasonable level.

A continued priority will be to work with the Sewer Advisory Committee (SAC) on obtaining sound policy direction and securing adequate financial resources that will assist SKWRF in achieving the following objectives and priorities:

- 1) Provide efficient and cost-effective operation and maintenance of the SKWRF
- 2) Ensure compliance with regulatory mandates existing and newly implemented
- 3) Continue maintenance, equipment rehabilitation, and replacement programs
- 4) Provide adequate funding for capital projects and service capital facility debt obligations
- 5) Provide responsible environmental stewardship
- 6) Provide ratepayers with responsible fiscal management
- 7) Continue to maintain a positive public image
- 8) Provide community education and awareness

One of the current and future challenges SKWRF faces is the regulatory imposition of a Nutrients General Permit (NGP) by the Department of Ecology (Ecology), which the facility was subject to beginning in January 2022. Ecology had previously indicated that while the facility currently has general requirements related to nutrients within the NPDES Permit, the facility may be subject to site-specific or more stringent requirements to be included in the facility's 2024 permit issuance. Ecology currently indicated an NGP will remain in effect and no site-specific regulatory requirements will be included within the Facilities 2024 NPDES Permit issuance.

2024 BUDGET OVERVIEW

The South Kitsap Water Reclamation Facility 2024 Budget is comprised of two separate funds that include the SKWRF Operating Fund and the SKWRF Capital Improvement Fund. The Operation Fund revenues for 2024 are \$3,455,990 with total expenditures at \$3,127,600. Operating Fund expenditures exclude a planned transfer to the Capital Fund in the amount of \$810,000. The projected 2024 Capital Fund expenditures are \$1,555,900.

In the preparation of this Budget document, the most distinguishable objectives for 2024 are as follows:

- **Balanced Budget:** In the proposed budget for 2024, a balanced budget with sufficient revenues to cover operating expenditures is provided.
- **The City and District combined ERU counts provided a 3.99% increase in ERU counts for the 2024 budgeted revenue.**
- **Fund Balance:** Maintain the beginning fund balance to a level sufficient to support the Operating Budget cash flow needs.
- **Budget Planning:** Continually assess long-term funding options for future capital project needs.
- **Budgeting/Financial Management/Accountability:** Continue to improve upon the “program” budget format.
- **Capital Improvement Program (CIP):** A 20-year CIP has been prepared to assist the City, District and SKWRF staff to evaluate long-term capital funding and potential debt financing needs.
- **Debt Service Program:** Approximately 10.5% of the SKWRF Operating Budget will be used to pay annual debt financing obligations over the next year. SKWRF debt obligation will be retired in 2024 with the payoff of Public Works Trust Fund loan #2 (PWTF).

PERSONNEL/STAFFING

The 2024 Budget contains continued funding for ten (10) full-time employees for SKWRF operation, and minimal temporary labor if needed. The staffing change proposed in 2024 is for a full-time employee classified as an Operator in Training through an apprenticeship program with Evergreen Rural Water of Washington (ERWOW) to address needed resources and as part of succession planning efforts. The 2024 Budget includes budgeted salary levels to ensure sufficient funding for a Cost of Living Adjustment determined by the Board of Commissioners.

SKWRF staff currently receive medical benefit coverage from the State's Public Employee Benefits Board medical insurance program through the Health Care Authority under a composite rate structure. The 2024 Budget includes budgeted monies to ensure sufficient funding for a minor increase anticipated for employee medical benefits and as determined by the Board of Commissioners.

SKWRF OPERATING FUND

The SKWRF 2024 Operating Budget incorporates a continued funding formula of \$22.50 per ERU for the City of Port Orchard and West Sound Utility District to pay for wastewater treatment services. The cost allocation for the City and District is as follows: As the District has 6,491 ERU's, \$1,752,570 has been budgeted as the District's portion of SKWRF's 2024 operational costs. Port Orchard has 6,196 ERUs; therefore, the City's portion of the SKWRF operational costs has been budgeted at \$1,672,920.

The SKWRF Operating Budget has a number of important programs and objectives. Some of the more significant programs and priorities are highlighted as follows:

Administration Program

Administrative oversight of the SKWRF is provided by the District's General Manager and funded in accordance with the inter-local agreement between the City and the District. The financial and administrative services are provided to SKWRF by West Sound Utility District for processing claims, payroll, budgeting, administrative support and financial reporting. In addition to the internal management of the SKWRF's information systems, the District provides information systems support to the SKWRF.

Education Program

A continued priority in 2024 is to provide adequate resources to fund training and continuing education for SKWRF staff to ensure staff certifications are maintained; and current operation and maintenance standards and practices are being utilized.

Debt Service

The facility has one remaining outstanding PWTF loan which was secured in 2004 for funding plant expansion. Currently the outstanding loan balance is \$361,800, which will be retired in 2024.

SKWRF CAPITAL IMPROVEMENT FUND

The SKWRF Capital Improvement Fund was created to account for and fund the planning, development and construction of capital improvements, equipment rehabilitation, replacement and the purchase of larger depreciable equipment. SKWRF prepares and maintains a 20-year Capital Improvement Plan to determine long range funding needs.

The notable capital expenditures proposed in the Capital Improvement Budget for fiscal year 2024 totaling \$1,555,900 are identified as follows:

1. Replacement of MBR Aeration Blower
2. Aeration Upgrades
3. Electrical Switch Gear Replacement
4. Unplanned Equipment Replacement

5. Main Fine Screen Replacement
6. One of Three Primary Grit Pumps
7. Asphalt Modifications
8. Concrete Structure Expansion Joint Repairs
9. SCADA Network System Upgrades; and
10. Necessary SCADA Computer Equipment

Direct capital contribution from the City and District into the Capital Improvement Fund is currently at a rate of \$2.00/ERU. In 2024, the City and District direct Capital Contribution identifies an ERU rate increase by an additional \$1.00 for a total of \$3.00/ERU. This rate increase was discussed during the 2023 budget cycle to facilitate the process of building Capital Fund Balance for future capital funding needs related to the 2022 imposition of the NGP.

The facility also receives revenue generated from leachate treatment and has grant funding that was awarded in 2023 in the amount of \$119,000 available to the facility in 2024. The direct capital contribution from the City and District's sewer operating funds factoring in the 2024 \$1.00 increase will result in the District contributing \$233,676 and the City contributing \$223,056.

Additionally, the City and District collect Treatment Capital Charges for new sewer connections, which are contributed, to the SKWRF as needed.

SUMMARY

The continued success of the efficient, cost-effective operation and management of the South Kitsap Water Reclamation Facility is dependent upon sound budgeting practices, development of comprehensive and long-term financial plans, operation programs, and policy direction from the Sewer Advisory Committee. The SKWRF 2024 Budget should provide a sound framework for funding and policy direction that will result in accomplishing the SKWRF's objectives, programs, goals and capital projects in 2024.

We look forward to a continued partnership and collaboration between the City of Port Orchard and West Sound Utility District elected officials and staff as we continue to address future challenges, opportunities and work toward continued successful effective and efficient operation of the South Kitsap Water Reclamation Facility.

