

FUND POLICY
OF THE
CONSOLIDATED KOSHKONONG SANITARY DISTRICT

The Consolidated Koshkonong Sanitary District (CKSD) maintains some or all of the following funds in various financial institutions. The fund descriptions, along with the sources and uses of such funds, are set forth below. It should be noted that the descriptions, sources and uses are guidelines only, which can be adjusted from time to time by the CKSD Commissioners. Further, not all funds are segregated funds in individual accounts.

- **Reserve Depreciation Fund** ó This account was set up due to requirements of the first loan that the CKSD had, which was an FHA loan (this account was originally called Replacement Fund.) It was a requirement of the FHA loan to have a fund for equipment replacement. After the CKSD refinanced with a private bank, the decision was made to continue to fund this account for future projects and the account name was changed to the Reserve Depreciation Fund. The CKSD has used money from this account to pay for the Administrative Building in 1997, for the Pumping Station Rehabilitation Project in 2001, for the storage building and for the purchase of the Arnold Farm land. The amount to be deposited annually into this account is determined by the CKSD Board annually at budget time.
- **Replacement Fund** ó This account is a requirement of the current Clean Water Fund loan. This money can be used for replacing equipment as necessary. The amount to be deposited annually is a percentage of the loan that is given to the CKSD as a requirement of the Clean Water Fund.
- **Sick Leave Fund** ó This account was set up so when an employee retires (or has been employed with CKSD for ten or more years and leaves) the employee can be paid out for their sick days up to 90 days - or the days stated in the employee's contract. There is no set amount budgeted for this fund each year.
- **Special Redemption Account** ó This account is so the CKSD can set aside money at various times throughout the year in order to pay the principal and interest loan payments each year. The amount deposited in this account throughout the year is determined by the amount of principal and interest due each year.
- **Future Development Contribution in Aid of Construction Charge (FCAC)** ó This account was set up many years ago for a future treatment plant expansion or upgrade, including future improvements. In the past, the CKSD used money from this account for the Arnold Farm purchase. The amount of this charge is stated in the Schedule of Charges & Fees and is determined from time to time by the CKSD Board. Once the CKSD receives FCAC charges such funds are deposited into this account.
- **Sewer Contribution in Aid of Construction Charge (SCAC)** ó This account is a blanket account for sewer equipment or purchases deemed necessary by the CKSD Board. In the past, the CKSD used money from this account for the Arnold Farm

purchase. The amount of this charge is stated in the Schedule of Charges & Fees and is from time to time determined by the CKSD Board. Once the CKSD receives SCAC charges such funds are deposited into this account.

- **Infiltration & Inflow (I&I) Fund** ó This account was set up so money is available when a problem is found in the collection system due to infiltration or inflow. This account is also used for cleaning and televising larger sewers that CKSD cannot televise with their equipment. The amount to be deposited annually is determined by the CKSD Board each year at budget time.
- **Pond Cleaning Fund** ó The purpose of this account is so there is money available to pay for the cleaning of the ponds. The ponds are cleaned when needed due to the build-up of sludge. The amount to be deposited is determined by the CKSD Board each year at budget time.
- **Pumping Station Rehabilitation Account** ó This account is strictly for the Pumping Station Rehabilitation Project and can only be used for that purpose. This is a non-interest bearing account due to the requirements of the Clean Water Fund loan.
- **ASD4 Security Deposit** ó This account was set up when Albion Sanitary District No. 4 attached to CKSD. The money is set aside in case there are major problems that need to be fixed with the Albion Sanitary District No. 4 sewer. Any interest accrued in this account is Albion Sanitary District No. 4's. This account needs to stay in place until December 31, 2016. Please see the agreement between Albion Sanitary District No. 4 and CKSD for details of this account.

THIS POLICY STATEMENT HAS BEEN ADOPTED BY THE CONSOLIDATED KOSHKONONG SANITARY DISTRICT FOR ITS OWN INTERNAL USE. NO THIRD-PARTY MAY RELY ON THE INFORMATION CONTAINED HEREIN. ANY THIRD PARTY SHOULD CONSULT THEIR LEGAL COUNSEL WITH REGARD TO ALL MATTERS DISCUSSED HEREIN.

Adopted on _____ (date)

Signed by _____ (President)