

North Well Field



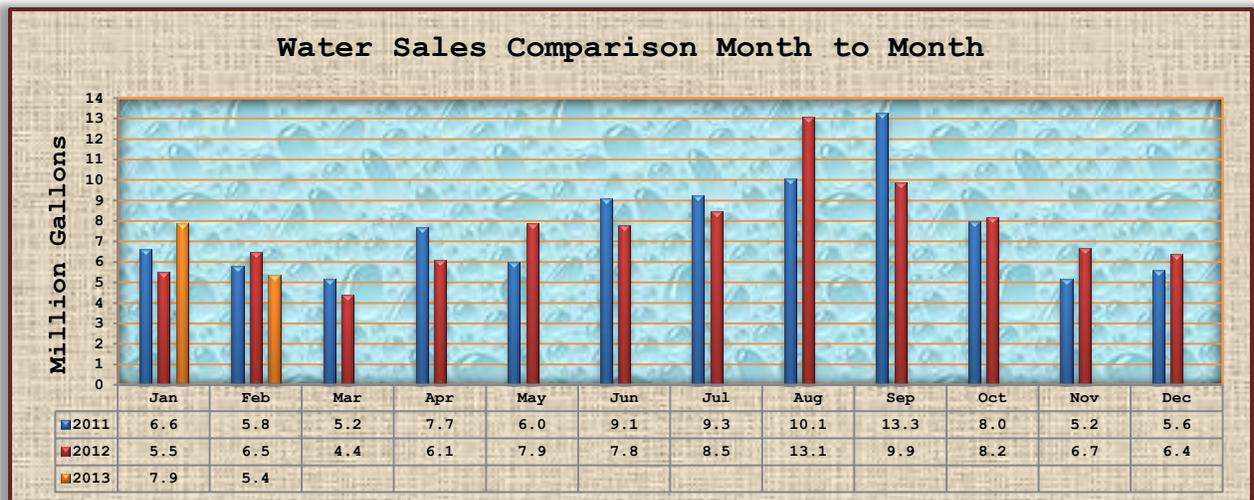
No failures or projects to report.

South Well Field

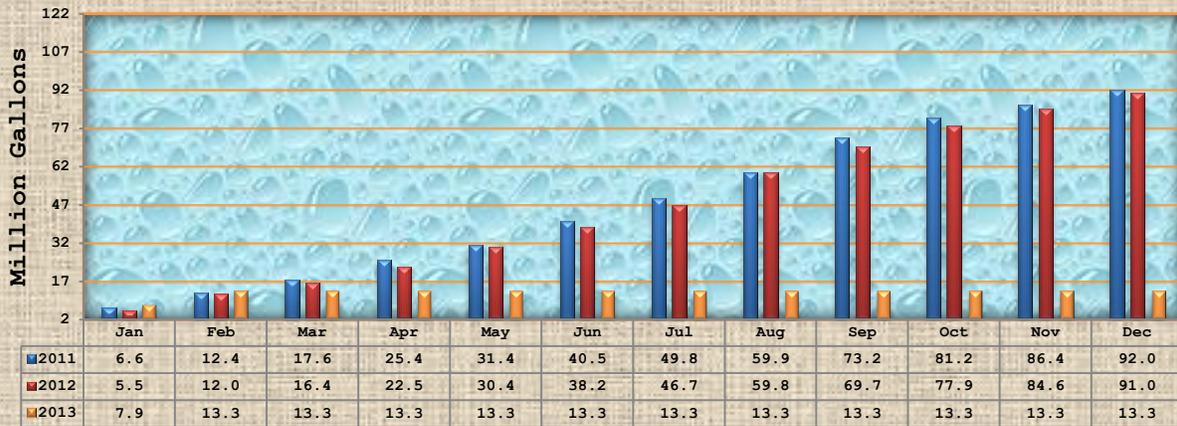
Well #2 yield dropped to less than 20 gpm in February. The well was not showing any signs of excessive draw down. An investigation indicated that there was excessive buildup of iron and manganese deposits in the water line from the well to the treatment plant. The water line had no provision for flushing. The general manager directed the crew install a intertie between the finished water main and the raw water line so we could flush the raw water line. The general manger also directed the crew to replace the 2 inch raw water line from the well house to the top of the hill with 4" raw water line (approximately 240 feet).

