

2015 YEAR-END BUDGET STATUS REPORT

WEST SOUND UTILITY DISTRICT



DISTRICT WIDE OVERVIEW

- The District's 2015-16 Budget prepared using a “program budget” format, contains twelve (12) budgets/funds comprised of the following categories:
 - Six Enterprise operating and capital funds (*Water Utility, Water Capital, Wastewater Utility, Wastewater Capital, SKWRF Operating, SKWRF Capital*)
 - Three Internal Service funds (*Water/Sewer Equipment Repair & Replacement, Information Technology and SKWRF Equipment Repair & Replacement*)
 - Two Debt Service funds (*Water/Sewer Revenue Bonds, Debt Reserve*)
 - One Reserve fund (*Facility Construction Fee Reserve*).

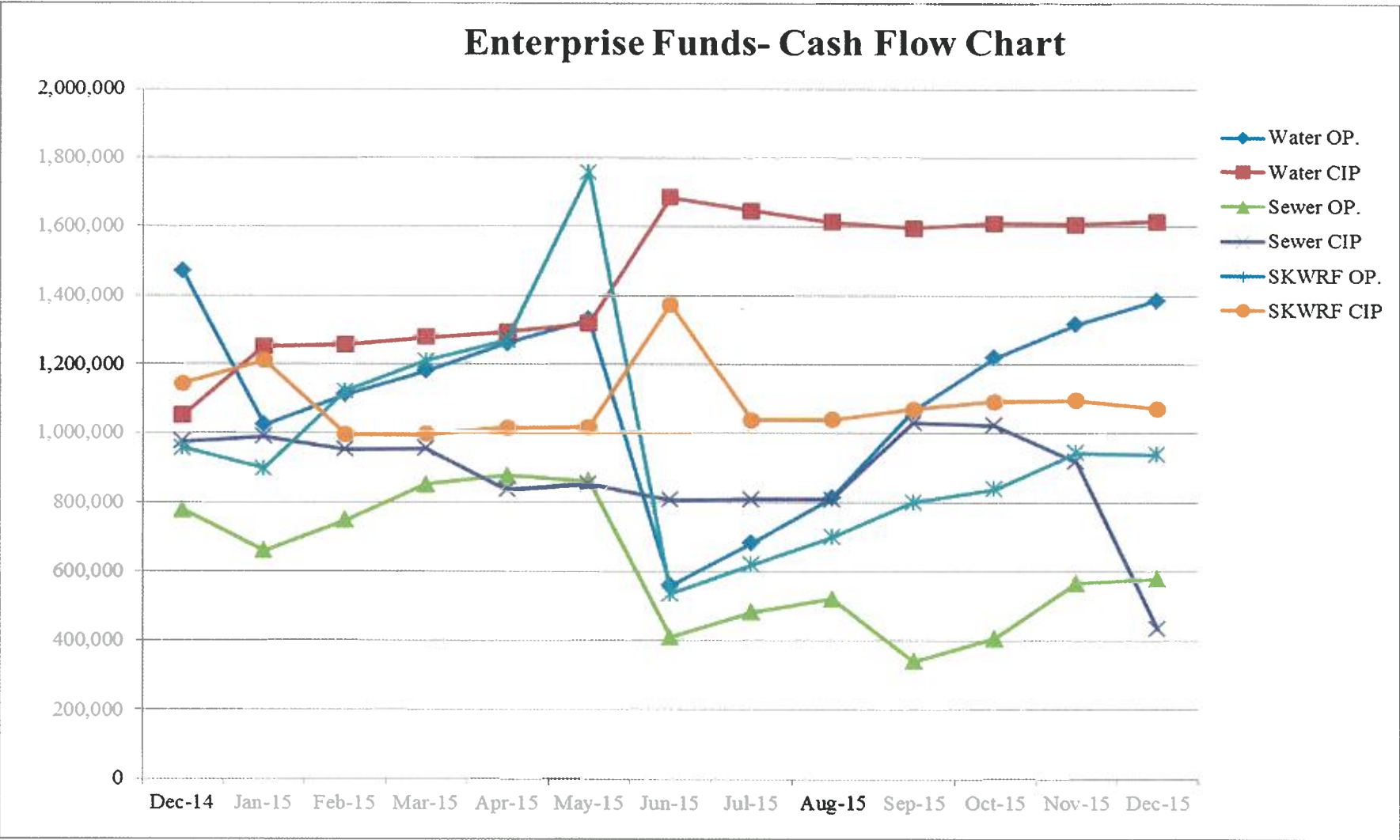
ALL FUNDS – CASH FLOW ACTIVITY

- Combined *Water Operating and Capital Fund*
 - Beginning fund balance - \$2,519,787
 - Ending fund balance - \$3,002,138
 - Increase of \$482,351.
- Combined *Wastewater Operating and Capital Fund*
 - Beginning fund balance - \$1,752,307
 - Ending fund balance - \$1,012,224
 - Decrease of \$740,083
- Combined *SKWRF Operating and Capital Fund's*
 - Ending fund balance of \$2,099,650
 - Decrease of \$90,325

ALL FUNDS – CASH FLOW ACTIVITY

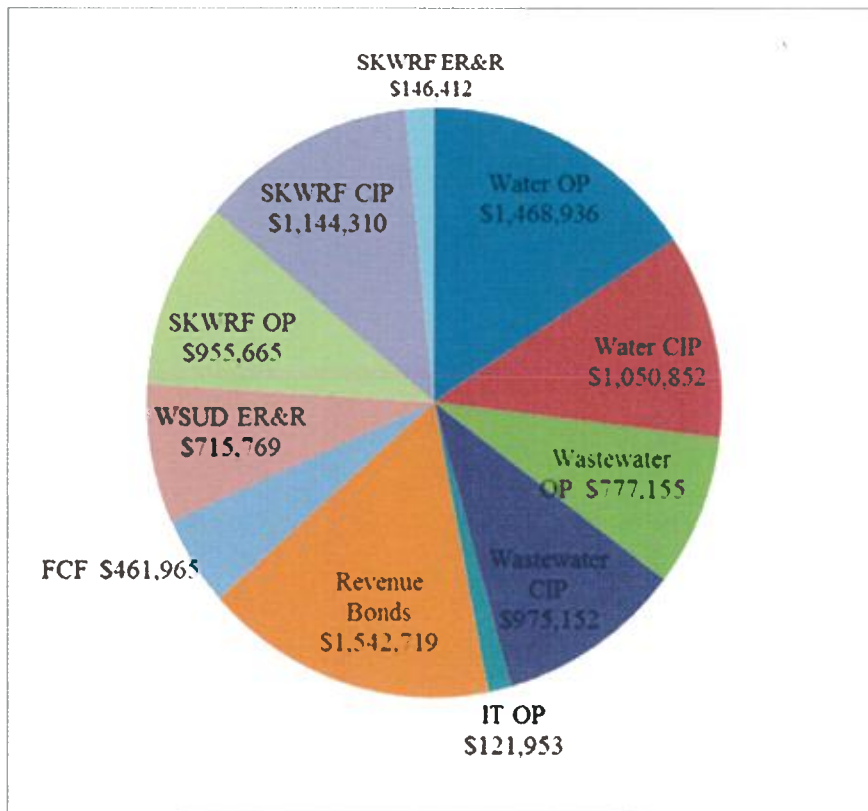
Funds	Beg.Cash & Invest. 01/01/15	Total Receipts 12/31/15	Total Disburse. 12/31/15	End.Cash & Invest. 12/31/15
