



DATE: March 15, 2017

TO: WSUD Board of Commissioners

CC: Department Managers

FROM: Michael R. Wilson, General Manager
Joy Ramsdell, Accountant

SUBJECT: **2016 Year End Budget Status Report**

I. INTRODUCTION

This report has been prepared to provide an overview of the financial activities of West Sound Utility District operations and the Joint Wastewater Treatment Plant (SKWRF) through the end of the year 2016. Although the District accounts for its various funds on a “full/modified accrual” basis (transactions are recognized when they occur regardless of the timing of related cash flows), the District prepares its operating and capital budgets and these budget status reports on a “cash basis”.

The various fund summaries display year-to-date budget to actual comparisons, illustrating the variances that have occurred with each of the funds. The revenue and expenditure comparisons to budget are based on West Sound Utility District’s 2015-16 Biennial Budget. The tables and charts presented throughout this report provide a more detailed comparison of actual revenues and expenditures to anticipated amounts.

II. DISTRICT WIDE OVERVIEW

The District’s 2015-16 Budget was prepared using a “program budget” format and contains twelve (12) active budgets/funds comprised of the following categories:

- Six *Enterprise* operating and capital funds (*Water Utility, Water Capital, Wastewater Utility, Wastewater Capital, and South Kitsap Water Reclamation, SKWRF Capital*)
- Three *Internal Service* funds (*Water/Sewer Equipment Repair & Replacement, Information Technology and SKWRF Equipment Repair & Replacement*)
- Two *Reserve* funds (*Facility Construction Fee Reserve, Debt Reserve/Guaranty*)
- One *Debt Service* fund (*Water/Sewer Revenue Bonds*)

In evaluating the financial health of West Sound Utility District, with the exception of the Wastewater utility, overall the District ended the year in relatively strong fiscal condition with more than sufficient cash flow to meet the expenditure requirements of all of the Funds. The Wastewater utility’s Capital fund is continuing to struggle to generate enough revenue from new sewer connections and sufficient transfers of Wastewater operating revenue to fund capital projects. In addition, the Wastewater Operating fund did not generate the level of revenue that was anticipated primarily to the lack of growth within the East Port Orchard urban growth boundaries.

Table 1, “All Funds – Cash Flow Activity”, provides a cumulative overview of the cash flow activity for all District and SKWRF funds through December 31, 2016. The combined “cash/ investments” of all of District and SKWRF funds total \$10,056,767. This represents an increase of \$827,443 from the amount of cash/investment accumulated at the beginning of 2016. The “cash flow” highlights through December 31, 2016, are as follows:

- The combined *Water Operating and Capital Fund’s* actual fund balance at the beginning of 2016 was \$3,002,138 and ended the fourth quarter with a balance of \$3,185,108, resulting in an increase of \$182,970.
- The combined *Wastewater Utility Operating and Capital Fund’s* actual 2016 beginning fund balance was \$1,012,224 and ended the fourth quarter with a fund balance of \$753,363, which reflects a decrease of \$258,861.
- The combined *SKWRF Operating and Capital Fund’s* year-end fund balance of \$2,711,054 represents an increase of \$701,404 from the fund balance at the beginning of the year.