Sincerely,



Glen R. Screws
General Manager



October 4, 2023

TO: Sewer Advisory Committee

FROM: Glen R. Screws
General Manager

SUBJECT: Equivalent Residential Unit (ERU) Counts – 2024 SKWRF Budget

Increase/Decrease in ERU count for the 2024 SKWRF Annual Budget
 City – +377 ERUs
 District – +107 ERUs
 Total Increase of 484 ERUs

Please find below the ERUs based on the Annual ERU Calculation Procedure for the 2024 SKWRF Budget. The breakdown is as follows:

ENTITY	RESIDENTIAL	COMMERCIAL	TOTAL	PERCENTAGE
CITY	5,171	1,025	6,196	48.83%
DISTRICT	5,500	991	6,491	51.17%
TOTAL	10,671	2,016	12,687	100%

For the 2023 Budget, the ERU count was:

ENTITY	RESIDENTIAL	COMMERCIAL	TOTAL	PERCENTAGE
CITY	4,767	1,052	5,819	47.68%
DISTRICT	5,523	861	6,384	52.32%
TOTAL	10,290	1,913	12,203	100%

For the 2022 Budget, the ERU count was:

ENTITY	RESIDENTIAL	COMMERCIAL	TOTAL	PERCENTAGE
CITY	4,694	907	5,601	47.92%
DISTRICT	5,260	828	6,088	52.08%
TOTAL	9,954	1,735	11,689	100%

The ERU history for the South Kitsap Water Reclamation Facility is as follows:

Budget Year	City		District		Total	Annual Growth
	Count	Percent	Count	Percent		
2024	6,196	48.83%	6,494	51.17%	12,690	3.99%
2023	5,819	47.68%	6,384	52.32%	12,203	4.40%
2022	5,601	47.92%	6,088	52.08%	11,689	-1.15%
2021	5,821	49.23%	6,004	50.77%	11,825	0.01%
2020	5,851	49.48%	5,973	50.52%	11,824	2.59%
2019	5,699	49.44%	5,827	50.56%	11,526	2.10%
2018	5,621	49.79%	5,668	50.21%	11,289	0.77%
2017	5,580	49.81%	5,623	50.19%	11,203	-0.10%
2016	5,509	49.13%	5,705	50.87%	11,214	1.52%
2015	5,332	48.27%	5,714	51.73%	11,046	3.93%
2014	5,124	48.21%	5,504	51.79%	10,628	0.89%
2013	5,040	47.85%	5,494	52.15%	10,534	-0.06%
2012	5,073	48.13%	5,467	51.87%	10,540	0.56%
2011	4,981	47.52%	5,500	52.48%	10,481	-4.14%
2010	5,189	47.46%	5,745	52.54%	10,934	3.60%
2009	4,833	45.79%	5,721	54.21%	10,554	5.58%
2008	4,643	46.45%	5,353	53.55%	9,996	5.40%
2007	4,407	46.47%	5,077	53.53%	9,484	0.63%
2006	4,559	48.37%	4,866	51.63%	9,425	2.50%
2005	4,350	47.31%	4,845	52.69%	9,195	1.06%
2004	4,185	45.99%	4,914	54.01%	9,099	1.44%
2003	4,077	45.45%	4,893	54.55%	8,970	-1.09%
2002	4,201	46.32%	4,868	53.68%	9,069	1.65%
2001	4,087	45.81%	4,835	54.19%	8,922	4.00%
2000	3,868	45.09%	4,711	54.91%	8,579	8.13%
1999	3,579	45.11%	4,355	54.89%	7,934	4.45%
1998	3,559	46.85%	4,037	53.15%	7,596	4.90%

SKWRF DEBT PAYMENT SCHEDULE WITH INTEREST

Year	PWTF Loan 1	Principal	Interest	PWTF Loan 2	Principal	Interest	Yearly Total
2024	RETIRED	\$ -	\$ -	\$ 361,800	\$ 351,670	\$ 10,130	\$ 361,800
Total	\$ -	\$ -	\$ -	\$ 361,800	\$ 351,670	\$ 10,130	\$ 361,800

2024 Budget
SKWRF Operation Fund 401 - 928

BARS Codes	Description	2023 Budget	2024 Budget
401-928-308-80-00	BEGINNING FUND BALANCE	2,326,732	2,391,400
REVENUE			
	INTERGOVERNMENTAL REV.		
401-928-337-50-00	West Sound Utility District	1,723,680	1,752,570
401-928-337-50-01	City of Port Orchard	1,571,130	1,672,920
	INTERGOVERNMENTAL REV.	3,294,810	3,425,490
MISCELLANEOUS INCOME			
401-928-345-29-00	Grant Funding	-	119,000
401-928-361-10-00	Interest Income SKWRF Op	8,000	30,000
401-928-369-90-00	Miscellaneous Revenue	3,000	500
	MISCELLANEOUS INCOME	11,000	149,500
	TOTAL REVENUE	3,305,810	3,574,990
EXPENDETURES			
	SALARIES		
401-928-535-10-10	Salaries	830,000	852,100
401-928-535-50-11	Overtime	35,000	35,000
401-928-535-50-12	Temp Help	6,500	6,500
401-928-535-50-13	Plant - Stand by	11,000	11,000
	SALARIES	882,500	904,600
	BENEFITS		
401-928-535-10-20	Emp. Benefits-Pensions	87,300	96,500
401-928-535-10-21	Emp. Benefits-Med Insurance	140,400	156,200
401-928-535-10-24	Employee-Uniforms	4,000	4,100
401-928-535-10-25	Workman Comp/L&I	17,000	22,900
401-928-535-10-26	FICA & Medicare - Employer	66,500	69,200
401-928-535-10-28	State Unemployment Tax	5,100	6,500
	BENEFITS	320,300	355,400
	SUPPLIES		
401-928-535-10-31	Supplies-Gen Operating	11,000	11,300
401-928-535-50-31	Supplies-Lab-Treatment	30,000	30,000
401-928-535-50-32	Plant-Lubes/Oils/Diesel/Propane	6,500	6,500
401-928-535-50-35	Supplies-Small Tools/Equipment	5,500	5,500
401-928-535-51-32	Vehicle Exp-Fuel	3,500	3,500
401-928-535-52-31	Supplies-Safety	7,000	7,000
401-928-535-53-31	Chemicals	140,000	190,000
401-928-535-60-31	Supplies-Materials/Structures/Maint.	110,000	110,000
401-928-535-61-31	Ground Maintenance	3,000	3,000
	SUPPLIES	316,500	366,800

