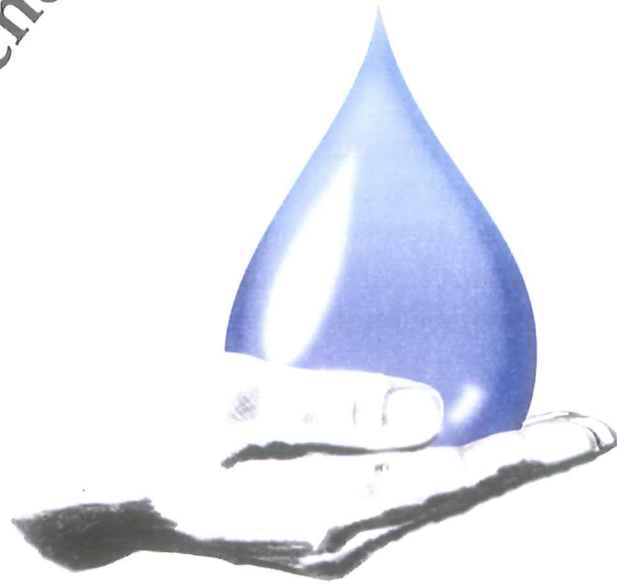


Hartstene Pointe Water - Sewer District



*Dedicated to Service*

## 2018 Preliminary Budget

Presented to the Board of Commissioners on October 26,  
2017

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# Budget Message

October 26, 2017

Board of Commissioners:

We are pleased to present the Hartstene Pointe Water-Sewer District's ("District") preliminary budget for the Fiscal Year 2018. This budget was developed to further the District's mission of providing high quality, reliable drinking water, sewer collection, and wastewater treatment at fair and reasonable rates to meet the current and future needs of our community. The financial policies adopted by the Board of Commissioners (Board), included in the Appendix, provided additional guidance to this budget process.

## Budget Summary

### **Reserves and Committed Funds**

In 2014 the Board adopted its District Funds Policies (included in the appendix) which address goals for building and maintaining reserves. The District is committed to building adequate reserves to meet the operational and capital needs of the system, as well as to be prepared for emergencies and unforeseeable circumstances.

In 2017, the District utilized a portion of these reserves to provide temporary funding of the Water Treatment Plant Improvements Project following the suspension of the District's Drinking Water State Revolving Fund Loan due to the State Legislature's failure to pass a 2018-2019 Capital Budget. In total, \$147,000 (\$59,000 from the Risk Management Fund and \$88,000 from the Reservoir Repair Fund) will be loaned to the Capital Projects Account to pay the remaining project costs. Once a State Capital Budget is passed, the District's loan will be resumed, reimbursement of project costs will be paid to the District, and the inter-fund loans will be repaid.

The budget also designates funds for future capital improvement projects (\$20,000 in 2018 to address Inflow and Infiltration and \$10,000 every year, beginning in 2019, for other capital improvements), as well as continuing the annual contributions of \$10,000 to the Risk Management Fund and \$9,000 to the Asset Replacement Fund.

### **Operating Expenditures**

Overall, the 2018 Water Operating Expenditures are down by \$3,660, or 3.9%, from the 2017 budget, due primarily to decreases in meter reading and other repair and maintenance costs.

Due to increasing costs for non-routine wastewater treatment plant operations, repair of failing sewer lateral lines, an increase in the necessary frequency of biosolids hauling, and other repair and maintenance needs, the overall 2018 Wastewater Operating Expenditures are up by \$12,240 or 8.4%, from the 2017 budget.

Thanks largely to the District's new online payment system, the District's plan to change lockbox service providers in 2018, and savings in the District's telephone services, the 2018 Combined Water/Sewer Operating Expenditures are down by \$5,440, or 3.7% from the 2017 budget.

Overall, the 2018 Operating Expenditures budget is up by \$3,140, or 0.8%, over the 2017 budget.

### **Debt Service**

The District's first Drinking Water State Revolving Fund (DWSRF) Loan payment, for the Water Treatment Plant Improvements project, was made in October of this year. The loan is a fixed principle loan, meaning

annual payments will decrease (as the interest payment amounts decrease) over the 20 year payback period. The District's total 2018 debt service will be \$159,280, which is \$16,715 (11.7%) more than the 2017 loan payments, and \$81,840 (105.7%) more than the annual debt service before the DWSRF loan. The District's 2018 debt ratio under current rates will be 26.72%.

### **Capital Improvements**

The District's 2018 Capital Expenditure budget, totaling \$265,000, continues the District's commitment to maintain and replace the aging water and wastewater infrastructure and to increase system reliability.

In 2018 the District will complete the Well 1 Replacement project. Additionally, the District plans to install a dedicated generator for the new Well 1, and the Well 1 treatment building will receive a new roof.

Over the past three years the District has been setting aside funds for repair and recoating of the District's drinking water reservoir. The reservoir's cleaning and inspection, scheduled for November 2017, will provide more information on the asset's current state. Should the reservoir need immediate attention, the District has budgeted to use the committed funds for a repair and/or recoating project in 2018. The District has also budgeted to replace the reservoir's cathodic protection system in order to extend the life of the reservoir's interior coating.

The District also plans to complete the replacement of the wastewater treatment plant's gaseous chlorine system with a pellet system for greater safety at plant.

### **Revenues**

At the District's current service rates there is a projected Operating Account net loss of \$42,000 for 2018. The Operating Fund is projected to end 2018 with a balance of \$71,000, which is \$29,000 under the Fund Policy's minimum balance target of \$100,000. The trend of annual net losses persists in the five-year financial projections for the District at the current service rates. In order for the District to meet its minimum Operating Fund balance target, the District has three options:

1. Increase water and sewer rates by 8.75% (increase of \$19.24 per bill, for a total bill of \$239.16; increase of \$9.62 per month, for a total monthly cost of \$119.58);
2. Make additional cuts to the operating and capital budgets of \$51,000; or
3. A combination of a rate increase and budget cuts.

Every year, as part of the District's budget process, the District analyzes its connection fees and Capital Facilities Charge (CFC) for new connections to the water and sewer systems. These charges represent the pro rata share of the costs of the District's capital improvements and debt service for new connections. Based on the 2017 capital improvements, the District's Five Year Capital Improvement Plan, and the District's debt service to date, we are recommending a \$200 increase in CFC for new connections, bringing the total CFC to \$4,500 (\$1,800 for water and \$2,700 for sewer).

### **Future**

Unlike other municipal governments, special purpose water and sewer districts are not legally mandated to submit or approve an annual budget. However, under the forward-thinking direction of the Board of Commissioners, the District has developed and used the budget process as a planning tool for the future. Over the past four years of budget preparation, the District has worked to include five-year projections in its budget considerations in an effort to anticipate the needs of the District, not only for the upcoming fiscal year, but for the foreseeable future.