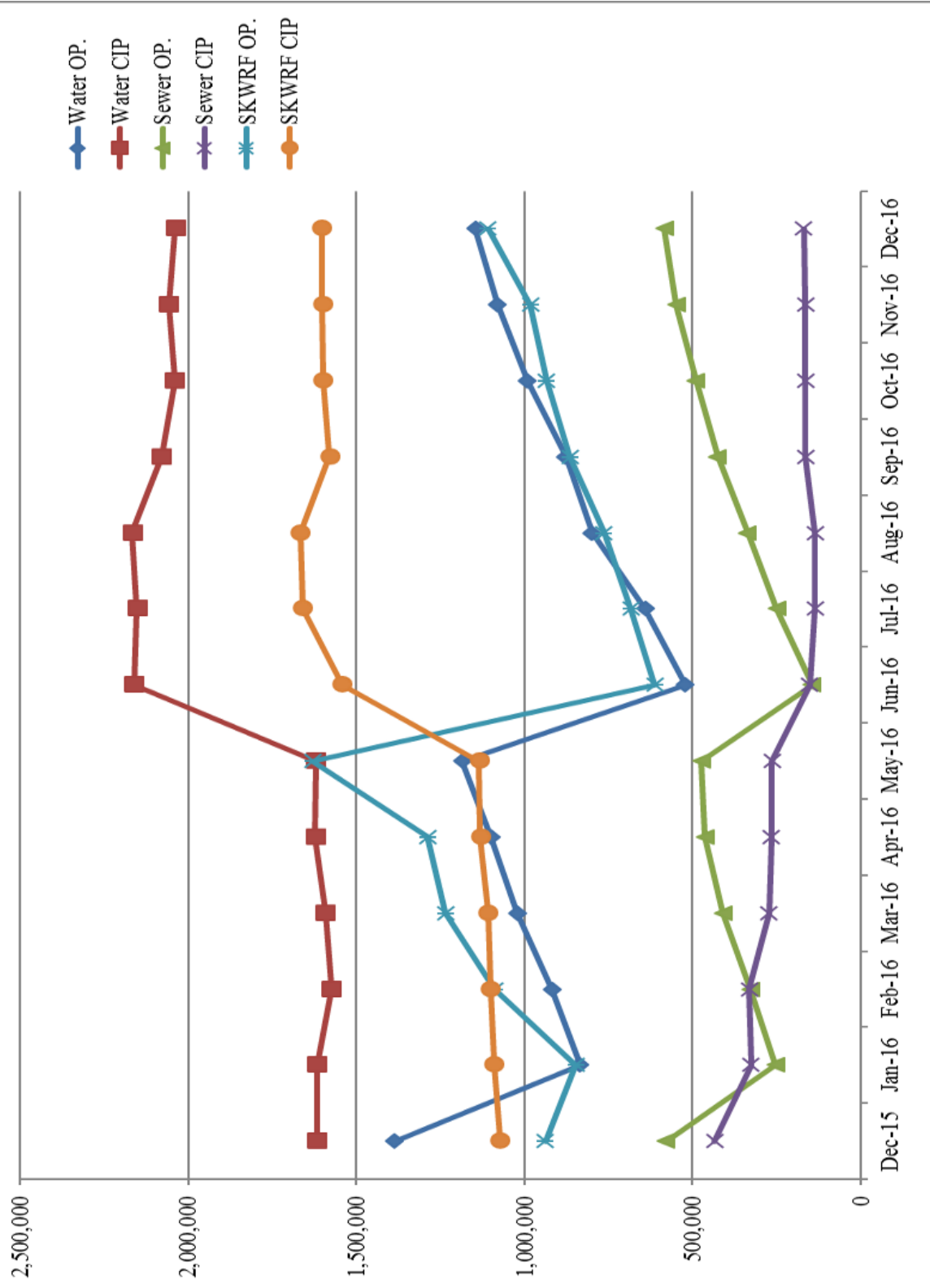
The District’s “Fund Balance/Cash Flow Policies” provide that a minimum fund balance of fifteen percent (15%) of total operating expenses should be maintained to meet daily operating expenses. In following this cash flow standard, the *Water Utility Operating* Fund should maintain a minimum fund balance of \$516,197, the *Sewer Utility Operating* Fund should maintain at least \$638,635 and *SKWRF Operating* Fund should maintain a minimum balance of \$508,635. This standard is intended to serve as “a set-aside of funds” to provide adequate cash flow to cover variations in revenue collections (e.g., lower water/sewer payments during the winter months) and expense payments (e.g., PWTf loan payments in June). *Water Operations* and *SKWRF* Funds maintained sufficient operating fund balances; whereas, the *Wastewater Operations* had not met the desired fund balance level.