BARS Codes	Description	2023 Budget	2024 Budget
	SERVICES		
401-928-535-10-41	Contractual-Engineering	25,000	50,000
401-928-535-10-46	Insurance - General Liability	137,700	174,300
401-928-535-10-49	Membership Dues	7,500	7,700
401-928-535-11-41	Contractual Legal and IT	13,000	22,000
401-928-535-13-31	Employee Appreciation	2,000	2,000
401-928-535-11-49	Public Relations & Information	500	500
401-928-535-15-41	Public Notices/Advertisements	500	500
401-928-535-17-41	Lawn Maintenance	12,000	12,300
401-928-535-40-42	Telephone & Internet	9,500	9,500
401-928-535-40-47	Utilities/Pwr/Gas/Water	195,000	280,000
401-928-535-50-41	Contractual-Lab Analysis	40,000	40,000
401-928-535-50-42	Postage & Delivery	2,000	2,000
401-928-535-50-43	Travel/Training	12,900	18,000
401-928-535-50-45	Rental Equipment	2,000	2,000
401-928-535-50-48	Bio Removal-Sludge Disposal	115,000	119,000
401-928-535-52-49	Miscellaneous Expense	1,000	1,000
401-928-535-60-48	R & M-Vehicles	1,500	1,500
401-928-535-61-48	Digester Cleaning	15,000	15,000
401-928-535-62-48	Annual Software Maintenance (Onsite)	44,000	38,000
401-928-535-63-48	Outside Services-Maint. Equipment	35,000	35,000
401-928-535-70-44	Excise Tax	5,000	5,000
401-928-535-71-44	Stormwater Mgmt. (SWWM)	6,200	6,200
	SERVICES	682,300	841,500
	INTERGOVERNMENTAL SVS.		
401-928-535-10-51	State Auditor	5,000	15,000
401-928-535-11-51	Permits/License/Inspections	56,000	75,000
401-928-535-13-41	WSUD Acctg. Support	179,000	183,000
401-928-535-14-41	WSUD IT Service (Antivirus, O-365 , Hardware, etc.)	-	27,100
	INTERGOVERNMENTAL SVS.	240,000	300,100
	DEBT SERVICE		
401-928-263-80-20	PWTF Loan 2	360,000	360,000
401-928-592-35-83	Interest Expense	3,600	1,800
	DEBT SERVICE	363,600	361,800
	TOTAL EXPENSE	2,805,200	3,130,200
	OTHER FINANCING USES		
401-928-597-00-31	SKWRF Capital Transfer Out (Min. 15%)	495,872	810,000
	Grant Funding	-	119,000
	OTHER FINANCING USES	495,872	929,000
401-928-508-80-00	ENDING FUND BALANCE	2,331,470	1,907,190

2024 Budget
SKWRF CAPITAL FUND 401 - 931

BARS Codes	Description	2023 Budget	2024 Budget
401-931-308-80-00	BEGINNING FUND BALANCE	1,734,043	1,504,200
	REVENUE		
	CONTRIBUTED INCOME		
401-931-379-35-10	WSUD ERU Assmt. Contribution	153,216	233,676
401-931-379-35-20	COPO ERU Assmt. Contribution	139,656	223,056
401-931-379-00-00	FCF - WSUD	200,000	200,000
401-931-379-00-01	FCF - City of Port Orchard	200,000	200,000
	CONTRIBUTED INCOME	692,872	856,732
	MISCELLANEOUS		
401-931-337-50-00	Leachate Treatment	60,000	60,000
401-931-361-10-00	Interest Income	7,000	18,000
401-931-369-90-00	Misc. Revenue	700	500
	MISCELLANEOUS	67,700	78,500
	TOTAL REVENUE	760,572	935,232
	EXPENDETURES		
	CAPITAL OUTLAYS		
401-931-594-35-64	SKWRF Capital Equipment	1,472,587	967,600
	Structures	-	-
	Infrastructure	-	-
	Plant	25,000	55,000
401-931-535-52-35	Information Systems	16,700	411,800
	CAPITAL OUTLAYS	1,514,287	1,434,400
	SERVICES		
	Engineering Services	-	120,000
	SERVICES	-	120,000
	TAXES		
401-931-535-70-44	Excise Tax	1,000	1,500
	TAXES	1,000	1,500
	TOTAL EXPENDITURES	1,515,287	1,555,900
	OTHER FINANCING SOURCES		
401-931-397-00-28	SKWRF Operating Transfers-In	495,872	810,000
	Grant Funding	-	119,000
	OTHER FINANCING SOURCES	495,872	929,000
401-931-508-80-00	ENDING FUND BALANCE	1,475,200	1,812,532

ENR-CCI Construction Cost Index History

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG.
2023	13,175	13,176	13,176	13,230	13,288	13,345	13,425	13,473					
2022	12,556	12,684	12,791	12,899	13,004	13,111	13,168	13,171	13,173	13,175	13,175	13,175	13,007
2021	11,628	11,699	11,750	11,849	11,990	12,112	12,237	12,463	12,464	12,465	12,467	12,482	12,134
2020	11,392	11,396	11,397	11,412	11,418	11,436	11,439	11,455	11,499	11,539	11,579	11,626	11,466
2019	11,206	11,213	11,228	11,228	11,230	11,268	11,293	11,311	11,311	11,326	11,381	11,381	11,281
2018	10,878	10,889	10,959	10,971	11,013	11,069	11,116	11,124	11,170	11,183	11,184	11,186	11,062
2017	10,542	10,559	10,667	10,678	10,692	10,703	10,789	10,826	10,823	10,817	10,870	10,873	10,737
2016	10,132	10,181	10,242	10,279	10,315	10,337	10,379	10,385	10,403	10,434	10,442	10,530	10,338
2015	9,972	9,962	9,972	9,992	9,975	10,039	10,037	10,039	10,065	10,128	10,092	10,152	10,035
2014	9,664	9,681	9,702	9,750	9,796	9,800	9,835	9,846	9,870	9,886	9,912	9,936	9,807
2013	9,437	9,453	9,456	9,484	9,516	9,542	9,552	9,545	9,552	9,689	9,666	9,668	9,547
2012	9,176	9,198	9,268	9,273	9,290	9,291	9,324	9,351	9,341	9,376	9,398	9,412	9,308
2011	8,938	8,998	9,011	9,027	9,035	9,053	9,080	9,088	9,116	9,147	9,173	9,172	9,070
2010	8,660	8,672	8,671	8,677	8,761	8,805	8,844	8,837	8,836	8,921	8,951	8,952	8,799

Year-Over-Year Percent Change

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Average
2023	4.93%	3.88%	3.01%	2.57%	2.18%	1.78%	1.95%	2.29%					
2022	7.98%	8.42%	8.86%	8.86%	8.46%	8.25%	7.61%	5.68%	5.69%	5.70%	5.68%	5.55%	7.23%
2021	2.07%	2.66%	3.10%	3.83%	5.01%	5.91%	6.98%	8.80%	8.39%	8.02%	7.67%	7.36%	5.82%
2020	1.66%	1.63%	1.51%	1.64%	1.67%	1.49%	1.29%	1.27%	1.66%	1.88%	1.74%	2.15%	1.63%
2019	3.02%	2.98%	2.45%	2.34%	1.97%	1.80%	1.59%	1.68%	1.26%	1.28%	1.76%	1.74%	1.99%
2018	3.19%	3.13%	2.74%	2.74%	3.00%	3.42%	3.03%	2.75%	3.21%	3.38%	2.89%	2.88%	3.03%
2017	4.05%	3.71%	4.15%	3.88%	3.65%	3.54%	3.95%	4.25%	4.04%	3.67%	4.10%	3.26%	3.85%
2016	1.60%	2.20%	2.71%	2.87%	3.41%	2.97%	3.41%	3.45%	3.36%	3.02%	3.47%	3.72%	3.02%
2015	3.19%	2.90%	2.78%	2.48%	1.83%	2.44%	2.05%	1.96%	1.98%	2.45%	1.82%	2.17%	2.34%
2014	2.41%	2.41%	2.60%	2.80%	2.94%	2.70%	2.96%	3.15%	3.33%	2.03%	2.55%	2.77%	2.72%
2013	2.84%	2.77%	2.03%	2.28%	2.43%	2.70%	2.45%	2.07%	2.26%	3.34%	2.85%	2.72%	2.56%
2012	2.66%	2.22%	2.85%	2.73%	2.82%	2.63%	2.69%	2.89%	2.47%	2.50%	2.45%	2.62%	2.63%
2011	3.21%	3.76%	3.92%	4.03%	3.13%	2.82%	2.67%	2.84%	3.17%	2.53%	2.48%	2.46%	3.08%