ENTERPRISE FUNDS:				
Water Operating (91926)	1,468,936	3,130,635	3,213,814	1,385,757
Water Capital (91930)	1,050,852	767,872	202,343	1,616,381
Total Water Utility	2,519,787	3,898,507	3,416,157	3,002,138
Wastewater Operating (91925)	777,155	3,786,734	4,009,587	578,433
Wastewater Capital (91933)	975,152	333,712	850,943	433,791
Total Wastewater Utility	1,752,307	4,120,446	4,860,529	1,012,224
SK WRF Operating (91928)	955,665	3,258,548	3,277,179	937,034
SK WRF Capital (91931)	1,144,310	605,835	677,529	1,072,616
Total SKWRF	2,099,975	3,864,382	3,954,707	2,009,650
INTERNAL SERVICE FUNDS:				
District Equip. Repair/Replace. (91934)	715,769	204,500	-	920,269
SK WRF Equip. Repair/Replace. (91932)	146,412	40,954	-	187,367
IT Operating (91927)	121,953	299,565	293,080	128,439
	984,134	545,020	293,080	1,236,075
DEBT SERVICE FUNDS:				
Water Revenue Bonds (91924)	136,904	417,245	394,952	159,197
Wastewater Revenue Bonds (91924)	744,068	327,375	300,874	770,569
	880,972	744,620	695,826	929,766
RESERVE FUNDS:				
District Debt Reserve (89751)	661,747	(10,413)	-	651,334
SK WRF Cons. Fee Reserve (91929)	461,965	126,173	200,000	388,137
	1,123,712	115,760	200,000	1,039,472
TOTAL ALL FUNDS	9,360,888	13,288,736	13,420,299	9,229,324