Table 1
All Funds – Cash Flow Activity

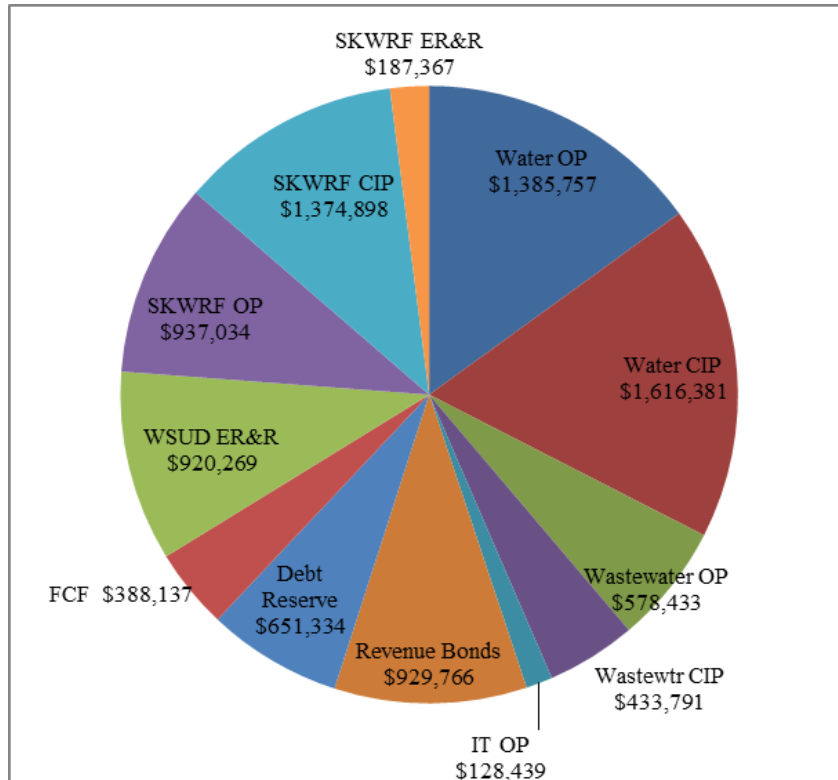
Funds	Beg. Cash & Invest. 01/01/16	Total Receipts 12/31/16	Total Disburse. 12/31/16	End. Cash & Invest. 12/31/16
ENTERPRISE FUNDS:				
Water Operating (91926)	1,385,757	3,134,777	3,374,523	1,146,010
Water Capital (91930)	1,616,381	829,833	407,117	2,039,098
Total Water Utility	3,002,138	3,964,610	3,781,640	3,185,108
Wastewater Operating (91925)	578,433	3,720,077	3,714,747	583,764
Wastewater Capital (91933)	433,791	107,343	371,535	169,599
Total Wastewater Utility	1,012,224	3,827,420	4,086,281	753,363
SKWRF Operating (91928)	937,034	3,478,874	3,307,951	1,107,956
SKWRF Capital (91931)	1,072,616	668,170	137,688	1,603,098
Total SKWRF	2,009,650	4,147,044	3,445,640	2,711,054
INTERNAL SERVICE FUNDS:				
District Equip. Repair/Replace. (91934)	920,269	222,699	-	1,142,968
SKWRF Equip. Repair/Replace. (91932)	187,367	45,323	-	232,689
IT Operating (91927)	128,439	314,322	262,396	180,365
	1,236,075	582,344	262,396	1,556,023
DEBT SERVICE FUNDS:				
Water Revenue Bonds (91924)	159,197	471,726	398,034	232,889
Wastewater Revenue Bonds (91924)	770,569	398,120	292,607	876,082
	929,766	869,846	690,642	1,108,970
RESERVE FUNDS:				
District Debt Reserve (89751)	651,334	3,980	141,894	513,421
SKWRF Cons. Fee Reserve (91929)	388,137	90,690	250,000	228,828
	1,039,472	94,671	391,894	742,249
TOTAL ALL FUNDS	9,229,324	13,485,935	12,658,492	10,056,767

Note: Time elapsed 100% and revenues exclude beginning fund balance.