2024- 2044 SKWRF Capital Program

Capital Revenues	ESC.	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044		
Beginning Fund Balance		1,504,200	1,812,532	1,315,026	857,731	174,028	567,589	1,557,835	1,759,063	1,273,068	2,669,686	2,152,234	576,055	2,046,206	3,728,573	5,442,189	7,106,424	8,441,587	10,006,813	11,670,433	10,973,770	10,747,258		
WSUD ERU Assessment	2.0%	233,676	238,350	243,117	247,979	252,938	257,997	263,157	268,420	273,789	279,264	284,850	290,547	296,358	302,285	308,331	314,497	320,787	327,203	333,747	340,422	347,230		
COPO ERU Assessment	2.0%	223,056	227,517	232,067	236,709	241,443	246,272	251,197	256,221	261,346	266,573	271,904	277,342	282,889	288,547	294,318	300,204	306,208	312,332	318,579	324,950	331,449		
Operating Transfers In (min. 15% operating revenue)	2.0%	810,000	1,000,000	1,020,000	1,040,400	1,061,208	1,082,432	1,104,081	1,126,162	1,148,686	1,171,659	1,195,093	1,218,994	1,243,374	1,268,242	1,293,607	1,319,479	1,345,868	1,372,786	1,400,241	1,428,246	1,456,811		
Sewer Capital Facility Reserve Funds (GFCs)	0.0%	400,000	200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Misc. Revenue (Leachate, Interest, Grants, misc.)	2.5%	78,500	80,070	81,671	83,305	84,971	86,670	88,404	90,172	91,975	93,815	95,691	97,605	99,557	101,548	103,579	105,651	107,764	109,919	112,117	114,360	116,647		
Ecology Grant Funding	0.0%	119,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Projected Capital Funds		3,368,432	3,558,469	2,891,881	2,466,124	1,814,588	2,240,960	3,264,674	3,500,039	3,048,863	4,480,997	3,999,772	2,460,543	3,968,384	5,689,194	7,442,023	9,146,255	10,522,215	12,129,053	13,835,117	13,181,748	12,999,396		
Capital Outlay/Projects/Rehabilitation & Replacement *	Class.	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Total	
SKWRF CAPITAL EQUIPMENT																								
Blower MBR Aeration	R&R	119,000	112,551														170,245						401,796	
Blower MBR Cyclic #1	R&R			115,928														175,352						291,280
Blower MBR Cyclic #2	R&R				119,405														180,613					300,018
Blower MBR Cyclic #3 (Standby)	R&R					122,987														103,000				225,987
Blower CAS #1	R&R						152,013														229,933			381,946
Blower CAS #2 (Standby)	R&R									166,108													236,831	402,939
Blower CAS #3	R&R							156,572																156,572
Aeration Upgrades / Controls/ Aerostrips	R&R	165,000							166,108															331,108
1° Clarifier Flight Assembly #1	R&R															48,141								48,141
1° Clarifier Flight Assembly #2	R&R																51,073							51,073
1° Clarifier Flight Assembly #3	R&R																	52,605						52,605
2° Clarifiers Rebuild North	R&R			1,236,000																				1,236,000
2° Clarifiers Rebuild South	R&R				1,600,000																			1,600,000
Digester Cover Replacement South	R&R							567,576																567,576
Digester Cover Replacement North	R&R							567,576																567,576
Digesters Tankage Design for Replacement/ Retrofit	CAP		253,240																					253,240
Digester Tankage Replacement/ Upgrades	CAP										3,197,672													3,197,672
Digester Mixing System Replacement	R&R					787,119																		787,119
Electrical Switch Gear Replacement	R&R	200,000																						200,000
Equipment Replacement	R&R	116,600	120,200	123,806	127,520	131,346	135,286	139,345	143,525	147,831	152,266	156,834	161,539	166,385	171,377	176,517	181,814	187,267	192,886	198,673	204,632	210,592		3,346,240
Fine Screen #1 Replacement	R&R	165,000																						165,000
Fine Screen #2 Replacement	R&R	165,000																						165,000
Fine Screen #3 Replacement	R&R						196,779																	196,779
Generator #1 Replacement	R&R		270,122																					270,122
Grit Pump 1 (25 Yr. replacement)	R&R	37,000																						37,000
Grit Pump 2 (25 Yr. replacement)	R&R		38,110																					38,110
Grit Pump 3 (25 Yr. replacement)	R&R			39,250																				39,250
MBR Aeration Replacement/Upgrade	R&R		67,531																					67,531
MBR Capacity Expansion (20 Currently)	R&R		731,583																					731,583
MBR Cassette Replacement	R&R							1,854,000													1,909,620			3,763,620
MBR Annox Mixer Replacement/Upgrade	R&R		257,500																					257,500
Primary Clarifier Drive Replacement	R&R				365,000																			365,000
RAS Pump Replacement North 1	R&R			11,588												16,521								28,109
RAS Pump Replacement North 2	R&R			11,588												16,521								28,109
RAS Pump Replacement South 1	R&R				11,948												17,017							28,965
RAS Pump Replacement South 2	R&R				11,948												17,017							28,965
Thickening Equipment Replacement	R&R																			2,472,000				2,472,000
Vehicle Replacement	R&R									46,968														46,968
STRUCTURES																								
Primary Clarifier Rehabilitation	R&R										1,905,500													1,905,500
INFRASTRUCTURE																								
Plant Modification/ Expansion (TBD)	CAP																							0
PLANT																								
Deck Coatings	R&R		11,255					13,048					15,126											56,963
Asphalt Modifications for Storm water Prevention	R&R	25,000																						25,000
Exterior Coatings	R&R		123,806				139,345				156,834		166,385				187,268							773,638
Concrete Structure Repairs (Expansion Joints)	R&R	30,000				147,585																		177,585
INFORMATION SYSTEMS																								
SCADA Software	R&R																							0
SCADA Computer Equipment	R&R	1,800																						1,800
SCADA Network Equipment	R&R	410,000																						410,000
SERVICES																								
Operation & Maintenance Manual/Engineering			206,000																					206,000
Plant Modification/ Expansion/Engineering				309,000																				309,000
Engineering (PSA's and NGP needs, Facility Study 2026)		120,000	50,000	185,400	54,636	56,275	57,963	59,702	61,493	63,338	65,238	67,195	69,211	71,287	73,426	75,629	77,898	80,235	82,642	85,121	87,675	90,305		1,634,669
TAXES																								
Excise Tax		1,500	1,545	1,591	1,639	1,688	1,739	1,791	1,845	1,900	1,957	2,016	2,076	2,139	2,203	2,269	2,337	2,407	2,479	2,554	2,630	2,709		43,015
Total Capital Expenditures		1,555,900	2,243,443	2,034,150	2,292,096	1,246,999	683,125	1,505,611	2,226,971	379,177	2,328,763	3,423,717	414,337	239,811	247,005	335,599	704,667	515,401	458,620	2,861,347	2,434,490	540,437	28,671,667	

*Expenditures include 3.0% Cost Escalation Factor Unless Otherwise Noted.