ENTERPRISE FUNDS - CASH FLOW CHART

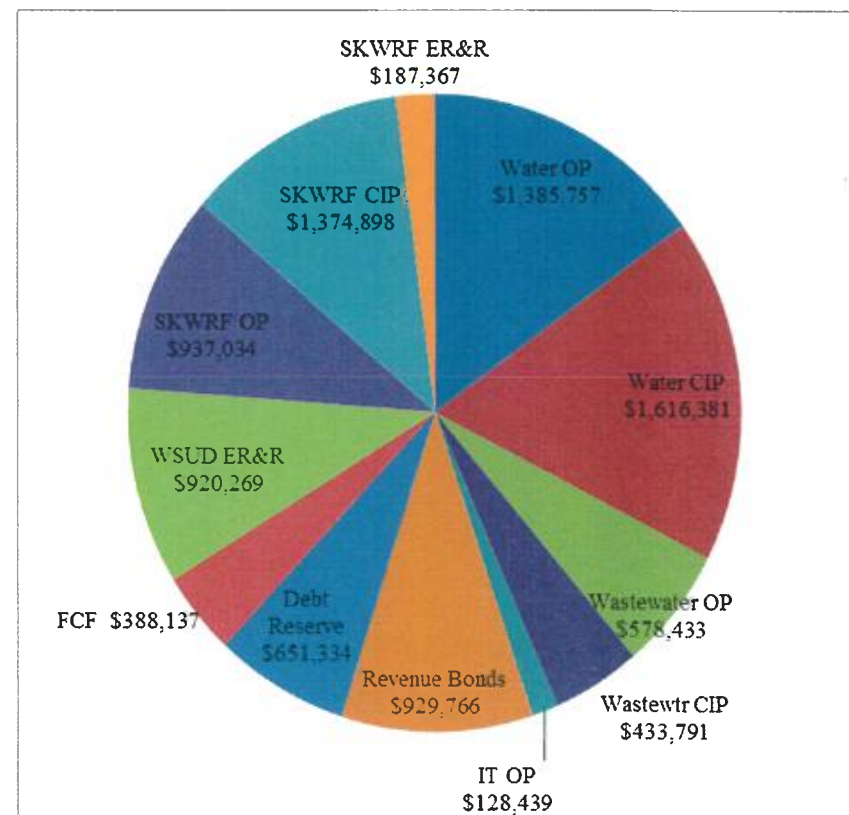


2015 ALL FUNDS BALANCE

Total Fund Balance \$9,360,888 as of 01/01/2015



Total Fund Balance \$9,229,324 as of 12/31/2015



ALL FUNDS – 2015 REVENUES

Funds	Fund Balance 01/01/15	Budgeted Revenue	Revenue thru. 12/31/15	Percent to Date
ENTERPRISE FUNDS:				
Water Operating (91926)	1,468,936	3,115,000	3,130,635	101%
Water Capital (91930)	1,050,852	856,000	767,872	90%
Total Water Utility	2,519,787	3,971,000	3,898,507	98%
Wastewater Operating (91925)	777,155	4,003,500	3,786,734	95%
Wastewater Capital (91933)	975,152	405,000	333,712	82%
Total Wastewater Utility	1,752,307	4,408,500	4,120,446	93%
SKWRF Operating (91928)	955,665	3,254,900	3,258,548	100%
SKWRF Capital (91931)	1,144,310	528,950	605,835	115%
Total SKWRF	2,099,975	3,783,850	3,864,382	102%
INTERNAL SERVICE FUNDS:				
District Equip. Repair/Replace. (91934)	715,769	210,000	204,500	97%
SKWRF Equip. Repair/Replace. (91932)	146,412	41,000	40,954	100%
IT Operating (91927)	121,953	299,300	299,565	100%
	984,134	550,300	545,020	99%
DEBT SERVICE FUNDS:				
Water Revenue Bonds (91924)	136,904	419,000	417,245	100%
Wastewater Revenue Bonds (91924)	744,068	320,500	327,375	102%
	880,972	739,500	744,620	101%
RESERVE FUNDS:				
District Debt Reserve (89751)	661,747	651,000	(10,413)	-2%
SKWRF Cons. Fee Reserve (91929)	461,965	163,700	126,173	77%