Beyond the five year projections, the District will need to make a plan for replacement of the water lateral lines and repair and/or replacement of the sewer lateral lines. The District also needs to continue to seek a solution to

the ongoing Inflow and Infiltration Issues. Additionally, a long-term solution is needed for mitigating flooding risk at the wastewater treatment plant.

Sincerely,

Mont Jeffreys  
General Manager

Miceal Carnahan  
Accounting and Administrative Services Manager



# Hartstene Pointe Water-Sewer District Capital Improvement Plan

## Capital Improvement Plan

	2017 Jan-Sep	2017 Projected	2017 Budget	2018	2019	2020	2021	2022
<b>Wastewater/Sewer Collection Capital Expenditures</b>								
<i>Inflow &amp; Infiltration Abatement transfer to reserves</i>	-	18,000	18,000	20,000	22,000	24,000	26,000	28,000
New Lift Station 8 Pump and Rebuild for Spare	4,660	4,660	-	-	-	-	-	-
Rebuild Effluent Pump	12,105	12,105	-	-	-	-	-	-
Replace Gaseous Cl2 System	-	-	15,000	15,000	-	-	-	-
Lift Station Generators				-	30,000	30,000	30,000	
Phase 3 WWT SCADA/Lift Station Telemetry Upgrade	37,733	37,733	37,900	-	-	-	-	-
Lift Station 5 Spare Pump			-	-	10,000	-	-	-
Spare Composite Sampler			-	-	-	-	7,000	-
Incubator/Lab Equipment for In-House Testing	-	-	4,500	-	-	-	-	-
Sewer Inspection Camera	10,809	10,809	-	-	-	-	-	-
<b>Total Wastewater/Sewer Capital Expenditures</b>	<b>65,307</b>	<b>65,307</b>	<b>57,400</b>	<b>15,000</b>	<b>40,000</b>	<b>30,000</b>	<b>37,000</b>	<b>-</b>
<b>Drinking Water Capital Expenditures</b>								
Well 1 Replacement	27,287	35,000	25,000	45,000	-	-	-	-
Reservoir Inspection and Cleaning	-	2,116	5,590	-	-	-	-	-
Reservoir Mixer	-	12,000	12,000	-	-	-	-	-
Well Generator			-	30,000	-	-	-	-
Replace Housing for Well 1 and Well 2	-	-	5,000	-	-	-	-	-
Reservoir Cathodic Protection			-	20,000	-	-	-	-
Reservoir Interior Painting/Repair	-			150,000	-	-	-	-
Lateral Replacements			-	-	10,000	-	50,000	50,000
Well 2 Rehabilitation, New Pump and Motor					35,000			
Well 1 Treatment Building New Roof				5,000				
<b>Total Drinking Water Capital Expenditures</b>	<b>27,287</b>	<b>49,116</b>	<b>47,590</b>	<b>250,000</b>	<b>45,000</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>
<b>Total Capital Expenditures/Major Repairs</b>	<b>92,593</b>	<b>114,422</b>	<b>104,990</b>	<b>265,000</b>	<b>85,000</b>	<b>30,000</b>	<b>87,000</b>	<b>50,000</b>
<b>Asset Replacement Fund Transfers</b>								
<b>(From Asset Replacement Fund 020 to Operating 010)</b>	-	-	20,000	20,000	10,000	-	7,000	-
<b>Capital Improvement Fund Transfers (from Capital Improvement Fund 020: Reservoir Repairs to Operating 010)</b>								
	-	-	-	150,000	-	-	-	-





## Hartstene Pointe Water-Sewer District

### 2018 Proposed Capital Facilities Charges

	Water	Sewer	Total
Debt Share	\$ 605	\$900	\$1,500
Future Improvements	740	500	1,200
Assets	455	1,300	1,800
<b>Total</b>	<b>\$ 1,800</b>	<b>\$ 2,700</b>	<b>\$4,500</b>
Connection Fees	\$ 250	\$ 250	\$ 500
Total CFC + Connection Fees	\$2,050	\$ 2,950	
Total Cost for New Connections:			\$ 5,000