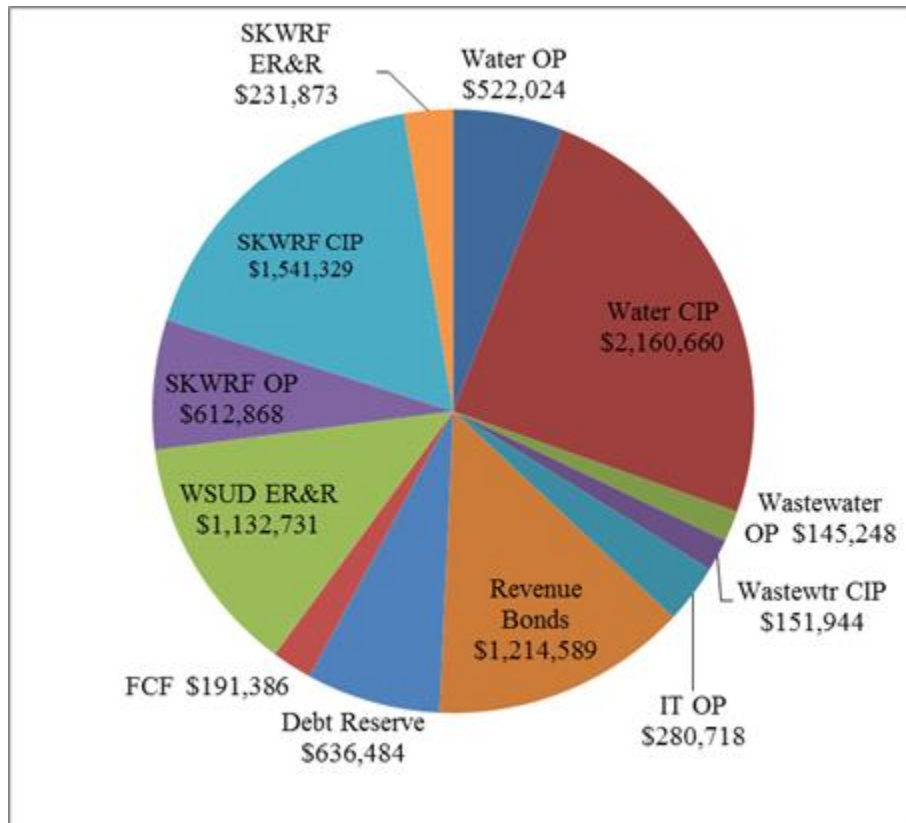
Enterprise Funds- Cash Flow Chart



2016 All Fund Balance
Total Fund Balance \$9,229,324 as of 01/01/2016



Total Fund Balance \$10,056,767 as of 12/31/2016



The “All Funds – 2016 Revenues” report in Table 2 includes a column depicting the percentage of revenues collected through December 31, 2016 (excluding beginning balances from the calculation to focus on actual receipts for the year). The cumulative revenues received through the end of year for “All Funds” was \$13,485,935 of the total budgeted revenues of \$15,304,764. This equates to 88% of the total revenues budgeted. This Table also shows the actual fund balance at the beginning of the fiscal year.

Table 2
All Funds – 2016 Revenues

Funds	Fund Balance 01/01/16	Budgeted Revenue	Revenue thru. 12/31/16	Percent to Date
ENTERPRISE FUNDS:				
Water Operating (91926)	1,385,757	3,424,700	3,134,777	92%
Water Capital (91930)	1,616,381	856,000	829,833	97%
Total Water Utility	3,002,138	4,280,700	3,964,610	93%
Wastewater Operating (91925)	578,433	4,233,300	3,720,077	88%
Wastewater Capital (91933)	433,791	505,000	107,343	21%
Total Wastewater Utility	1,012,224	4,738,300	3,827,420	81%
SKWRF Operating (91928)	937,034	3,465,496	3,478,874	100%
SKWRF Capital (91931)	1,072,616	578,768	668,170	115%
Total SKWRF	2,009,650	4,044,264	4,147,044	103%
INTERNAL SERVICE FUNDS:				
District Equip. Repair/Replace. (91934)	920,269	209,500	222,699	106%
SKWRF Equip. Repair/Replace. (91932)	187,367	41,000	45,323	111%
IT Operating (91927)	128,439	322,000	314,322	98%
	1,236,075	572,500	582,344	102%
DEBT SERVICE FUNDS:				
Water Revenue Bonds (91924)	159,197	410,000	471,726	115%
Wastewater Revenue Bonds (91924)	770,569	306,000	398,120	130%
	929,766	716,000	869,846	121%
RESERVE FUNDS:				
District Debt Reserve (89751)	651,334	757,000	3,980	1%
SKWRF Cons. Fee Reserve (91929)	388,137	196,000	90,690	46%
	1,039,472	953,000	94,671	10%
TOTAL ALL FUNDS	9,229,324	15,304,764	13,485,935	88%

Note: Time elapsed 100% and revenues exclude beginning fund balance.