West Sound Utility District

Financial Management Policies

AMENDED MAY 2019 – RESOLUTION 825-19

WEST SOUND UTILITY DISTRICT FINANCIAL MANAGEMENT POLICIES

The financial health and welfare of West Sound Utility District (District) is highly dependent upon establishing and maintaining sound, financial-planning objectives and strategies of implementation. These financial management policies direct the decision-making process of the District's Board of Commissioners and the District administration while operating to provide stability of changing service and financial circumstances and conditions. These policies also provide guidelines for evaluating both current activities and proposals for future programs and direct the District's financial resources toward meeting the goals and programs identified in the District water and wastewater utility system's comprehensive plans. The implementation of wise fiscal policies enables the District officials to protect the public interest and ensure public trust and confidence in the District's management of water and wastewater operations.

I. Financial Philosophies

The fiscal policy of the District is to establish a sufficient financial base and provide the resources necessary to support and sustain a responsible level of water and wastewater utility services to ensure public health, and enhance the physical infrastructure and environment of the District.

West Sound Utility District's financial policies shall address the following fiscal goals:

- Ensure the District maintains a financial base sufficient to provide a consistent level of District utility services.
- Maintain sound financial practices that meet all applicable standards and direct the District's financial resources toward meeting the goals set forth in the District's utility system plans.
- Keep the District in a fiscally sound position in both the long and short term.
- Maintain sufficient financial liquidity to meet normal operating and contingent obligations.
- Maintain and preserve existing infrastructure and capital assets.
- Set forth operating principles that minimize the cost of utility services and financial risks.
- Promote sound financial management by providing accurate and timely information on the District's financial condition.
- Provide a framework for prudent use of debt financing and maintain a good credit rating in the financial community assuring ratepayers that the District is financially well managed.
- Ensure the legal use of financial resources through effective systems of internal controls.
- Promote cooperation and coordination with other governmental entities and the private sector in financing and delivery of services.
- Establish capital improvement project priorities based on long-range plans that are consistent with the District's comprehensive plans.
- Expect service users to pay their fair share of program costs.

As a foundation of the District's financial management policy, the "fiscal integrity" of the District will be the highest priority. The District will strive to maintain the fiscal integrity of its enterprise, debt service, internal service and capital improvement budgets. It is the District's intent to maximize the level of utility services while minimizing the level of debt. In order to achieve successful financial management, maintain fiscal integrity and ensure the highest credit rating for the District, the District will pursue the following objectives: 1) utilize conservative but reasonable revenue forecasting; 2) initiate budgeting practices which tie recurring expenditures to recurring revenues; 3) establish

contingency planning to deal with uncertainties; 4) implement strong budget controls; 5) utilize conservative investment practices emphasizing the preservation of capital and liquidity; and 6) engage department managers in the development and management of their individual areas of budget responsibility.

II. Budget Process

The budget process is designed to meet the operations and service needs of the District by integrating the planning and implementation of District programs and objectives with the allocation of funds sufficient to support such services and programs. The framework of the District budget was developed following the Government Finance Officers Association's (GFOA) standards identified below:

- **Establishes a Plan of Policy and Operation**, which allocates resources to achieve specific District goals and objectives and guides the District's activities.
- **Facilitates the Evaluation of District Programs** by providing a means to measurably examine the financial activities of the District's departments over time.
- **Provides Management Information** as a comprehensive recording of information relative to both the character and scope of District activity, delivered in a format which facilitates easy recognition of potential budget performance problems and offers solution options from the management staff.
- **Establishes Financial Control** by controlling the allocation of revenue to various activities through prioritization of programs/projects and allowing policy officials to ensure legality, accuracy and conformity to legislative and administrative objectives.

The District's annual (or biennial) budget shall be prepared according to the following schedule during the year proceeding the annual budget period:

1. Prior to August 1, the Board will conduct a goal-setting retreat with the General Manager and department managers.
2. In August, the Board of Commissioners will meet with the General Manager and District's chief financial officer to discuss budget schedule, process, budget guidelines and budget preparation tasks.
3. In August, the General Manager and District's chief financial officer will prepare the budget preparation package, distribute the packets and discuss budget preparation with the department managers.
4. On or before the second Monday of September, department managers submit to the General Manager the budget estimates and requests, goals and objectives statements and budget forms.
5. In late September, the Department managers meet with the General Manager to review budget requests. The General Manager submits a preliminary balanced budget to the Board on or before October 15.

6. On or before the first Monday of November, the first public meeting on the proposed budget is conducted.
7. On or before December 31, the Board adopts the final budget resolution.

The main feature in the development of a budget format is to make the budget document readable and understandable to the general public and District officials. The budget must be developed in a format that will also provide sufficient detail in financial, program and policy information to guide the departments in program performance, and assist the Board and administrative/finance staff in program evaluation and monitoring.

1. The budget should be a spending, financing and performance plan agreed to by the General Manager, District's chief financial officer and department managers. It should contain information and data regarding expected revenues, expenditures and program performance.
2. The District shall prepare and refine written policies and goals on an annual basis to guide the preparation of spending, financing and performance plan for the District budget. Adopted budgets will comply with the adopted budget policies and Board's priorities.
3. The District's budget presentation should display the District's utility services delivery and performance plan in a Board/customer-friendly format. The District, therefore, will use a department budgeting format to convey the policies and purposes of District operations.
4. Decision-making for capital improvements will be coordinated with the operating budget to make effective use of District's resources for operating and maintaining facilities and capital projects.
5. Under the Board and General Manager's direction, department managers will formulate budget programs in line with the Board and General Manager's priority direction by implementing such programs once they are approved.

The Board adopts the budget by resolution at the Fund and Department level. Departments have management control over their budgeted line items; however, the departments: 1) may not purchase capital equipment items in excess of \$2,500 unless such items have been approved in the Department's budget, and 2) must obtain approval from the Information Technology manager of all computer and information system equipment/software purchases. Any revisions that alter the total expenditures of a Department or affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Board of Commissioners. If a budget amendment is deemed necessary due to extraordinary Department expenses or the addition of state/federal grants, such budget amendment will generally occur only one time during the year at year-end with the adoption of a supplemental budget resolution.

III. Basis of Accounting and Budgeting

A) Basis of Accounting

The basis of accounting used determines when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. All Proprietary Funds (*Enterprise* and *Internal Service* funds) are accounted for using the full accrual basis of accounting. Under this basis of

accounting, the revenues are recognized when they are earned and their expenses are recognized when they are incurred.

B) Budgets and Budgetary Accounting

The District's accounting and budgeting systems are organized and operated on a "Fund" basis. Funds are accounting entities used to record revenues and expenditures. Each fund is balanced, meaning total revenues equal total expenditures. The budgeted funds are grouped into categories: *Enterprise, Capital Projects, Internal Service, Debt Service and Reserve* funds.

Legal budgetary control is established at the Fund level (i.e., expenditures for a fund may not exceed that fund's total appropriation amount). The General Manager may authorize transfers of appropriation within a Fund, but the Board must approve by resolution any increase in total fund appropriations. Any unexpended appropriation balances lapse at the end of the budget period.