The 2 inch raw water line was almost completely plugged with iron and manganese deposits. The 6 inch water line had significant buildup also. The crew has installed the 4" raw water line ,flushed the 6" raw water line, and installed a new 2 inch turbine meter. The well produces 45 GPM with very little head loss.

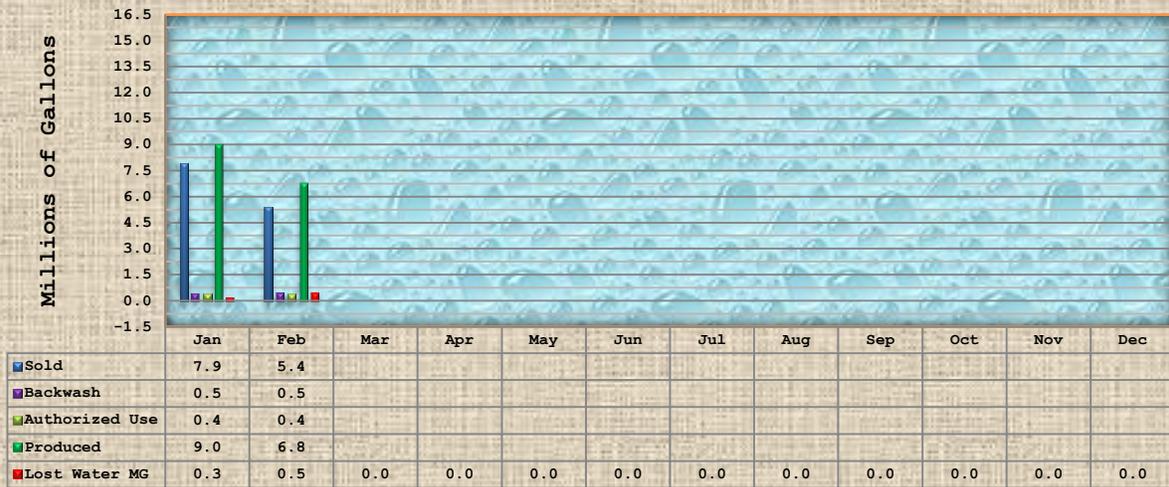
Water Use



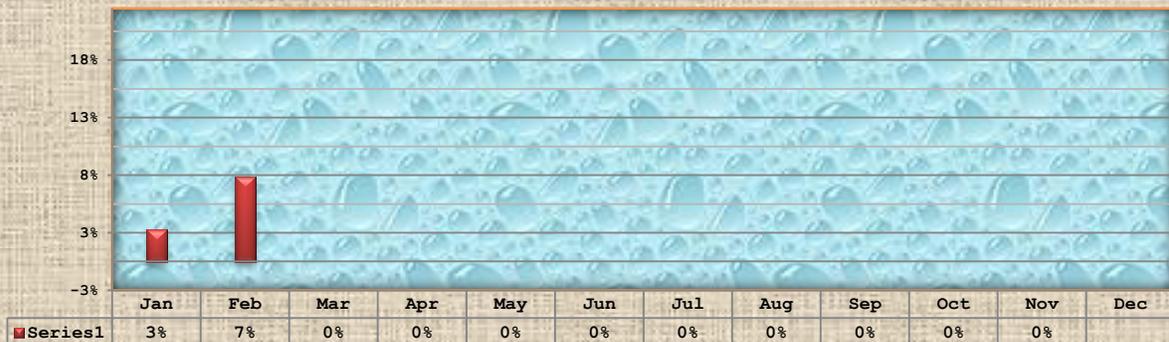
Water Sales Comparison Month to Month Accumulative



2012 Monthly Water Reconciliation



Percentage of Water Lost 2012



Distribution System:

Water Quality:

North Beach Water District collected and submitted five (5) compliance coliform bacteria water samples in January, 2013. All water samples tested negative for coliform bacteria presence.

The District received 11 water quality calls in February, 2013. 10 of the calls were related to a water main break on Sunday February 24, 2013.