# 2018 Preliminary Budget



2018 Budget -  
Preliminary.xlsx



**Hartstene Pointe Water-Sewer District  
2018 Preliminary Budget Overview**

	2016 Actual	2017 Jan-Sep	2017 Projected	2017 Budget	2018 Budget	Projected 2019	Projected 2020	Projected 2021	Projected 2022
<b>Fund Beginning Balances</b>									
<b>Beginning Balance - Uncommitted Funds:</b>									
Operating Account	172,275	154,517	154,517	154,517	113,273	71,140	(14,586)	(70,211)	(172,320)
Capital Project Account - 065	70,984	11,129	11,129	11,129	(40)	-	-	-	-
<b>Beginning Balance - Committed Funds - 020:</b>									
Asset Replacement Fund	36,000	12,540	12,540	12,540	21,540	10,540	9,540	18,540	20,540
Capital Improvement Fund	151,000	154,500	154,500	154,500	111,540	69,540	101,540	135,540	171,540
Risk Management Fund	141,789	131,734	131,734	131,734	76,318	122,202	134,023	146,229	158,932
<b>Total Beginning Balances:</b>	<b>572,047</b>	<b>464,420</b>	<b>464,420</b>	<b>464,420</b>	<b>322,631</b>	<b>273,422</b>	<b>230,517</b>	<b>230,097</b>	<b>178,691</b>
<b>Reserve Funds:</b>									
Ecology Loan Reserve - 030	38,170	38,170	38,170	38,170	38,659	39,045	39,436	39,830	40,228
USDA Revenue Bond Reserve - 070	12,782	16,715	16,715	16,715	20,772	24,912	29,094	33,318	37,584
DWSRF Loan Reserve - 050	48,000	68,000	68,000	68,000	20,525	21,162	21,191	21,220	21,249
<b>Revenues</b>									
Water Sales	316,170	231,717	312,000	313,572	314,172	314,688	315,396	316,104	316,104
Sewer Sales	265,017	203,046	272,000	270,641	271,140	271,615	272,226	272,838	272,838
Penalties/Fees	8,144	7,332	8,200	5,842	5,853	5,863	5,876	5,889	5,889
Connection Fees/Misc.	8,265	8,600	8,600	4,800	4,550	4,550	4,550	4,550	4,550
Operating Account Interest	420	504	700	200	440	440	440	440	-
<b>Total Revenues</b>	<b>598,015</b>	<b>451,198</b>	<b>601,500</b>	<b>595,055</b>	<b>596,156</b>	<b>597,156</b>	<b>598,488</b>	<b>599,821</b>	<b>599,381</b>
Total Water Revenue %	34%	34%	54%	54%	55%	53%	53%	54%	54%
Total Wastewater Revenue %	66%	66%	46%	46%	45%	47%	47%	46%	46%
<b>Operating Expenditures</b>									
Water Operating Expenditures	79,755	63,914	84,796	94,350	90,692	93,477	94,437	95,356	97,263
Wastewater Operating Expenditures	124,860	100,415	133,500	145,340	157,582	161,634	163,217	164,831	168,128
Combined Water/Wastewater	143,224	98,450	145,396	145,617	140,175	137,241	149,915	144,184	147,067
<b>Total Operating Expenses</b>	<b>347,839</b>	<b>262,779</b>	<b>363,693</b>	<b>385,308</b>	<b>388,449</b>	<b>392,352</b>	<b>407,569</b>	<b>404,371</b>	<b>412,458</b>
<b>Net Income (Loss) After Operating Expenses</b>	<b>250,176</b>	<b>188,418</b>	<b>237,807</b>	<b>209,748</b>	<b>207,706</b>	<b>204,804</b>	<b>190,919</b>	<b>195,450</b>	<b>186,923</b>
<b>Scheduled Debt Service</b>									
Ecology Loan	38,111	19,056	38,111	38,111	38,111	38,111	38,111	38,111	38,111
USDA Bond	39,330	39,330	39,330	39,330	39,330	39,330	39,330	39,330	39,330
DWSRF Loan	-	76,959	76,959	65,125	81,840	83,402	82,417	81,432	80,447
<b>Total Debt Service</b>	<b>77,441</b>	<b>135,345</b>	<b>154,401</b>	<b>142,566</b>	<b>159,281</b>	<b>160,843</b>	<b>159,858</b>	<b>158,873</b>	<b>157,888</b>
<b>Net Income (Loss) After Operating &amp; Debt</b>	<b>\$ 172,735</b>	<b>\$ 53,073</b>	<b>\$ 83,407</b>	<b>\$ 67,182</b>	<b>\$ 48,425</b>	<b>\$ 43,961</b>	<b>\$ 31,061</b>	<b>\$ 36,578</b>	<b>\$ 29,035</b>
<b>Capital Expenditures</b>									
Wastewater/Sewer Capital Expenditures	100,667	65,307	65,307	57,400	15,000	40,000	30,000	37,000	-
Drinking Water Capital Expenditures	98,910	27,287	49,116	47,590	250,000	45,000	-	50,000	50,000
<b>Total Capital Expenditures</b>	<b>199,577</b>	<b>92,593</b>	<b>114,422</b>	<b>104,990</b>	<b>265,000</b>	<b>85,000</b>	<b>30,000</b>	<b>87,000</b>	<b>50,000</b>
<b>Total Expenditures</b>	<b>624,857</b>	<b>490,718</b>	<b>632,516</b>	<b>632,864</b>	<b>812,730</b>	<b>638,195</b>	<b>597,427</b>	<b>650,244</b>	<b>620,346</b>
Total Water Expenditures %	46%	52%	51%	50%	65%	52%	49%	52%	55%
Total Wastewater Expenditures %	54%	48%	49%	50%	35%	48%	51%	48%	45%
<b>Total Net Income (Loss) Before Transfers</b>	<b>\$ (26,842)</b>	<b>\$ (39,520)</b>	<b>\$ (31,016)</b>	<b>\$ (37,808)</b>	<b>\$ (216,575)</b>	<b>\$ (41,039)</b>	<b>\$ 1,061</b>	<b>\$ (50,422)</b>	<b>\$ (20,965)</b>
<b>Operating Account Fund Transfers To (From):</b>									
Capital Project Account - 065	-	-	-	(75,531)	(22,765)	-	-	-	-
Asset Replacement Fund - 020	(23,460)	-	9,000	(11,000)	(11,000)	(1,000)	9,000	2,000	9,000
Capital Improvement Fund - 020	3,500	(10,460)	45,040	65,500	(130,000)	32,000	34,000	36,000	38,000
Risk Management Fund - 020	(10,055)	-	-	(15,000)	(15,000)	10,000	10,000	10,000	10,000
Ecology Reserve - 030	-	-	-	-	-	-	-	-	-
USDA Revenue Bond Reserve - 070	3,933	2,950	3,933	3,933	3,933	3,933	3,933	3,933	2,950
DWSRF Loan Reserve - 050	20,000	(68,205)	(47,745)	(65,125)	391	(246)	(246)	(246)	(246)
<b>Total Operating Account Transfers</b>	<b>(6,082)</b>	<b>(75,715)</b>	<b>10,228</b>	<b>(97,223)</b>	<b>(174,441)</b>	<b>44,687</b>	<b>56,687</b>	<b>51,687</b>	<b>59,703</b>
<b>Total Operating Fund Gain (Loss):</b>	<b>\$ (20,760)</b>	<b>\$ 36,195</b>	<b>\$ (41,244)</b>	<b>\$ 59,415</b>	<b>\$ (42,133)</b>	<b>\$ (85,726)</b>	<b>\$ (55,626)</b>	<b>\$ (102,109)</b>	<b>\$ (80,668)</b>

### Hartstene Pointe Water-Sewer District 2018 Preliminary Budget Overview

	2016 Actual	2017 Jan-Sep	2017 Projected	2017 Budget	2018 Budget	Projected 2019	Projected 2020	Projected 2021	Projected 2022
<b>Fund Ending Balances</b>									
<b>Ending Balance - Uncommitted Funds:</b>									
Operating Account	154,517	190,712	113,273	213,932	71,140	(14,586)	(70,211)	(172,320)	(252,989)
Capital Project Account - 065	11,129	140,864	(40)	(118,707)	-	-	-	-	-
<b>Ending Balance - Committed Funds - 020:</b>									
Asset Replacement Fund	12,540	12,540	21,540	1,540	10,540	9,540	18,540	20,540	29,540
Capital Improvement Fund	154,500	132,040	111,540	220,000	69,540	101,540	135,540	171,540	209,540
Risk Management Fund	131,734	75,778	76,318	119,040	122,202	134,023	146,229	158,932	172,091
<b>Total Ending Balance:</b>	<b>464,420</b>	<b>551,933</b>	<b>322,631</b>	<b>435,804</b>	<b>273,422</b>	<b>230,517</b>	<b>230,097</b>	<b>178,691</b>	<b>158,182</b>
<b>Reserved Funds:</b>									
Ecology Reserve - 030	38,170	38,554	38,659	38,430	39,045	39,436	39,830	40,228	40,631
USDA Revenue Bond Reserve - 070	16,715	19,737	20,772	20,648	24,912	29,094	33,318	37,584	40,910
DWSRF Loan Reserve - 050	68,000	61	20,525	2,875	21,162	21,191	21,220	21,249	21,279

# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

### Operating Budget

	2014	2015	2016	2017	2017	2017	2017	2017	2018	2018	2019	2020	2021
	Actual	Actual	Actual	Jan-Sep	Projected	Budget	Budget	Budget	Budget	Budget	Projected	Projected	Projected
<b>Revenues</b>													
<b>Operating Revenue</b>													
343.40 · Water Sales	171,813	170,938	316,170	231,717	312,000	313,572	314,172	314,688	315,396	316,104			
343.50 · Sewer Sales	329,717	328,916	265,017	203,046	272,000	270,641	271,140	271,615	272,226	272,838			
359.90 · Penalties and Fees	8,762	5,685	8,144	7,332	8,200	5,842	5,853	5,863	5,876	5,889			
361.11 · Interest earned - Operating Account	97	144	420	504	700	200	440	440	440	440			
369.90 · Miscellaneous Revenue	24,508	1,971	65	-	-	500	50	50	50	50			
<b>Total Operating Revenue</b>	<b>534,897</b>	<b>507,655</b>	<b>589,815</b>	<b>442,598</b>	<b>592,900</b>	<b>590,755</b>	<b>591,656</b>	<b>592,656</b>	<b>593,988</b>	<b>595,321</b>			
<b>Non-Operating Revenue</b>													
379.4 - Capital Contributions - Water	-	-	3,400	3,400	3,400	1,700	1,800	1,800	1,800	1,800			
379.5 - Capital Contributions - Sewer	-	-	4,800	5,200	5,200	2,600	2,700	2,700	2,700	2,700			
<b>Total Non-Operating Revenue</b>	<b>-</b>	<b>-</b>	<b>8,200</b>	<b>8,600</b>	<b>8,600</b>	<b>4,300</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>			
<b>Total Revenues</b>	<b>534,897</b>	<b>507,655</b>	<b>598,015</b>	<b>451,198</b>	<b>601,500</b>	<b>595,055</b>	<b>596,156</b>	<b>597,156</b>	<b>598,488</b>	<b>599,821</b>			

# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

### Operating Budget

	2014 Actual	2015 Actual	2016 Actual	2017 Jan-Sep	2017 Projected	2017 Budget	2018 Budget	2019 Projected	2020 Projected	2021 Projected
<b>Expenditures</b>										
<b>Water Expenditures</b>										
<b>Water Operating Expenditures</b>										
Supplies - Water										
Supplies - Water	3,628	4,728	1,006	2,398	2,600	1,375	1,500	1,530	1,561	1,592
Chemicals - Water	2,021	3,172	3,420	1,812	2,200	4,000	3,000	3,060	3,121	3,184
<b>Total Supplies - Water</b>	<b>5,649</b>	<b>7,900</b>	<b>4,427</b>	<b>4,209</b>	<b>4,800</b>	<b>5,375</b>	<b>4,500</b>	<b>4,590</b>	<b>4,682</b>	<b>4,775</b>
Services - Water										
Meter Reading - JMS Contract	3,830	-	1,327	2,638	3,200	6,000	3,360	3,427	3,496	3,566
Attorney Fees - Water	-	-	-	-	-	500	250	500	500	500
Consultant Fees - Water	-	-	1,061	-	-	500	250	500	500	500
Operations - Water	28,447	28,560	29,869	22,491	29,988	29,988	31,487	31,487	33,062	33,062
Operations - Non-routine Water	280	280	210	350	490	350	350	350	350	350
Lab Testing - Water	704	1,140	1,064	1,158	1,528	472	1,070	1,000	1,020	1,040
Repair & Maintenance - Water										
<i>JMS Contract</i>	4,083	3,411	8,311	12,821	17,000	12,000	17,850	18,207	18,571	18,943
<i>Other Repair &amp; Maintenance</i>	4,429	27,663	10,859	944	2,500	10,000	5,000	5,100	5,202	5,306
<b>Total Repair &amp; Maintenance - Water</b>	<b>8,513</b>	<b>31,074</b>	<b>19,170</b>	<b>13,765</b>	<b>19,500</b>	<b>22,000</b>	<b>22,850</b>	<b>23,307</b>	<b>23,773</b>	<b>24,249</b>
Electricity - Water	13,536	11,233	6,305	6,573	9,000	11,500	10,000	10,200	10,404	10,612
<b>Total Services - Water</b>	<b>55,309</b>	<b>73,445</b>	<b>59,006</b>	<b>46,976</b>	<b>63,706</b>	<b>71,310</b>	<b>69,618</b>	<b>70,772</b>	<b>73,105</b>	<b>73,879</b>
Intergovernmental - Water										
Excise Tax - Water	10,188	8,606	14,191	11,970	15,531	15,770	15,800	15,826	15,861	15,897
Permit Fees - Water	758	759	1,009	759	759	774	774	789	790	805
Intergovernmental - Other	-	-	1,122	-	-	1,122	-	1,500	-	-
<b>Total Intergovernmental - Water</b>	<b>10,946</b>	<b>9,365</b>	<b>16,322</b>	<b>12,729</b>	<b>16,290</b>	<b>17,666</b>	<b>16,574</b>	<b>18,115</b>	<b>16,651</b>	<b>16,702</b>
<b>Total Water Operating Expenditures</b>	<b>71,904</b>	<b>90,709</b>	<b>79,755</b>	<b>63,914</b>	<b>84,796</b>	<b>94,350</b>	<b>90,692</b>	<b>93,477</b>	<b>94,437</b>	<b>95,356</b>

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# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