	1,123,712	814,700	115,760	14%
TOTAL ALL FUNDS	9,360,888	14,267,850	13,288,736	93%

ALL FUNDS – 2015 EXPENDITURES

Funds	Fund Balance 12/31/15	Budgeted Expenditures	Expenditures thru. 12/31/15	Percent to Date
ENTERPRISE FUNDS:				
Water Operating (91926)	1,385,756.50	3,413,910	3,213,814	94%
Water Capital (91930)	1,616,381.25	1,095,200	202,343	18%
Total Water Utility	3,002,137.75	4,509,110	3,416,157	76%
Wastewater Operating (91925)	578,433.45	4,093,895	4,009,587	98%
Wastewater Capital (91933)	433,790.62	851,000	850,943	100%
Total Wastewater Utility	1,012,224.07	4,944,895	4,860,529	98%
SK WRF Operating (91928)	937,033.79	3,421,150	3,277,179	96%
SK WRF Capital (91931)	1,072,616.18	947,000	677,529	72%
Total SK WRF	2,009,649.97	4,368,150	3,954,707	91%
INTERNAL SERVICE FUNDS:				
District Equip. Repair/Replace. (91934)	920,269.00	-	-	N/A
SK WRF Equip. Repair/Replace. (91932)	187,366.83	-	-	N/A
IT Operating (91927)	128,439.08	310,400	293,080	94%
	1,236,074.91	310,400	293,080	94%
DEBT SERVICE FUNDS:				
Water Revenue Bond (91924)	159,196.63	808,432	394,952	49%
Wastewater Revenue Bond (91924)	770,568.96	544,968	300,874	55%
	929,765.59	1,353,400	695,826	51%
RESERVE FUNDS:				
District Debt Reserve (89751)	651,334.48	-	-	NA
SK WRF Cons. Fee Reserve (91929)	388,137.37	200,000	200,000	100%
	1,039,471.85	200,000	200,000	100%
TOTAL ALL FUNDS	9,229,324.14	15,685,955	13,420,299	86%