Table 3, “All Funds – 2016 Expenditures”, provides an overview of expenditures for all District funds which is present in the same format as Table 2. The recap provides the percentage of expenditures incurred through December 31, 2016 (excluding ending balances from the calculation to focus on actual transactions for the year). The District concluded the fourth quarter by expending 76% of the combined total “All-funds” budgeted expenditures. The cumulative expenditures were \$12,658,492 compared to the total budgeted expenditures of \$16,649,476.

Table 3
All Funds – 2016 Expenditures

Funds	Fund Balance 12/31/16	Budgeted Expenditures	Expenditures thru. 12/31/16	Percent to Date
ENTERPRISE FUNDS:				
Water Operating (91926)	1,146,010	3,441,310	3,374,523	98%
Water Capital (91930)	2,039,098	2,296,200	407,117	18%
Total Water Utility	3,185,108	5,737,510	3,781,640	66%
Wastewater Operating (91925)	583,764	4,257,566	3,714,747	87%
Wastewater Capital (91933)	169,599	650,000	371,535	57%
Total Wastewater Utility	753,363	4,907,566	4,086,281	83%
SKWRF Operating (91928)	1,107,956	3,390,900	3,307,951	98%
SKWRF Capital (91931)	1,603,098	547,000	137,688	25%
Total SKWRF	2,711,054	3,937,900	3,445,640	87%
INTERNAL SERVICE FUNDS:				
District Equip. Repair/Replace. (91934)	1,142,968	-	-	N/A
SKWRF Equip. Repair/Replace. (91932)	232,689	34,000	-	0%
IT Operating (91927)	180,365	341,700	262,396	77%
	1,556,023	375,700	262,396	70%
DEBT SERVICE FUNDS:				
Water Revenue Bond (91924)	232,889	782,100	398,034	51%
Wastewater Revenue Bond (91924)	876,082	658,700	292,607	44%
	1,108,970	1,440,800	690,642	48%
RESERVE FUNDS:				
District Debt Reserve (89751)	513,421	-	141,894	N/A
SKWRF Cons. Fee Reserve (91929)	228,828	250,000	250,000	100%
	742,249	250,000	391,894	157%
TOTAL ALL FUNDS	10,056,767	16,649,476	12,658,492	76%

Note: Time elapsed 100% and revenues exclude beginning fund balance.

III. ENTERPRISE FUNDS

The District operates and manages its utility service programs using six (6) enterprise funds. These funds include the following: *Water Operating* and *Water Capital Improvement* combined funds, *Wastewater Operating* and *Wastewater Capital Improvement* combined funds and *SKWRF Operating* and *SKWRF Capital Improvement* combined funds. These *Enterprise Funds* are proprietary funds that operate in a manner similar to private business. Detailed revenue and expenditure tables have been prepared for these *Enterprise Funds*.

Table 4
Enterprise Funds – Revenues and Expenditures

Funds	Fund Balance 01/01/16	Budgeted Revenue	Revenue thru. 12/31/16	Percent to Date
Water Operating (91926)	1,385,757	3,424,700	3,134,777	92%
Water Capital (91930)	1,616,381	856,000	829,833	97%
Total Water Utility	3,002,138	4,280,700	3,964,610	93%
Wastewater Operating (91925)	578,433	4,233,300	3,720,077	88%
Wastewater Capital (91933)	433,791	505,000	107,343	21%
Total Wastewater Utility	1,012,224	4,738,300	3,827,420	81%
SKWRF Operating (91928)	937,034	3,465,496	3,478,874	100%
SKWRF Capital (91931)	1,072,616	578,768	668,170	115%
Total SKWRF	2,009,650	4,044,264	4,147,044	103%
TOTAL REVENUES	6,024,012	13,063,264	11,939,074	91%

Funds	Fund Balance 12/31/16	Budgeted Expenditures	Expenditures thru. 12/31/16	Percent to Date
Water Operating (91926)	1,146,010	3,441,310	3,374,523	98%
Water Capital (91930)	2,039,098	2,296,200	407,117	18%
Total Water Utility	3,185,108	5,737,510	3,781,640	66%
Wastewater Operating (91925)	583,764	4,257,566	3,714,747	87%
Wastewater Capital (91933)	169,599	650,000	371,535	57%
Total Wastewater Utility	753,363	4,907,566	4,086,281	83%
SKWRF Operating (91928)	1,107,956	3,390,900	3,307,951	98%
SKWRF Capital (91931)	1,603,098	547,000	137,688	25%
Total SKWRF	2,711,054	3,937,900	3,445,640	87%
TOTAL EXPENDITURES	6,649,525	14,582,976	11,313,561	78%