Water Main Break:

Sunday February 24th at about 1:00 PM a water main located on Bay Avenue about 180 feet east of Park Avenue broke. The water main on Bay Avenue is Asbestos Cement (AC) pipe and is over 40 years old. AC pipe is subject to degradation from calcium leaching. Certain soil conditions accelerate calcium leaching is of AC pipe and pipe failures become more and more common. The crew and general manager responded to the water main break repaired it in four hours. The general manager contracted assistance from a local backhoe operator to assist in the repair. The main break lost approximately 50,000 gallons of water.

As a direct result of the main break the water quality in the distribution system degraded significantly. Reactionary flushing of the mains continued Sunday evening and all day Monday. Some Bay avenue customers experienced loss of water service for several hours and many customers experienced discolored water for a couple of days.

Old Business:

Washington State Auditor

Corrine Schmid, Assistant State Auditor had scheduled an exit interview for Wednesday February 13, 2013. That interview has been canceled. The exit interview has not been rescheduled yet.

BIAS Software Conversion

The BIAS software is loaded onto the District's computers. The conversion to BIAS software began the first week of February.

The first part of the Software to be activated will be the accounting and payroll modules. The office is looking forward to the conversion. The General Manager and the Office Manager will be attending the BIAS annual conference February 25-27. I have attached a schedule of seminars for the event to the report.

2013 Meter Replacement Project

The general manager requested bids for meter appurtenances from HD Fowler, HD Supply, and Ferguson Water Works. The Bids will be evaluated and a recommended award will be presented to the Board at its March, 2013 regular meeting.

There has been no price increase announced from Neptune Meters. The general manager will be presenting a request for the purchase of meters through the master purchase agreement with HD Supply for the 2013 calendar year at the March, 2013 regular meeting.

Water Main Improvements

The 2013 Spring water main flushing program will begin the week of March 11th. The flushing schedule will be advertised in the Chinook Observer each week. A copy of the schedule is posted at the District business office and on the District's web site.

Wiegardt Property Purchase:

Nothing to report in March.

DWSRF Loans:

The cultural review is scheduled to be complete in July, 2013.

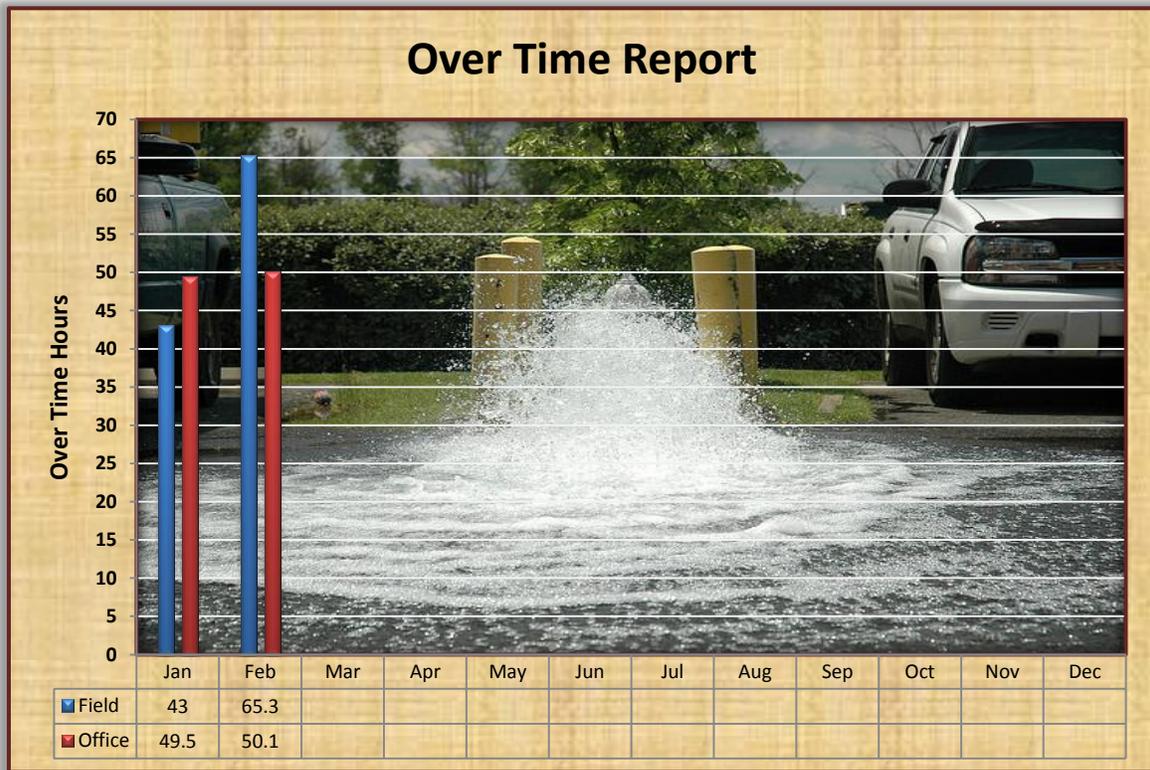
Safety Meeting Minutes:

North Beach Water District staff had their monthly Safety meeting on the first Monday of the month.

Surfside Water System:

Please see attached report.

End of Report



January -

Field 31 hours for on call duty and 12 hours of after-hours customer service work.

Office 49.5 hours of compiling customer files

February -

Field 28 hours of on call duty, 15 hours of after-hours customer service work and 22.3 hours repairing water main break.

Office 50.1 hours of compiling customer files

Report on BIAS Conference

North Beach Water District

Date: 2/13/2013

Re: BIAS Conference.

Tuesday February 26, 2013

Fraud and Internal Controls

Presenter:

Sarah Walker, CFE, has been with the State Auditor's Office since 2001. She started as an intern in the Wenatchee office, graduated from Central Washington University, transferred to the Yakima office and worked her way to audit manager. Sarah has been a Certified Fraud Examiner since 2004 and currently manages the State Auditor's fraud program.

Sarah discussed fraud trends and case studies of recent completed fraud investigations.

Fraud statistics:

2011 427 known or suspected losses totaling \$3,192,455.

2012 460 known or suspected losses totaling \$5,079,446.

In 2012 the SAO investigated and reported 64 frauds totaling \$3,490,235.

According to the Association of Fraud Examiners three things must be present for fraud to happen. Motive, justification, and opportunity. Government agencies can only control opportunity. Opportunity is controlled by designing and implementing effective internal controls. Effective internal controls will safeguard public resources, protect employees, and assist in fraud prevention.

It is managements responsibility to design effective internal controls and to ensure internal controls are operating as designed.

Statements that make auditors cringe, "Joe takes the money to the bank. He has worked here for 32 years and we trust him." When designing controls start at the top and include all employees who have access to easily liquid assets.

Sarah discussed several case studies of fraud. The common theme was the lack of effective internal controls.

Sarah encouraged management to "know the universe" of your entity. Look for red flags and to let employees know that they are being watched. It is very difficult to have perfect internal controls and

even more difficult to follow them perfectly. It is not difficult to "sniff the air" regularly and to keep employees on guard with regular and unannounced reviews of their activities. Sarah states that the "trusted employee syndrome" is the most common cover for fraud.

Effective internal controls are ones that are well thought out and comprehensive and are tested periodically.

Effective controls include:

- ✚ Segregation of duties
- ✚ Mandatory vacations
- ✚ Spot checks and unannounced reviews (let them know you are looking)
- ✚ Cross training

In the event fraud happens:

- ✚ Immediately notify State Auditor's Office (RCW 43.09.185)
- ✚ Protect accounting records from loss or destruction
- ✚ Don't enter a restitution agreement with an employee
- ✚ Ensure personnel action taken for violating policies and procedures, not for misappropriating public funds
- ✚ Files a police report (consult SAO for timing of report)
- ✚ Change all account access passwords.

What not to do:

- ✚ Do not try and be an investigator
- ✚ Do not physically prevent the employee from leaving the room or the building
- ✚ Do not agree to let the employee repay the money or return the missing items.

In summary, finding fraud is not the responsibility of the SAO. The SAO investigates fraud. It is the responsibility of management to detect and report potential fraud.

2012 Annual Reporting

Presenter:

Duane Walz, Local Government Specialist SAO

Mr. Walz discussed several changes in the Annual Report requirements including the new online filing requirements.