IV. Accounting, Financial Reporting, Forecasting, Information System Integrity and Auditing Policies

The District will establish and maintain the highest standard of accounting practices. Accounting and budgetary systems will at all times conform to Generally Accepted Accounting Principles and District regulations.

Accounting System:

- A comprehensive accounting system will be maintained to provide all financial information necessary to efficiently operate the District.
- The District will meet the financial reporting standards set by the Governmental Accounting Standards Board.

Financial Reporting:

- Full disclosure will be provided in all officially-published District financial reports and bond representations.
- Annual financial report will be prepared on a timely basis and in a comprehensive and cooperative fashion to meet or exceed the State Auditor's Office standards and expectations.
- The District's budget documents shall be presented in a format that provides for logical comparison with prior budget period actuals wherever possible.
- Reports outlining the status of revenues, expenditures and fund balances shall be done monthly in a format prepared by the District's chief financial officer and coordinated with the General Manager will be distributed to the Board, department managers and any interested party.
- The budget will be produced so that it can be directly compared to the actual results of the fiscal year and presented in a timely quarterly (or semi-annual) report.
- All budget amendments, both revenues and expenditures, will be noted in the quarterly (or semi-annual) report.

Information Systems Integrity:

- Provide the technology tools, information systems support and uninterrupted level of information systems service to sustain the successful implementation and maintenance of a sound, reliable and efficient financial management system.

- Ensure reliability and stability in the use of financial software, information systems networks and support services in order to secure trust and confidence in the District's financial management system.
- Seek compatibility of financial software products, applications and support services with the District's finance staff and users in an effort to adhere to the District's fiscal goals and maintain fiscal integrity.
- Fully integrate systems software to provide all financial information in a format consistent with District policy to ensure that District programs achieve desired goals by improving data reporting, creating more efficient workflows, and enhancing speed and effectiveness in policy and management decision-making.
- Provide a comprehensive and dependable communications system through a sound networking infrastructure between interconnected devices.
- Protect against unauthorized access through information systems security and controls while allowing District staff the ability to access information directly from the system.

Forecasting:

- Each year, the District will update expenditure and revenue forecasts for the operating funds on an annual cycle and next six years for the capital improvement program. Projections will include estimated operating costs for future capital improvements that are included in the capital budget.
- These estimates will be presented to the Board in a form that will facilitate budget decisions and strategic planning, based on a multi-year strategic planning perspective.

Auditing Policies:

A biennial audit will be performed by the State Auditor's Office and include the issuance of a financial opinion. An Annual Financial Report shall be prepared in accordance with generally accepted accounting principles and shall be distributed to any interested party.

V. Operating Budget Policies

The District Budget is the central financial planning document that encompasses all operating revenue and expenditure decisions. It establishes the level of services to be provided by each department within the restrictions of anticipated District revenues.

1. The District will maintain a budgetary control system to ensure compliance with the budget. The District will prepare monthly budget status reports and detailed semi-annual budget status reports comparing actual revenues and expenditures to budgeted amounts.
2. The Board will establish District service levels and priorities for the ensuing fiscal year prior to and during the development of the budget. The General Manager will then incorporate the Board's objectives and priorities in the Board's budget proposal.
3. The District will provide for adequate maintenance and appropriate replacement of capital facilities and equipment. The District will provide for maintenance schedules to ensure that facilities and equipment are maintained so as to maximize its useful life span.
4. The District will pay for all current operating expenditures with current revenues.

5. The District will project capital outlay expenditures for a six-year period. Projections will include estimated operating costs of future capital improvements included in the capital improvement budget, which will be reviewed on an annual basis.
6. The District will prepare a concise summary and guide to the key issues and aspects of operating and capital components of the budget to provide education and involvement of the public. The summary should be publicly available for both the proposed budget and the adopted budget.
7. An appropriate balance will always be maintained between resources allocated for direct services to the public and resources allocated for the costs of administration.

VI. Revenue and Expenditure Policies

The District will seek to maintain the highest level of affordable and reliable services while maintaining fiscal responsibility based on the constraints of the District's revenue resources and direction provided under the District's expenditure policies.

Revenue Policies:

1. Revenue forecasts will assess the full spectrum of resources that can be allocated for utility services. The revenue system will be diversified as protection from short-run fluctuations in any one revenue source. Should economic downturn develop which could result in potential revenue shortfalls or fewer available resources, the District will make adjustments in anticipated expenditures to compensate.
2. Current revenues will be sufficient to support current expenditures.
3. The investment of District funds shall be made pursuant to the District's Investment Policy as approved by the Board and General Manager. Investment income earned through the District's pool of invested funds shall be budgeted based upon the anticipated participation of each fund.
4. Revenues of a limited or indefinite term should be used for capital projects or one-time operating expenditures to ensure that no ongoing service program is lost when such revenues are reduced or discontinued.
5. Grant applications to fund new service or capital programs with State or Federal funds will be reviewed by the District, as they become available, with due consideration being given to whether locally generated revenues will be required to support these programs when outside funding is no longer available.
6. State and Federal grant funds may be utilized, but only when the District can be assured that the total costs and requirements of accepting funds are known and judged not to adversely impact the District's utility funds. Future impacts on the District budget will be evaluated by the Finance Department in all grant requests. The General Manager shall approve all grant applications.
7. The District will annually review all fees for licenses, permits, fines and other miscellaneous charges as part of the budget process. User charges and fees will be established based at a

percentage of the full cost of providing the service, unless otherwise provided by statute or regulation. Full cost incorporates direct and indirect costs, including operations and maintenance, overhead, and charges for the use of capital facilities. Other factors for fee or charge adjustments may also include the impact of inflation, other cost increases, the adequacy of the coverage of costs, and current competitive rates. The full cost of providing a service should be calculated in order to provide a basis for setting the charge or fee. Any proposed rate adjustments user charges and fees shall be presented to the Board for approval each year and concurrent with the preparation and submittal of the proposed annual or biennial budget by the General Manager to the Board.

8. Deficit financing and borrowing will not be used to support on-going District services and operations. Expenses will be reduced to conform to the long-term revenue forecast. Interfund loans are permissible to cover temporary gaps in cash flow, but only when supported by a well-documented repayment schedule of short duration based and at an interest rate based on the County's Investment Pool.
9. The District will maintain revenue and expenditure categories according to State regulations and District administrative procedures.

Expenditure Policies:

1. High priority will be given to expenditures that will reduce future operating costs, such as increased utilization of technology and equipment and prudent business methods.
2. The budget shall balance recurring operating expenses to recurring operating revenue.
3. If expenditure reductions are necessary, complete elimination of a specific, non-mandatory service is preferable to lowering the quality of existing programs.
4. Expenditures shall be controlled and shall stay within the amount of appropriated funds.
5. Before the District undertakes any agreement that would create significant, fixed ongoing expenses, the cost implications of such agreement will be fully determined for current and future years.

VII. Capital Improvement Policies

The District shall establish as a primary fiscal responsibility the preservation, maintenance and future improvement of the District's water and wastewater capital facilities, equipment and assets. Proper planning and implementation of sound capital policies and programs will assist the District in avoiding fiscal emergencies and unplanned capital costs in the future.