A. Water Utility Funds - Utility fees and charges provide revenue for the operation and maintenance of the Water Utility. Water capital improvement projects are paid through revenue generated from rates and construction-related fees. The following are the year-end expenditure and revenue highlights:

- Through the fourth quarter of 2016, the *Water Utility* collected \$4,280,700 in revenue while expending \$3,964,610, resulting in an operating gain of \$182,970.
- The *Water Operating* revenue from water sales generated 92% of the amount budgeted.
- The *Water Utility* expenses included \$597,670 in funds to cover debt service payments of two water revenue bonds and eight public works trust fund loans. This amount represents 18% of the *Water Operating* Fund's year-end expenditures. Additional fund transfers through year-end totaled \$820,000.
- The *Capital Fund* budgeted \$200,000 in revenue generated from the receipt of "general facility charges", and \$155,384 was collected.
- Only \$407,117 was expended at year-end of the \$2,296,200 appropriated in *Water Capital Improvement* Fund's budget. The two major 2016 water capital projects (Well #1 Reservoir and Well#22 Pump House project) were scheduled to extend into 2017.

B. Wastewater Utility Funds - The *Wastewater Utility* Funds track the revenue and cost of providing wastewater services to residents and commercial customers and capital project expenses.

- The *Wastewater Utility* collected \$3,827,420 in revenue, but expended \$4,086,281. As a result, the combined operating and capital expenditures exceeded revenues by \$258,861.

- Operating revenue generated from sewer utility rates was only 88% of the amount budgeted. As a result, there was an insufficient fund balance in order to transfer the budgeted amount of \$250,000 out of the Operating fund into the Capital fund.
- The *Capital Fund* budgeted \$250,000 in revenue generated from “general facility charges”, but only \$103,323 was collected for new sewer connections. Of the \$650,000 budgeted to fund wastewater capital projects in 2016, \$353,146 was expended.
- *Wastewater Utility* expended \$634,226 for debt payments on two revenue bonds and seven P WTF loans. These debt service payments represent 17% of the *Wastewater Operating Fund’s* total expenditures. Additional fund transfers out of the *Operating* fund in 2016 totaled \$220,000.

C. South Kitsap Water Reclamation Facility Funds – The South Kitsap Water Reclamation Facility 2016 Budget incorporates a funding formula for the City of Port Orchard and the District to pay for wastewater treatment services based on \$22.50 per ERU. Since the District had 5,705 ERUs, the District’s portion of SKWRF’s operational cost was \$1,506,120 in 2016, and since the City of Port Orchard has 5,509 ERUs, the City’s portion of the costs was \$1,454,376, down slightly from the amount budgeted in 2016.

- The wastewater treatment plant combined operating and capital funds collected \$4,147,044 in revenue and incurred \$3,445,640 in expenses.
- The total debt service payments of \$948,136 on the P WTF loans were made in June. This amount represented 29% of the *SKWRF Operating Fund’s* expenditures.
- All of the budgeted fund transfers (\$440,000) were processed by June 30.
- Only \$137,688 was expended of the \$547,000 appropriated in *SKWRF Capital Fund* budget.

IV. DEBT SERVICE FUNDS

The District has one *Debt Service* fund entitled *Water/Sewer Revenue Bonds* which is comprised two debt financed issues: *2009 Revenue Bond*, and *2010 Revenue Bond*. The *2009 Revenue Bond* included the refinancing of the Beach Drive ULID and a number of capital projects (Converse/Sedgwick water/sewer, Well 22, Salmonberry generator, and reclaimed water). Since the Watauga Beach ULID debt service was completely paid in 2004, there was no existing debt to be refinanced. As of December 31, the total outstanding assessments for the Watauga Drive ULID totaled \$7,881 and Beach Drive ULID totaled \$29,908. The collected assessments for Watauga Beach ULID are deposited into this debt service fund and are used to pay off the existing revenue bonds. The *2010 Revenue Bond* includes refinancing the 2001 water and sewer bonds used to fund the construction of the District’s Administration facilities. The District has also secured and is paying debt service on fifteen (15) Public Works Trust Fund loans. These loans, however, are not being paid out of this Debt Service fund, but are instead accounted for under the *Water Operating Fund* and *Sewer Operating Fund* budgets.