### Operating Budget

	2014 Actual	2015 Actual	2016 Actual	2017 Jan-Sep	2017 Projected	2017 Budget	2018 Budget	2019 Projected	2020 Projected	2021 Projected
<b>Wastewater Expenditures</b>										
<b>Wastewater Operating Expenditures</b>										
Supplies - Wastewater										
Supplies - Wastewater	532	379	1,566	4,386	4,500	2,000	2,000	2,040	2,081	2,122
Chemicals - Wastewater	2,094	713	915	1,798	2,125	3,000	4,000	4,080	4,162	4,245
<b>Total Supplies - Wastewater</b>	<b>2,626</b>	<b>1,092</b>	<b>2,481</b>	<b>6,184</b>	<b>6,625</b>	<b>5,000</b>	<b>6,000</b>	<b>6,120</b>	<b>6,242</b>	<b>6,367</b>
<b>Services - Wastewater</b>										
Attorney Fees - Wastewater	247	-	-	-	-	500	250	500	500	500
Consultant Fees - Wastewater	-	-	-	-	-	500	250	500	500	500
Operations - Wastewater	36,346	37,574	48,954	40,620	54,000	54,000	54,000	54,000	54,000	54,000
Operations - Non-routine Wastewater	4,494	4,919	5,208	2,013	3,500	840	4,000	4,000	4,000	4,000
Lab Testing - Wastewater	11,401	11,055	8,776	7,376	8,816	7,900	8,058	8,219	8,384	8,551
Biosolids Hauling, SBR Cleaning	-	14,999	4,980	5,566	11,100	14,000	20,000	22,000	22,000	22,000
SCADA System Maintenance - WWTP	-	-	3,640	-	500	2,000	1,500	1,500	1,500	1,500
Repair & Maintenance - Wastewater										
<i>Sewer Collection</i>	999	3,936	19,368	15,698	16,500	15,000	20,000	20,400	20,808	21,224
<i>JMS Contract</i>	2,362	3,737	9,482	11,252	15,000	20,500	15,750	16,065	16,386	16,714
<i>Wastewater Treatment - Other</i>	5,665	1,750	7,303	834	1,000	5,000	8,000	8,160	8,323	8,490
Total Repair & Maint. - Wastewater	9,026	9,422	36,153	27,784	32,500	40,500	43,750	44,625	45,518	46,428
Electricity - Wastewater	8,881	7,951	7,885	6,971	9,800	13,000	13,000	13,260	13,525	13,796
<b>Total Services - Wastewater</b>	<b>70,394</b>	<b>88,105</b>	<b>115,596</b>	<b>90,330</b>	<b>120,216</b>	<b>133,240</b>	<b>144,808</b>	<b>148,604</b>	<b>149,926</b>	<b>151,275</b>
<b>Intergovernmental - Wastewater</b>										
B&O/Excise Tax - Wastewater/Sewer	7,514	5,119	4,740	3,427	4,559	5,000	4,704	4,798	4,894	4,992
Permit Fees - Wastewater	1,941	2,029	2,043	474	2,100	2,100	2,070	2,111	2,154	2,197
<b>Total Intergovernmental - Wastewater</b>	<b>9,454</b>	<b>7,148</b>	<b>6,783</b>	<b>3,901</b>	<b>6,659</b>	<b>7,100</b>	<b>6,774</b>	<b>6,910</b>	<b>7,048</b>	<b>7,189</b>
<b>Total Wastewater Treatment Operating Expenditures</b>	<b>82,474</b>	<b>96,345</b>	<b>124,860</b>	<b>100,415</b>	<b>133,500</b>	<b>145,340</b>	<b>157,582</b>	<b>161,634</b>	<b>163,217</b>	<b>164,851</b>

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# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

### Operating Budget

	2014 Actual	2015 Actual	2016 Actual	2017 Jan-Sep	2017 Projected	2017 Budget	2018 Budget	2019 Projected	2020 Projected	2021 Projected
<b>Combined Water/WWWT Operating Expenditures</b>										
Commissioner Per Diem/Payroll Taxes										
Commissioner 1	3,866	2,964	2,964	2,280	3,192	3,534	3,591	3,591	3,591	3,591
Commissioner 2	3,638	2,964	4,191	2,639	3,770	4,094	4,032	4,032	4,032	4,032
Commissioner 3	3,296	2,622	4,218	2,280	3,420	3,534	3,591	3,591	3,591	3,591
Payroll Taxes	733	794	697	646	864	854	858	858	858	858
<b>Total Commissioner Per Diem/Payroll Taxes</b>	<b>11,533</b>	<b>9,344</b>	<b>12,070</b>	<b>7,845</b>	<b>11,246</b>	<b>12,016</b>	<b>12,072</b>	<b>12,072</b>	<b>12,072</b>	<b>12,072</b>
Supplies - Combined Water/WWWT										
Tools/Equip/Supplies	10,558	3,494	1,143	515	700	3,000	2,500	2,550	2,601	2,653
Office Supplies	663	950	816	676	850	750	850	867	884	902
<b>Total Supplies - Combined Water/WWWT</b>	<b>11,221</b>	<b>4,444</b>	<b>1,959</b>	<b>1,191</b>	<b>1,550</b>	<b>3,750</b>	<b>3,350</b>	<b>3,417</b>	<b>3,485</b>	<b>3,555</b>
Services - Combined Water/WWWT										
General Manager	42,670	42,840	44,804	33,737	44,982	45,313	47,231	47,231	49,593	49,593
Acct & Admin Services Manager	16,938	26,649	34,125	24,300	33,000	31,000	42,000	42,000	44,100	44,100
Lockbox Services	12,039	11,795	9,820	7,127	9,300	10,000	4,845	721	692	662
Online Payment System	-	788	580	4,464	4,914	4,200	1,800	1,890	1,985	2,084
IT/Software Applications	-	4,022	2,862	2,935	2,935	2,935	3,143	3,238	3,335	3,435
Rent	-	-	483	930	1,140	756	924	1,016	1,118	1,230
Merchant Services Fees	1,437	1,715	2,091	2,523	3,000	1,900	1,900	1,938	1,977	2,016
Postage	1,940	1,757	2,008	1,354	1,405	1,500	1,400	1,428	1,457	1,486
Telephones/Internet	6,129	7,135	8,580	6,387	7,326	9,000	3,760	3,835	3,912	3,990
Legal Notices & Publications	270	162	114	177	177	250	255	260	265	271
Liability Insurance/Bonds	6,795	7,916	10,070	1,050	10,614	9,000	10,042	10,544	11,072	11,625
Professional Dues	245	1,385	1,631	1,550	2,220	1,600	1,581	1,613	1,645	1,678
Printing	2,751	1,917	2,057	1,161	1,600	1,900	1,800	1,890	1,985	2,084
Travel/Mileage/Training	3,639	2,813	3,400	1,467	3,000	3,500	3,570	3,641	3,714	3,789
<b>Total Services - Combined Water/WWWT</b>	<b>96,840</b>	<b>112,451</b>	<b>122,666</b>	<b>89,162</b>	<b>125,613</b>	<b>122,854</b>	<b>124,252</b>	<b>121,246</b>	<b>126,847</b>	<b>128,041</b>
Intergovernmental - Combined Water/WWWT										
B&O Tax (on Fees/Penalties)	115	89	72	150	174	88	88	88	88	88
Other	432	232	217	103	103	200	200	200	200	200
County Election Costs	-	-	207	-	210	210	214	218	223	227
State Audit	125	-	6,035	-	6,500	6,500	-	-	7,000	-
<b>Total Intergov - Combined Water/WWWT</b>	<b>672</b>	<b>321</b>	<b>6,529</b>	<b>253</b>	<b>6,987</b>	<b>6,998</b>	<b>502</b>	<b>506</b>	<b>7,511</b>	<b>516</b>