1. A comprehensive multi-year (minimum six-year) plan for District water and wastewater capital improvements will be prepared and updated annually. An annual or biennial Capital Improvement Program will be developed and adopted by the Board as part of the District budget.
2. All projects included in the Capital Improvement Program shall be consistent with the District's water and wastewater utility system's Comprehensive Plans. The goals and policies

for the utility services should be followed in the development of the Capital Improvement Program. The Comprehensive Plan service level goals should be included in the Capital Improvement Program. Virtually all of the projects included in the Capital Improvement Program are based upon formal long-range plans that have been adopted by the Board.

3. The Board will review on an annual basis and establish criteria against which capital proposals should be measured. Included among the factors which will be considered for priority-ranking are the following:
 - a. projects which have a positive impact on the operating budget (reduced expenditures, increased revenues),
 - b. projects which are programmed in the Twenty-Year Capital Improvement Program,
 - c. projects which can be realistically accomplished during the year they are scheduled,
 - d. projects which implement previous Board-approved reports and strategies, and
 - e. renewal and replacement schedule projects.
4. Capital project proposals should include cost estimates that are complete, reliable and attainable. Project cost estimates for the Capital Budget should be based upon a thorough analysis of the project and are expected to be as reliable as the level of detail known about the project. Project cost estimates for the Twenty-Year Capital Improvement Program will vary in reliability depending on whether they are to be undertaken in the first, third, or sixth year of the Program.
5. Financial analysis of funding sources will be conducted for all proposed capital improvement projects, in addition to listing the total project costs.
6. The Annual or biennial Capital Budget shall include only those projects which can reasonably be accomplished in the time frame indicated. Each budgeted capital project should include a projected schedule.
7. The District will project its equipment needs (i.e., vehicle replacement and maintenance needs for the next several years) and will update these projections annually or biennially. From this projection, a maintenance and replacement schedule will be developed and followed. The intent of the maintenance program shall be to maintain all its assets at an adequate level in order to protect the District's capital investment and to minimize future maintenance and replacement costs.
8. Although the District will generally finance projects on a "pay-as-you-go" basis, the Board may conclude that the most equitable way of funding a project that benefits the entire community will be debt financing (pay-as-you-use) in order to provide capital improvements or services in a timely manner.
9. New private community development (including residential, commercial and industrial projects) shall pay for its fair share of the capital improvements that are necessary to serve the development in the form of system development charges or utility benefit districts.
10. Project proposals should indicate the project's impact on the operating budget including, but not limited to, long-term maintenance costs necessary to support the improvement.

11. Capital projects which are not completed during the fiscal year shall be re-budgeted to be carried over to the next fiscal year. All re-budgeted capital projects should be so noted in the adopted Capital Budget.
12. Capital projects will not be budgeted unless there are reasonable expectations that revenues will be available to pay for them and subsequently fund their operations and services associated therewith.
13. Projects that involve intergovernmental cooperation in planning and funding should be established by an agreement that sets forth the basic responsibilities of the parties involved.
14. A comprehensive inventory of all capital assets shall be conducted and maintained to include estimates of actual value, replacement cost and remaining useful life.
15. Capital projects shall be financed to the greatest extent possible through user fees and benefit districts when direct benefit to users results from the construction of the project.

VIII. Utility Fund Policies:

The District's water and wastewater utilities shall be managed with the goal to maintain financial stability over time and the District shall establish rates and fees using "generally accepted" rate setting methodologies.

1. Maintenance of Separate Funds and Budgets – The District shall establish and maintain separate utility operating and capital improvement budgets for each utility operation in order to provide proper fund management, financial planning and long-term solvency of each District operated utility.
 - a. Each utility shall be self-supporting, such that current revenues fully fund current expenses and fund balance or debt service coverage requirements.
 - b. Capital contributions from rates, grants, loans and other financing mechanisms will be accounted for separately in capital accounts, such that funds dedicated to capital purposes are expended only for capital purposes.
 - c. The total operating expenditures of each of the utilities shall be funded at a level that will preserve the intended life and functional requirements of each utility system.
 - d. Costs shall be evaluated and monitored to ensure that the utilities are operated in a cost effective and economically-prudent manner.
2. Fund Balance and Maintenance of Minimum Reserve Levels – The District shall strive to maintain adequate fund balances (reserves) for each utility in order to provide sufficient cash flows to meet operating and capital expenses, while also providing the financial ability to address economic downturn and system emergencies.
 - a. Operating fund Balance/Cash Flow – The District shall strive to maintain fund balances for each utility of no less than 15% (55 days) of total operating expenses in order to provide sufficient cash flow to meet daily operating expenses and cover debt service payments.
 - b. Capital Reserve/Fund Balance – Fund balance for capital purposes are established to fulfill cash flow requirements of capital infrastructure construction costs which vary significantly each year. This reserve provides rate stabilization given the annual variations in needs. A reserve for capital purposes is generally based on 6-year average annual capital

- expenditures, excluding large one-time capital needs. Additional reserve funds shall be maintained at a level sufficient to provide funding for unanticipated capital expenditures caused by emergency events.
- c. Bond Reserves – Bond reserves may be legally required for specific debt issues should one of the utilities use long term debt (e.g., revenue bonds) to finance capital projects.
 - d. Equipment Replacement Reserve – The District shall strive to develop and maintain a reserve for the purpose of funding equipment replacements. This will provide rate stabilization in years when vehicles or other equipment must be purchased without draining the fund balance.
3. Rate Funded Capital Financing and the Use of Long-Term Debt – The utilities shall minimize dependency on debt financing capital projects. In order to avoid major periodic rate increases, each utility shall strive to fund renewal and replacement projects at a minimum level of annual depreciation expense. This will aid in providing adequate debt service coverage ratio.
 - a. An amount of not less than fifteen percent (15%) of the utilities operating expenditures shall be set aside each year to fund capital projects from rates. Each utility shall budget and fund a reasonable amount of the costs for renewal and replacement (“depreciation”) of capital assets as an expense within the utility’s operating budget.
 - b. The District shall strive to maintain minimum “debt service coverage ratio” with the net revenue (gross revenue of the utilities less operating and maintenance expenses) of the combined utilities being at least 1.5 times the actual debt and the net revenue of the individual utility at least 1.3 times the actual debt.
 4. Use of Generally Accepted Rate Setting Methods – The analysis associated with “generally accepted” rate-setting techniques includes the following analyses:
 - a. Revenue Requirement Analysis – Establishes the overall level of financial and rate needs of the utility.
 - b. Cost of Service Analysis – Design rates to collect the appropriate level of revenue and reflects goals and policies of the District.
 - Water and sewer rate structures shall be designed to work toward encouraging conservation and efficient use of resources and discourage excessive or wasteful usage.
 - The utility rate structure for serving “out-of-District” customers shall reflect the cost of serving customers outside District boundaries.
 5. As appropriate for each utility, System Development Charges (SDC’s) shall be established at levels to ensure that all customers seeking to connect to the District’s utility system shall bear their equitable share of the cost of both the existing and future systems.
 6. Utility rates and SDCs shall be reviewed annually to ensure sufficient revenues, and necessary adjustment made to reflect inflation, construction needs, maintain bond covenants and avoid major periodic increases. The monthly utility rates shall be adjusted annually using the Consumer Price Index and SDCs shall be adjusted annually using the Construction Base index to reflect inflation (Engineering New Record Construction Cost Index).
 7. Utility rate studies shall generally be conducted every six (6) years to update assumptions to ensure long-term solvency and viability of the District’s utilities.