ENTERPRISE FUNDS REVENUES AND EXPENDITURES

Funds	Fund Balance 01/01/15	Budgeted Revenue	Revenue thru. 12/31/15	Percent to Date
Water Operating (91926)	1,468,936	3,115,000	3,130,635	101%
Water Capital (91930)	<u>1,050,852</u>	<u>856,000</u>	<u>767,872</u>	<u>90%</u>
Total Water Utility	2,519,787	3,971,000	3,898,507	98%
Wastewater Operating (91925)	777,155	4,003,500	3,786,734	95%
Wastewater Capital (91933)	<u>975,152</u>	<u>405,000</u>	<u>333,712</u>	<u>82%</u>
Total Wastewater Utility	1,752,307	4,408,500	4,120,446	93%
SK WRF Operating (91928)	955,665	3,254,900	3,258,548	100%
SK WRF Capital (91931)	<u>1,144,310</u>	<u>528,950</u>	<u>605,835</u>	<u>115%</u>
Total SKWRF	2,099,975	3,783,850	3,864,382	102%
TOTAL REVENUES	6,372,070	12,163,350	11,883,335	98%

Funds	Fund Balance 12/31/15	Budgeted Expenditures	Expenditures thru. 12/31/15	Percent to Date
Water Operating (91926)	1,385,756.50	3,413,910	3,213,814	94%
Water Capital (91930)	<u>1,616,381.25</u>	<u>1,095,200</u>	<u>202,343</u>	<u>18%</u>
Total Water Utility	3,002,137.75	4,509,110	3,416,157	76%
Wastewater Operating (91925)	578,433.45	4,093,895	4,009,587	98%
Wastewater Capital (91933)	<u>433,790.62</u>	<u>851,000</u>	<u>850,943</u>	<u>100%</u>
Total Wastewater Utility	1,012,224.07	4,944,895	4,860,529	98%
SK WRF Operating (91928)	937,033.79	3,421,150	3,277,179	96%
SK WRF Capital (91931)	<u>1,072,616.18</u>	<u>947,000</u>	<u>677,529</u>	<u>72%</u>
Total SKWRF	2,009,649.97	4,368,150	3,954,707	91%
TOTAL EXPENDITURES	6,024,012	13,822,155	12,231,393	88%

WATER UTILITY FUNDS

- *Water Utility* collected \$3,898,507 in revenue, expended \$3,416,157 – Fund balance increase of \$482,350.
- *Water Operating* revenue from water sales generated 99% of the amount budgeted.
- *Water Utility* expenses - \$607,543 in debt service payments for two (2) water revenue bonds and eight (8) public works trust fund loans. Represents 19% of the *Water Operating* Fund's expenditures. Additional fund transfers totaled \$810,000.
- *Water Capital Fund* budgeted \$200,000 in revenue from the receipt of “general facility charges”; only \$96,796 was collected.
- Only \$200,645 expended at year-end of \$1,094,000 appropriated in Water Capital Improvement Fund's budget.

WASTE WATER UTILITY FUNDS

- The *Wastewater Utility* collected \$4,120,446 in revenue, but expended \$4,860,529. As a result, expenditures exceeded revenues by \$740,083.
- Operating revenue generated from sewer utility rates was 94% of the amount budgeted.
- The *Capital Fund* budgeted \$200,000 in revenue generated from “general facility charges”, but only \$128,927 was collected. Of the \$850,000 budgeted to fund capital projects in 2015, the total amount of \$850,000 were expended by year-end.
- *Wastewater Utility* expended \$641,267 for debt payments on two (2) revenue bonds and seven (7) PWTF loans. These debt service payments represent 16% of the *Wastewater Operating Fund*’s expenditures. Additional fund transfers through 2015 totaled \$410,000.

SOUTH KITSAP RECLAMATION FACILITY FUNDS

- Wastewater treatment plant (SKWRF) combined operating and capital funds collected \$3,864,382 in revenue and incurred \$3,954,707 in expenses. Since expenses exceeded actual revenues by \$90,325, this amount was offset by drawing from the combined fund balance.
- The total debt service payments of \$950,417 on the PWTF loans were made in June. This amount represents 29% of the *SKWRF Operating Fund's* all year expenditures.
- Additional fund transfers totaled \$390,000.
- \$671,961 was expended of the \$947,000 appropriated in *SKWRF Capital Fund* budget.