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# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

		Operating Budget									
		2014	2015	2016	2017	2017	2017	2018	2019	2020	2021
		Actual	Actual	Actual	Jan-Sep	Projected	Budget	Budget	Budget	Projected	Projected
Total Combined Water/WWT Operating Expenditures	120,265	126,560	143,224	98,450	145,396	145,617	140,175	137,241	149,915	144,184	
Total Operating Expenditures	274,644	313,614	347,839	262,779	363,693	385,308	388,449	392,352	407,569	404,371	
Net Operating Income	260,253	194,041	241,976	179,818	229,207	205,448	203,206	200,304	186,419	190,950	
<b>Need \$ 254,281</b>		<b>Net Operating Income to cover Debt Service and Capital Improvement Plan</b>									

Options:

- 8.73% rate increase: \$ 19.19 per bill; \$ 9.60 per month
- \$ 51,075 in cuts between Operating and Capital Improvement
- Combination of rate increase and cuts



# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

Fund 020 - Water/Sewer Committed Funds										
	2016	2017	2017	2017	2017	2018	2019	2020	2021	2022
	Actual	Jan-Sep	Projected	Budget	Budget	Budget	Projected	Projected	Projected	Projected
<b>Asset Replacement Fund</b>										
Balance Forward	36,000	12,540	12,540	12,540	12,540	21,540	10,540	9,540	18,540	20,540
<b>Revenues</b>										
Transfers From Operating Account - 010	9,000	-	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
<b>Total Revenues</b>	<b>9,000</b>	<b>-</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
<b>Expenditures</b>										
Transfers to Operating Account - 010	(32,460)	-	-	(20,000)	(20,000)	(20,000)	(10,000)	-	(7,000)	-
<b>Total Expenditures</b>	<b>(32,460)</b>	<b>-</b>	<b>-</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(10,000)</b>	<b>-</b>	<b>(7,000)</b>	<b>-</b>
<b>Net Asset Replacement Fund Gain (Loss)</b>	<b>(23,460)</b>	<b>-</b>	<b>9,000</b>	<b>(11,000)</b>	<b>(11,000)</b>	<b>(11,000)</b>	<b>(1,000)</b>	<b>9,000</b>	<b>2,000</b>	<b>9,000</b>
<b>Ending Asset Replacement Fund Balance</b>	<b>12,540</b>	<b>12,540</b>	<b>21,540</b>	<b>1,540</b>	<b>10,540</b>	<b>10,540</b>	<b>9,540</b>	<b>18,540</b>	<b>20,540</b>	<b>29,540</b>

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# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

Fund 020 - Water/Sewer Committed Funds									
	2016	2017	2017	2017	2018	2019	2020	2021	2022
	Actual	Jan-Sep	Projected	Budget	Budget	Projected	Projected	Projected	Projected
<b>Capital Improvement Fund</b>									
Balance Forward	151,000	154,500	154,500	154,500	111,540	69,540	101,540	135,540	171,540
<b>Revenues</b>									
Transfers From Operating Account - 010									
<i>Reservoir Repair</i>	37,500	-	37,500	37,500	-	-	-	-	-
<i>Inflow &amp; Infiltration</i>	16,000	-	18,000	18,000	20,000	22,000	24,000	26,000	28,000
<i>Other Capital Projects</i>	-	-	-	10,000	-	10,000	10,000	10,000	10,000
Total Transfers From Operating Account - 010	53,500	-	55,500	65,500	20,000	32,000	34,000	36,000	38,000
Transfers from Capital Project Account - 065	-	-	-	-	88,000	-	-	-	-
<i>Reservoir Repair</i>	-	-	-	-	88,000	-	-	-	-
Total Transfers from Capital Project Account - 065	-	-	-	-	88,000	-	-	-	-
<b>Total Revenues</b>	<b>53,500</b>	<b>-</b>	<b>55,500</b>	<b>65,500</b>	<b>108,000</b>	<b>32,000</b>	<b>34,000</b>	<b>36,000</b>	<b>38,000</b>
<b>Expenditures</b>									
Transfers to Operating Account - 010									
<i>Reservoir Repair</i>	-	-	-	-	(150,000)	-	-	-	-
<i>Inflow &amp; Infiltration</i>	-	(10,460)	(10,460)	-	-	-	-	-	-
<i>Other Capital Projects</i>	(50,000)	-	-	-	-	-	-	-	-
Total Transfers to Operating Account - 010	(50,000)	(10,460)	(10,460)	-	(150,000)	-	-	-	-
Transfers to Capital Project Account - 065									
<i>Reservoir Repair</i>	-	(12,000)	(88,000)	-	-	-	-	-	-
Total Transfers to Capital Project Account - 065	-	(12,000)	(88,000)	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>(50,000)</b>	<b>(22,460)</b>	<b>(98,460)</b>	<b>-</b>	<b>(150,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Capital Improvement Fund Income (Loss)</b>	<b>3,500</b>	<b>(22,460)</b>	<b>(42,960)</b>	<b>65,500</b>	<b>(42,000)</b>	<b>32,000</b>	<b>34,000</b>	<b>36,000</b>	<b>38,000</b>
<b>Ending Capital Improvement Fund Balance</b>	154,500	132,040	111,540	220,000	69,540	101,540	135,540	171,540	209,540

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# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