8. Every six (6) years, or whenever the comprehensive master plan for a utility is updated, the SDCs for the utility shall be updated to reflect the changes in planning, infrastructure and capital financing.
9. The District shall track and maintain asset records for all new additions, replacements or retirement of assets on a yearly basis. This information shall be maintained for each utility on an on-going basis in an asset management database and report.

IX. Internal Service Fund Policies:

1. The District shall fund certain asset replacement reserves through depreciation charges paid to the Internal Service Funds.
2. *Vehicle replacement* and *Information Technology* may be considered part of the District's fiscal reserves. Restriction to fund reserves will be judged as to their adequacy in terms of projected needs:
 - a. The District will maintain an *Equipment Repair and Replacement* fund and will appropriate funds to it annually to provide for the maintenance and timely replacement of equipment. The reserve portion will be maintained in an amount adequate to finance the replacement of equipment. The replacement of equipment will be based upon either an adopted equipment replacement schedule or on an as-needed basis.
 - b. The District will maintain an *Information Technology* fund and will appropriate funds to it annually for the facilitation of data processing, computer hardware and software needs and replacement or upgrading of obsolete or deficient items.

X. Investment Policies and Cash Management

Careful financial control of the District's daily operations is an important part of the District's overall fiscal management practices. Achieving adequate cash management and investment control requires sound financial planning to ensure that sufficient revenues are available to meet the current expenditures of any operating period.

1. The District shall manage and invest its residual cash through the County Treasurer on a continuous basis in accordance with the District's investment policies and within the guidelines established by Washington State statutes based upon the following order of priorities: 1) safety, 2) liquidity, and 3) yield.
2. The District shall maintain a cash management program, which includes collection of accounts receivable, disbursement of funds, and prudent investment of its available cash.
3. As permitted by law and District resolutions and to maximize the effective investment of cash, all liquid funds needed for general obligations may be pooled into one account for investment purposes. The income derived from this account will be distributed to the various funds based on their average balances on a periodic basis. Proceeds of the bond issues shall not be pooled with other assets of the District, but shall be invested as provided by applicable bond ordinances.

4. The Finance Department shall periodically furnish (i.e. through monthly reporting) the Board, General Manager and staff with a report that should include the amount of interest earned to date on all funds. An annual report will be provided which will summarize investment activity for the year and will give the rate of return for the year.
5. State laws require an annual or semi-annual audit of the financial records of the District. That audit will include a review of all investment activity for the year to review compliance with these investment procedures.
6. Sufficient cash shall be maintained to provide adequate funds for current operating expenditures.
7. The District will deposit all funds promptly which will generally be on the same or the next business day the funds are received.

XI. Debt Management Policies

The success of the District funding capital projects and improvements is highly dependent upon sound financial planning objectives and strategy of implementation. The issuance of debt by the District and the amount of debt is an important factor in measuring the District's financial performance and condition. A debt policy can assist the Board, General Manager, District's chief financial officer and staff to integrate the issuance of debt with other long-term planning, financial and management objectives. The policy also requires an evaluation of the impact of each debt issue on the District's overall financial position, in addition to providing guidance to the Board, General Manager, District's chief financial officer and staff to not exceed acceptable levels of indebtedness. All capital projects debt financing shall be coordinated and managed by the General Manager and District's chief financial officer in order to ensure efficient financial planning, implementation and cost-effective underwriting services.

1. The District will not use long-term debt to finance current operations. Long-term borrowing will be confined to capital improvements or similar projects with an extended life when it is not practicable to be financed from current revenues.
2. The District shall prepare a standard process for planning and establishing debt financing for capital projects which clearly defines: a) the timing for debt financing, b) the role of the various participants in the financing process, and c) the steps of the process, which need to be completed in order to achieve successful, project funding.
3. An analytical review shall be conducted prior to the issuance of debt to determine if there are reasonable alternatives and to reduce the cost of borrowing.
4. The District will not utilize lease purchases, except for computer equipment, copy and postage machines, real property acquisitions or in the case of extreme financial emergency with specific approval of the Board. If lease purchasing is approved by the Board, the useful life of the item must be equal to or greater than the length of the lease.
5. The District will use refunding bonds where appropriate when restructuring its current outstanding debt and/or improving restrictive bond conditions.

6. The District will determine the most practical and cost-effective ways of securing interim funding for District capital projects.
7. Whenever possible, the District shall identify alternative sources of funding and shall examine the availability of those sources in order to minimize the level of debt. The District shall examine and pursue all applicable state and federal grant and low-interest loan programs (e.g., State Public Works Trust Fund Loans) for funding capital improvement projects before initiating any debt financing of such projects.
8. Utility local improvement districts (ULIDs) are obligations payable from special assessment revenue. These bonds are issued to finance improvements that benefit a specific area. Because the benefit is largely enjoyed by a limited segment of the community, a special assessment to pay debt service is levied only on properties or households benefiting from the project. Property owners may petition the District to form a ULID, or the Board may adopt a resolution of intent to form an ULID. A ULID initiated by Board resolution may be blocked if the property owners who would be paying at least sixty percent (60%) of the costs protest.
9. The District shall establish a close financial teamwork environment between the General Manager, District's chief financial officer, Legal Counsel, legally certified and credible bond counsel, and managing underwriter in order to effectively plan and fund the District's capital improvement projects. The Board shall approve the selection of the most qualified managing underwriter and bond counsel through a competitive selection process conducted by the General Manager with consultation of the District's chief financial officer and Legal Counsel. These services shall be regularly monitored by the District's chief financial officer to ensure quality debt funding services.
10. Negotiate the most competitive pricing on debt issues and broker commissions in order to ensure a favorable value to the District's customers.
11. The District will maintain good communications with bond rating agencies concerning its financial condition, and will take all appropriate and responsible measures to sustain a quality bond rating with continuous financial management efforts to enhance the District's bond ratings.

XII. Uncollectible Debt Write Off Policy

To provide clear direction for reporting and writing off uncollectible account receivables owed West Sound Utility District (District) and to establish procedures and actions for recording write offs in district financial systems. Writing off uncollectible receivables is an authorized process to remove the revenues due the district from the financial records. It does not forgive the obligation.

Definitions:

Uncollectible Accounts Receivable: Generally accepted accounting principles require that a determination be made between receivables deemed to be collectible and those considered uncollectible. Uncollectible accounts receivable include outstanding accounts that are legally

determined to be without merit, costs of recovering asset will exceed potential recovery, and/or the debtor cannot be located or is bankrupt.

Bad Debt Expense: A bad debt expense is an entry in the financial income statements that is made for an account that is written off as uncollectible.

The district will make a vigilant effort to collect all receivables that are due for products and services rendered, consistent with the practicality and marginal cost of collection. If the accounts receivable is deemed uncollectible, it will be classified as a bad debt. If the account is written off, it will be recorded as a bad debt expense. The Board of Commissioners (BOC) will approve write offs.

The districts process for addressing uncollectible accounts receivable shall be:

1. Determine if the account is uncollectible
2. If account is uncollectible, request write-off from the BOC
3. If requesting a write off, upon appropriate approvals, write off as bad debt expense