INTERNAL SERVICES FUND

- **Water/Sewer Equipment Repair and Replacement (ER&R) Fund** - No funds budgeted for the purchase and replacement of vehicles or equipment in 2015-2016. Goal is to build this Fund to approximately \$1.8 million before beginning to use it to fund the cost of repair and replacement of vehicles and contractor's equipment.
- **SKWRF Equipment Repair and Replacement Fund** – Funds limited to purchase of treatment plant “vehicles and contractor equipment”. There were no funds budgeted for the purchase and replacement of vehicles or equipment in 2015. Funds are available in 2016 to replace the 1983 5-yard dump truck.
- **Information Technology Fund** – Funds supports the operations and maintenance of the information technology program which provides services to West Sound Utility District and the Port of Bremerton. Through the year, *Information Technology (IT)* expended 94% of the Department budget. *IT* collected from the Port of Bremerton \$50,404 of the \$56,000 in budgeted revenue for providing information technology services. Overall, the *IT* Department collected \$299,565 in revenue and expended \$293,080 in 2015.

INTERNAL SERVICE FUNDS - REVENUES AND EXPENDITURES

Funds	Fund Balance 01/01/15	Budgeted Revenue	Revenue thru. 12/31/15	Percent to Date
Equip. Repair/Replace-WSUD (91934)	715,769	210,000	204,500	97%
Equip. Repair/Replace-SK WRF (91932)	146,412	41,000	40,954	100%
Information Technology (91927)	<u>121,953</u>	<u>299,300</u>	<u>299,565</u>	<u>100%</u>
TOTAL REVENUES	984,134	550,300	545,020	99%

Funds	Fund Balance 12/31/15	Budgeted Expenditures	Expenditures thru. 12/31/15	Percent to Date
Equip. Repair/Replace-WSUD (91934)	920,269	-	-	N/A
Equip. Repair/Replace-SK WRF (91932)	187,367	-	-	N/A
Information Technology (91927)	<u>128,439</u>	<u>310,400</u>	<u>293,080</u>	<u>94%</u>
TOTAL EXPENDITURES	1,236,075	310,400	293,080	94%

RESERVE FUNDS

- The District maintains two *Reserve Funds* comprised of: *Water/Wastewater Bond Reserve* and *SKWRF Facility Construction Fee Reserve*.
- *Water/Wastewater Reserve* fund established to maintain a set-aside of funds sufficient to meet revenue bonds covenants. As of December 31, this reserve fund had a balance of \$651,334; however, the legal requirement is to maintain a fund balance of \$623,353.
- *SKWRF Facility Construction Fee Reserve* fund serves as a fund for the deposit of sewer “facility connection fees” (FCF) that are set aside for future capital facility expansion cost to the wastewater treatment plant and current debt reduction. The *Reserve Fund* transferred \$200,000 into the *SKWRF Operating Fund* to fund debt service payments for the PWTF loans. The 2015 Budget status report reflects collecting \$161,500 in FCF revenue. The actual revenue collected in 2015 from FCF was \$123,860.

RESERVE FUNDS REVENUES AND EXPENDITURES

Funds	Fund Balance 01/01/15	Budgeted Revenue	Revenue thru. 12/31/15	Percent to Date
Water Revenue Bond (91924)	136,904	419,000	417,245	100%
Wastewater Revenue Bond (91924)	<u>744,068</u>	<u>320,500</u>	<u>327,375</u>	<u>102%</u>
TOTAL REVENUES	880,972.	739,500	744,620	101%