Fund 020 - Water/Sewer Committed Funds										
	2016	2017	2017	2017	2017	2018	2019	2020	2021	2022
	Actual	Jan-Sep	Projected	Budget	Budget	Budget	Projected	Projected	Projected	Projected
<b>Risk Management Fund</b>										
Balance Forward	141,789	133,067	133,067	133,067	133,067	76,318	122,202	134,023	146,229	158,932
<b>Revenues</b>										
Interest Income	1,333	1,711	2,251	973	1,885	1,821	10,000	2,206	2,703	3,159
Transfers From Operating Account - 010	-	-	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Transfers From Capital Project Account - 065	-	-	-	-	59,000	-	-	-	-	-
<b>Total Revenues</b>	<b>1,333</b>	<b>1,711</b>	<b>2,251</b>	<b>10,973</b>	<b>70,885</b>	<b>11,821</b>	<b>12,206</b>	<b>12,206</b>	<b>12,703</b>	<b>13,159</b>
<b>Expenditures</b>										
Transfers to Operating Account - 010	(10,055)	-	-	(25,000)	(25,000)	-	-	-	-	-
Transfers to Capital Project Account - 065	(59,000)	(59,000)	(59,000)	-	(25,000)	(25,000)	-	-	-	-
<b>Total Expenditures</b>	<b>(10,055)</b>	<b>(59,000)</b>	<b>(59,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Risk Management Fund Income (Loss)</b>	<b>(8,722)</b>	<b>(57,289)</b>	<b>(56,749)</b>	<b>(14,027)</b>	<b>45,885</b>	<b>11,821</b>	<b>134,023</b>	<b>146,229</b>	<b>158,932</b>	<b>172,091</b>
Ending Risk Management Fund Balance	133,067	75,778	76,318	119,040	122,202	122,202	134,023	146,229	158,932	172,091
<b>Total Fund 020 Ending Balance</b>	<b>300,106</b>	<b>220,358</b>	<b>209,398</b>	<b>340,579</b>	<b>202,282</b>	<b>245,103</b>	<b>300,309</b>	<b>351,011</b>	<b>411,171</b>	<b>411,171</b>

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# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

Fund 065 - Capital Project Account							
	2016	2017	2017	2017	2017	2018	2022
	Actual	Jan-Sep	Projected	Budget	Budget	Budget	
Balance Forward	70,984	11,129	11,129	11,129	11,129	(40)	-
<b>Revenues and Transfers In</b>							
DWSRF Loan Proceeds	65,524	765,516	765,517	763,516	763,516	169,805	-
Transfers from Operating Account - 010	-	-	-	-	-	-	-
Transfers from Risk Management Fund - 020	-	59,000	59,000	-	-	-	-
Transfers From Capital Improvement Fund:							
Reservoir Repair - 020	-	12,000	88,000	-	-	-	-
<b>Total Revenues and Transfers In</b>	<b>65,524</b>	<b>836,516</b>	<b>912,517</b>	<b>763,516</b>	<b>763,516</b>	<b>169,805</b>	<b>-</b>
<b>Expenditures and Transfers Out</b>							
Engineering	57,650	27,910	41,264	50,000	-	-	-
Water Treatment Equipment	36,279	-	-	-	-	-	-
Construction	30,400	678,871	882,421	762,821	-	-	-
Other	1,050	-	-	5,000	-	-	-
Transfers to Operating Account - 010	-	-	-	75,531	22,765	-	-
Transfers to Risk Management Fund - 020	-	-	-	-	59,000	-	-
Transfers to Capital Improvement Fund: Reservoir Repair - 020	-	-	-	-	-	88,000	-
<b>Total Expenditures and Transfers Out</b>	<b>125,379</b>	<b>706,781</b>	<b>923,686</b>	<b>893,352</b>	<b>169,765</b>	<b>169,765</b>	<b>-</b>
<b>Net Fund Gain (Loss)</b>	<b>(59,854)</b>	<b>129,735</b>	<b>(11,169)</b>	<b>(129,836)</b>	<b>40</b>	<b>40</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>11,129</b>	<b>140,864</b>	<b>(40)</b>	<b>(118,707)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

Fund 030 - Ecology Loan Reserve Fund								
	2016	2017	2017	2018	2019	2020	2021	2022
	Actual	Jan-Sep	Projected	Budget	Budget	Budget	Budget	Budget
<b>Balance Forward</b>	38,170	38,330	38,330	38,330	38,659	39,045	39,436	40,228
<b>Revenues</b>								
Interest Earned	160	223	328	100	387	390	394	402
Transfers from Operating Account - 010	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>160</b>	<b>223</b>	<b>328</b>	<b>100</b>	<b>387</b>	<b>390</b>	<b>394</b>	<b>402</b>
<b>Expenditures</b>								
Transfers to Operating Account - 010	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Fund Gain (Loss)</b>	<b>160</b>	<b>223</b>	<b>328</b>	<b>100</b>	<b>387</b>	<b>390</b>	<b>394</b>	<b>402</b>
<b>Ending Fund Balance</b>	38,330	38,554	38,659	38,430	39,045	39,436	39,830	40,631

\*690-005-030 – Ecology Loan Reserve: Used to hold in reserve an amount equal to one full year of debt service payments (\$38,111.40) for the District’s Department of Ecology Loan. The balance of this fund is invested in the State Investment Pool.

*Updated 10/19/17*



# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

Fund 050 - DWSRF Loan Reserve Fund									
	2016	2017	2017	2017	2018	2019	2020	2021	2022
	Actual	Jan-Sep	Projected	Budget	Budget	Budget			
<b>Balance Forward</b>	48,000	68,000	68,000	68,000	20,525	21,162	21,191	21,220	21,249
<b>Revenues</b>									
Transfers from Operating Account - 010	20,000	-	20,460	-	82,230	83,156	82,171	81,186	80,200
Interest Earned	-	266	270	-	246	275	275	276	276
<b>Total Revenues</b>	<b>20,000</b>	<b>266</b>	<b>20,730</b>	<b>-</b>	<b>82,477</b>	<b>83,431</b>	<b>82,446</b>	<b>81,461</b>	<b>80,477</b>
<b>Expenditures</b>									
Transfers to Operating Account - 010	-	(68,205)	(68,205)	(65,125)	(81,840)	(83,402)	(82,417)	(81,432)	(80,447)
<b>Total Expenditures</b>	<b>-</b>	<b>(68,205)</b>	<b>(68,205)</b>	<b>(65,125)</b>	<b>(81,840)</b>	<b>(83,402)</b>	<b>(82,417)</b>	<b>(81,432)</b>	<b>(80,447)</b>
<b>Net Gain (Loss)</b>	<b>20,000</b>	<b>(67,939)</b>	<b>(47,475)</b>	<b>(65,125)</b>	<b>637</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>30</b>
<b>Ending Fund Balance</b>	68,000	61	20,525	2,875	21,162	21,191	21,220	21,249	21,279

\*Per the DWSRF loan contract, the District must make regular deposits into this fund so that by the date of each of the District's scheduled payments, the reserve fund contains the full payment amount. Based on the current projected amortization schedule, the monthly transfer in 2018 should be \$6,852.50. This amount should be adjusted annually according to the payment schedule.