Table 5
Debt Service Funds – Revenues and Expenditures

Funds	Fund Balance 01/01/16	Budgeted Revenue	Revenue thru. 12/31/16	Percent to Date
Water Revenue Bond (91924)	159,197	410,000	471,726	115%
Wastewater Revenue Bond (91924)	770,569	306,000	398,120	130%
TOTAL REVENUES	929,766	716,000	869,846	121%

Funds	Fund Balance 12/31/16	Budgeted Expenditures	Expenditures thru. 12/31/16	Percent to Date
Water Revenue Bond (91924)	232,889	782,100	398,034	51%
Wastewater Revenue Bond (91924)	876,082	658,700	292,607	44%
TOTAL EXPENDITURES	1,108,970	1,440,800	690,642	48%

The *Water/Sewer Bond Fund* has an excess fund balance of more than \$1,100,000. The District set aside \$800,000 of this excess fund balance for establishing a rate stabilization account.

V. INTERNAL SERVICE FUNDS

The *Water/Sewer Equipment Repair and Replacement (ER&R)* and the *South Kitsap Water Reclamation Facility ER&R* funds operate as *Internal Service* funds. *Internal Service* funds are established to account for the financing of goods/services provided by one department to another department. Over the last several years, the District has used the structure of equipment replacement fund for funding capital improvement projects using the revenues collected from general facilities charges.

Table 6
Internal Service Funds – Revenues and Expenditures

Funds	Fund Balance 01/01/16	Budgeted Revenue	Revenue thru. 12/31/16	Percent to Date
Equip. Repair/Replace-WSUD (91934)	920,269	209,500	222,699	106%
Equip. Repair/Replace-SKWRF (91932)	187,367	41,000	45,323	111%
Information Technology (91927)	128,439	322,000	314,322	98%
TOTAL REVENUES	1,236,075	572,500	582,344	102%

Funds	Fund Balance 12/31/16	Budgeted Expenditures	Expenditures thru. 12/31/16	Percent to Date
Equip. Repair/Replace-WSUD (91934)	1,142,968	-	-	N/A
Equip. Repair/Replace-SKWRF (91932)	232,689	34,000	-	0%
Information Technology (91927)	180,365	341,700	262,396	77%
TOTAL EXPENDITURES	1,556,023	375,700	123,810	33%

A. Water/Sewer Equipment Repair and Replacement (ER&R) Fund - The *Water/Sewer Equipment Repair and Replacement* Fund is an internal service fund used for maintaining/replacing vehicles and equipment. There are no funds budgeted for the purchase and replacement of vehicles or equipment in 2016.

B. SKWRF Equipment Repair and Replacement Fund – The purpose of the *SKWRF Equipment Repair and Replacement* Fund was changed in 2012 to limit use of the funds in this budget to purchase of treatment plant “vehicles and contractor equipment”. The purchase of a new dump truck was budgeted from this fund in 2016; however, the payment for this vehicle was not processed until February 2017.

C. Information Technology Fund – This fund supports the funding of the operations and maintenance of the information technology program which the *IT Operations* provides services to West Sound Utility District and the Port of Bremerton. Through the year, *Information Technology (IT)* expended 77% of the Department budget. The *IT* Department collected \$314,322 in revenue and expended \$262,396. *IT* collected from the Port of Bremerton \$52,534 of the \$58,000 in budgeted revenue for providing information technology services.

VI. RESERVE FUNDS

The District maintains two *Reserve Funds* comprised of: *Water/Wastewater Bond Reserve/Guaranty* and *SKWRF Facility Construction Fee Reserve*. The *Water/Wastewater Reserve/Guaranty* fund was 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 \$513,421; however, the legal requirement is to maintain a fund balance of \$512,081 after the refunding of the 2009 revenue bonds. The *SKWRF Facility Construction Fee Reserve* fund serves as a fund for the deposit of sewer facility connection fees (FCF) that are set aside to be used for future capital facility expansion cost to the wastewater treatment plant and current debt reduction. The *Reserve* fund transferred \$250,000 into the *SKWRF Operating Fund* to fund debt service payments on the PWTF loans. The 2016 Budget reflects collecting \$196,000 in FCF revenue. The actual revenue collected through 2016 from facility connection fees was \$90,690.