Funds	Fund Balance 12/31/15	Budgeted Expenditures	Expenditures thru. 12/31/15	Percent to Date
Water Revenue Bond (91924)	159,196.63	808,432	394,952	49%
Wastewater Revenue Bond (91924)	<u>770,568.96</u>	<u>544,968</u>	<u>300,874</u>	<u>55%</u>
TOTAL EXPENDITURES	929,765.59	1,353,400	695,826	51%

DEBT SERVICE – SOUTH KITSAP WATER RECLAMATION FACILITY

- The South Kitsap Water Reclamation Facility fund currently has long-term debt consisting of two (2) outstanding Public Works Trust Fund (PWTF) loans, plus compensated absences.
- Total revenue debt of the *SKWRF* utility was at \$7,108,166. In June, principle and interest payments totaling \$952,699 were made on the PWTF loans.
- These loans are scheduled to be retired in 2022 and 2024.

SKWRF LONG-TERM LIABILITIES

Description	Original Issue	Current Unmatured Deb
Public Works Trust Fund Loan #1	10,000,000	3,868,166
Public Works Trust Fund Loan #2	6,800,000	3,240,000
Compensated Absences		139,424
Total Long-term Liabilities	16,800,000	7,247,590

DEBT SERVICES – WATER/SEWER UTILITY

- The District currently has two (2) outstanding water/sewer revenue bonds and fifteen (15) Public Works Trust Fund loans. As of December 31, total debt obligation of the *Water/Sewer* combined utilities was \$8,975,109.
- *Wastewater Utility's* portion of this total debt obligation is \$4,413,388 (\$644,930 was budgeted to cover 2015 debt payments).
- *Water Utility's* portion of this total debt obligation is \$4,561,721 (\$608,400 was budgeted to cover 2015 debt payments).
- By the year 2022, the combined *Water and Sewer Operating* funds will see a decrease of approximately \$775,000 in annual debt payments due to the debt payment schedule.

WATER/SEWER LONG-TERM LIABILITIES

Description	Original Issue	Current Unmatured Debt
2009 Revenue Bond - Water/Wastewater	3,385,000	2,440,000
2010 Revenue Bond - Refunding Lund Ave.	3,595,000	2,310,000
PWTF 99-791-002 - Greendale/Sieford	438,376	92,290
PWTF 00-691-002 - Well 21	669,870	173,715
PWTF 00-691-003 - Water Mains	251,147	66,091
PWTF 01-691-003 - Storage Tank Painting	99,719	30,384
PWTF 01-691-004 - Bethel Rd Water Sys Improvement	939,573	296,707
PWTF 03-691-001 - Well 6 & 7 Decommission	143,438	63,046
PWTF 07-962-002 - Salmonberry Reservoir Painting	595,000	375,789
PWTF PC12-951-047 - Firmont Beach Water System	311,496	262,095
PWTF 99-791-018 - Wastewater Pump St. Improvements	1,005,615	211,708
PWTF 99-791-019 - Retsil Wartime Sewer Relacement	1,007,640	212,135
PWTF 00-691-032 - Retsil Wartime Sewer Relacement	1,005,210	228,991
PWFT 03-691-014 - Crownwood Lift Station	189,091	79,617
PWFT 03-691-015 - Beach Drive Pump Station Collection	148,750	66,111
PWTF 04-691-035 - Retsil Area A & B Improvements	1,360,000	720,000
PWTF PC08-951-017 - Sedgwick Rd. Sewer System	1,358,130	931,828
Compensated Absences		447,269
Total Long-term Liabilities	16,503,055	9,007,779

INVESTMENT SUMMARY

- WSUD invested cumulative total of \$8,731,580 WA State Investment Pool (WSUD Water/Sewer - \$6,550,362; SKWRF - \$2,181,218).
- Investment Pool yielded an interest rate on the District's fund balance of 0.8158%.
- Balance of the District's cash (\$464,345) and SKWRF cash (\$15,699) deposited in the Bank of America through the Kitsap County Treasurer.
- District has \$300 in petty cash, \$300 in front counter cash and \$17,000 in Bank of America. SKWRF has \$100 in petty cash.