Updated 10/21/17



# Hartstene Pointe Water-Sewer District

## 2018 Preliminary Budget

### Fund 070 - USDA Revenue Bond Reserve

	2016 Actual	2017 Jan-Sep	2017 Projected	2017 Budget	2018 Budget	2019	2020	2021	2022
<b>Balance Forward</b>	12,782	16,715	16,715	16,715	20,772	24,912	29,094	33,318	37,584
<b>Revenues</b>									
Transfers from Operating Account - 010	3,933	2,950	3,933	3,933	3,933	3,933	3,933	3,933	2,950
Interest Earned	-	72	123	-	208	249	291	333	376
<b>Total Revenues</b>	<b>3,933</b>	<b>3,022</b>	<b>4,056</b>	<b>3,933</b>	<b>4,141</b>	<b>4,182</b>	<b>4,224</b>	<b>4,266</b>	<b>3,326</b>
<b>Expenditures</b>									
Transfers to Operating Account - 010	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Gain (Loss)</b>	<b>3,933</b>	<b>3,022</b>	<b>4,056</b>	<b>3,933</b>	<b>4,141</b>	<b>4,182</b>	<b>4,224</b>	<b>4,266</b>	<b>3,326</b>
<b>Ending Fund Balance</b>	16,715	19,737	20,772	20,648	24,912	29,094	33,318	37,584	40,910

\*Per bond covenants, monthly deposits equaling \$327.75 should be deposited into the account so that the balance within 10 years is equal to one annual loan payment, \$39,330. Last transfer should be made September 2022.

Updated 10/21/2017





# Appendix



# Hartstene Pointe Water-Sewer District

## District Funds Policies

The District shall utilize “proprietary fund accounting” as the organizational structure for its financial activities. The following funds have been established with the Mason County Treasurer’s Office for budgeting and accounting purposes.

- **690-005-010 – General Operating Fund:** The General Operating Fund accounts for all financial resources and transactions, except those required to be accounted for in another fund. The minimum fund balance shall be targeted at 25% of the annual operating and maintenance budget. Projected variances from the 25% minimum target shall be disclosed during the annual budget process or during the current year if unanticipated circumstances occur that negatively impact current year revenue and/or expenditure projections. Fund balance targets may be modified during the annual budget process to reflect extraordinary circumstances (e.g., projected future extraordinary expenditure demands, projected revenue uncertainty, etc.). At least 20% of the annual operating and maintenance budget is to be invested in the State Investment Pool.
- **690-005-020 – Water/Sewer Committed Fund:** The Water/Sewer Committed Fund accounts for monies held for specified purposes but not designated for debt service. Use of monies held within this fund is subject to a vote of the District Commission. The Water/Sewer Committed Fund is divided into three sub-funds:
  - *Risk Management Fund:* For operating shortfalls due to unforeseen cost increases, unanticipated revenue losses, or unforeseen emergency expenditures. The minimum balance for this sub-fund shall be targeted at \$200,000. The sub-fund must maintain no less than 12.5% of annual operating revenue in order to meet requirements set forth in the District’s DWSRF Loan contract.
  - *Capital Improvement Fund:* For the accrual of monies to fund capital projects laid out in the District’s six year Capital Improvement Plan.
  - *Asset Replacement Fund:* For the replacement of short-lived equipment. This reserve receives a \$9,000 annual contribution from the General Operating Fund, per the District’s USDA Bond Covenants.
- **690-005-030 – Ecology Loan Reserve:** Used to hold in reserve an amount equal to one full year of debt service payments (\$38,111.40) for the District’s Department of Ecology Loan. The balance of this fund is invested in the State Investment Pool.
- **690-005-050 – DWSRF Loan Reserve:** The District shall make regular transfers from the General Operating Fund into this fund such that by September 30th of each year the fund balance equals the annual DWSRF loan debt service payment. The balance of this fund is to be invested in the State Investment Pool until withdrawn for disbursement for the annual debt service payment. All interest earned on funds held within this fund shall accrue and be applied toward reducing the amount of the Drinking Water State Revolving Fund loan. Based on current loan projections, the monthly transfer should be \$2,000. Once the loan is closed and the actual annual payment amount is determined, the monthly transfer amount should be adjusted.
- **690-005-060 – Hartstene Pointe Bond Fund:** Used to make semi-annual debt service payments of \$19,665. District must transfer the payment amount from the General Operating Fund into the Bond Fund at least 5 days prior to payment due dates (March 5 and September 5). The payment is electronically transferred from this fund to the USDA on the payment due date.
- **690-005-065 – Hartstene Pointe Capital Project Fund:** Used to accept construction loan funds and pay contractors for financed capital projects.

- **690-005-070 – Water Revenue Bond, 2012 Debt Service Reserve:** Used to hold one full year of USDA Bond debt service payments (\$39,330). Per bond covenants, monthly transfers of \$327.75 should be made from the General Operating Fund into this fund so that the balance is reached no later than September 2022. The balance of this fund is to be invested in the State Investment Pool.

For the purposes of annual financial reporting to the Washington State Auditor’s Office, all funds are rolled into one general fund, designated as fund 401.

# Hartstene Pointe Water-Sewer District Annual Budget Preparation and Adoption Policies and Procedures

## 1. Preparation

### a. **Preliminary Budget:**

District management shall prepare a preliminary District budget which shall set forth the complete financial program of the District for the ensuing fiscal year, showing the expenditure program and the sources of revenue by which it is to be financed.

The revenue section shall set forth the estimated receipts from all sources for the ensuing fiscal year, the actual receipts for the first nine months of the current fiscal year and the actual receipts for the last completed fiscal year, and the estimated receipts at the close of the current fiscal year.

The expenditure section shall set forth the estimated expenditures for the ensuing fiscal year, the appropriations for the current fiscal year, the actual expenditures for the first nine months of the current fiscal year, the estimated expenditures at the close of the current fiscal year, and the actual expenditures for the last completed fiscal year.

### b. **Revision by District Commissioners:**

The budget shall be submitted by District management to the board of district commissioners on or before the fourth Thursday in October of each year. The board shall thereupon consider the same in detail, making any revisions or additions it deems advisable.

### c. **Budget Hearing:**

The District shall provide notice stating that it has completed and placed on file its proposed budget for the District for the ensuing fiscal year, a copy of which will be furnished to any citizen who will call at its office for it, and that it will meet on or before the second Saturday in November thereafter for the purpose of presenting the proposed budget, and that any subscriber may appear thereat to ask questions or provide comment.

On or before the second Saturday in November in each year the board of District commissioners shall meet at the time and place designated in the notice, whereat the proposed budget is presented and any subscriber may appear and ask questions or provide comment.

## 2. Adoption

### a. **Adoption by the Board of Commissioners:**

At the next regular meeting of the board of District commissioners the board shall fix and determine each item of the budget and shall by resolution adopt the budget as so finally determined and enter the same in detail in the official minutes of the board.

### b. **Submission to the County:**

The adopted budget shall be submitted to the Mason County Auditor's office in the form required by the county auditor.