Table 7
Reserve Funds – Revenues and Expenditures

Funds	Fund Balance 01/01/16	Budgeted Revenue	Revenue thru. 12/31/16	Percent to Date
District Debt Reserve (89751)	651,334	757,000	3,980	1%
FCF Reserve - SKWRF (91929)	388,137	196,000	90,690	46%
TOTAL REVENUES	1,039,472	953,000	94,671	10%

Funds	Fund Balance 12/31/16	Budgeted Expenditures	Expenditures thru. 12/31/16	Percent to Date
District Debt Reserve (89751)	513,421	-	141,894	N/A
FCF Reserve - SKWRF (91929)	228,828	250,000	250,000	100%
TOTAL EXPENDITURES	989,963	250,000	391,894	157%

VII. 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. As of December 31, the total revenue debt of the *SKWRF* utility was at \$6,195,571. In June, principle and interest payments totaling \$948,136 were made on the PWTF loans. These loans are scheduled to be retired in 2022 and 2024.

Table 8
SKWRF Long-term Liabilities

Description	Original Issue	Current Unmatured Debt
Public Works Trust Fund Loan #1	10,000,000	3,315,571
Public Works Trust Fund Loan #2	6,800,000	2,880,000
Compensated Absences		141,021
Total Long-term Liabilities	16,800,000	6,336,592

Water/Sewer Utility:

The District refunded the 2009 Revenue Bond in September. The interest rate reduced from 4% to 1.649% with a savings of \$202,490 from this refunding transaction (Net PV savings of \$183,175). Currently the District has three (3) 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 \$7,538,065. The *Wastewater Utility's* portion of this total debt obligation is \$3,659,054 (\$628,000 was budgeted to cover 2016 debt service payments). The *Water Utility's* portion of this total debt obligation is \$3,879,011 (\$584,500 was budgeted to cover 2016 debt service payments). By the year 2022, the combined water and sewer funds will see nearly a \$475,000 decrease in debt payments due to the debt financing structure.

Table 9
Water/Sewer Long-term Liabilities

Description	Original Issue	Current Unmatured Debt
2009 Revenue Bond - Water/Wastewater	3,385,000	365,000
2010 Revenue Bond - Refunding Lund Ave.	3,595,000	1,955,000
2016 Revenue Bond - Refunding Water/Wastewater	1,944,757	1,910,336
PWTF 99-791-002 - Greendale/Sieford	438,376	69,217
PWTF 00-691-002 - Well 21	669,870	138,972
PWTF 00-691-003 - Water Mains	251,147	52,873
PWTF 01-691-003 - Storage Tank Painting	99,719	25,320
PWTF 01-691-004 - Bethel Rd Water Sys Improvement	939,573	247,256
PWTF 03-691-001 - Well 6 & 7 Decommission	143,438	55,166
PWTF 07-962-002 - Salmonberry Reservoir Painting	595,000	344,474
PWTF PC12-951-047 - Firmont Beach Water System	311,496	245,714
PWTF 99-791-018 - Wastewater Pump St. Improvements	1,005,615	158,781
PWTF 99-791-019 - Retsil Wartime Sewer Relacement	1,007,640	159,101
PWTF 00-691-032 - Retsil Wartime Sewer Relacement	1,005,210	183,193
PWFT 03-691-014 - Crownwood Lift Station	189,091	69,665
PWFT 03-691-015 - Beach Drive Pump Station Collection	148,750	57,847
PWTF 04-691-035 - Retsil Area A & B Improvements	1,360,000	640,000
PWTF PC08-951-017 - Sedgwick Rd. Sewer System	1,358,130	860,149
Compensated Absences		331,624
Total Long-term Liabilities	18,447,812	7,869,689

VIII. INVESTMENT SUMMARY

West Sound Utility District had a cumulative total of \$8,722,191 invested at the end of the year with the Washington State Investment Pool (WSUD Water/Sewer - \$5,996,505; SKWRF - \$2,725,686). The Investment Pool yielded an interest rate on the District's fund balance of 0.8897%. The balance of the District's cash (\$1,085,918) and SKWRF cash (\$217,957) are deposited in Key Bank through the Kitsap County Treasurer. In addition, the District has \$300 in petty cash, \$300 in front counter cash and \$30,000 in the Bank of America. SKWRF has \$100 in petty cash.