Mr. Walz also discussed the restructured BARS Codes. Mr. Walz presentation revolved around changes in procedures and apologizing for

a lack of support from the SAO in 2012 assisting local governments with the changed filing procedures and convincing the audience there would be more support this year.

Tips For a Successful Audit

Presenter:

Debbie Pennick, CPA joined the State Auditor's Office in 1992 after working with a regional public accounting firm for ten years. She has been an Audit Manager since December 1999 and currently serves in a statewide capacity as the Program Manager for public hospital districts, and small to medium sized cities and counties. Born and raised in "Big Sky Country", she graduated from Montana State University with a B.S. in Accounting.

Debbie covered current audit issues as well as what is new.

In preparing for an Audit it is important to have organized files. Debbie recommended keeping an Audit File with Support for unusual transactions, unique circumstances and guidance received from external sources.

Common pitfalls included not using the current BARS manual, not understanding all of the grant or federal loan requirements, not being aware of current audit issues. Debbie recommended subscribing to the electronic notification of completed audits offered by the SAO. As a side note, I subscribed to the service last year and have been getting electronic copies of all completed Water Sewer District audits.

Debbie stated that recent concerns are:

- ✚ Decline in revenue from local governments. SAO has reported financial decline in 3% of local governments.
- ✚ Cash allocation - (cities and counties)

What's new:

- ✚ Donations - (community fund rising activities)
- ✚ Credit Card Use - new guidance in BARS Part 3, Chapter 10, No. 17. No personal purchases even if paid before the billing date.
- ✚ Open Public Meeting Act - Change to RCW 42.30.080, Notice for special meetings must be posted by the door of the meeting room.
- ✚ Capital Asset Management System (BARS Part 3 chapter 7)
 - o Approval of polices and tracking system.

Round Table Discussions:

Fundamentals of Risk Management - Sheryl Brandt

Sheryl discussed practical means of protecting against risk exposure such as not sharing computer passwords. When everyone know everyone's password it is difficult to determine who is responsible for transactions. Sheryl shared some true life experiences that were sad. It is a real protection to employees to keep passwords confidential.

Learn to save dollars by complying with new USPS laws - Ann Macfarlane

The USPS is changing and the bottom line is we will be paying more for less service. Bulk rates will be difficult for small mailers to comply with.

Day Two:

Money for Rural Projects

Presenter:

Rick Rose US Department of Agriculture

Mr. Rose discussed the various programs the USDA Rural Development offers to local governments. USDA has a wide variety of programs but their funding has been reduced to a trickle especially for grants. Their funding works best when coupled with other funding sources. An entity needs to be financially stressed to qualify for most of their rural development programs.

Funding Your Ideal Utility

Presenter:

Dave Jepsen - Anderson Perry & Associates

Mr. Jepsen discussed the importance of planning, budgeting, rate setting. Mr. Jepsen used very interesting software to demonstrate the importance of using proper consumptive rates. Mr. Jensen shared data from Association of Washington Cities 2012 survey that showed, on a State wide level, water and sewer rates had increased more than 50% between 2004 and 2012.

The majority of Mr. Jensen's presentation centered on issues such as rates for inside and outside use, renters and landlords, Snowbirds, and the cost of aging water meters (lost revenue).

Understanding Federal Grant Compliance

Presenter:

Rob Moody graduated from Western Washington University with an undergraduate degree in accounting. After receiving his Oregon license as a Certified Public Accountant, Rob spent 15 years in state and local government as an accountant and then as a government finance professional. Rob joined the CPA firm of Talbot, Korvola & Warwick, LLP in 2004 where he is now a partner and leads that firm's government practice. Rob specializes in accounting, reporting and auditing issues for government and compliance related to Federal funding. His background in government finance allows Rob to bring a strong client service perspective to the audit team. Rob also teaches governmental and not-for-profit accounting at Portland State University, and for the RSM McGladrey Network, a network of CPA firms across the United States. He also is a frequent guest lecturer on topics of governmental finance and accounting at Oregon State University.

Mr. Moody's presentation was the most informative presentation of the conference. The District is in the early stages of two SRF loans. Each of these loans have requirements that must be met. Mr. Moody removed much mystery on compliance with the federal requirements. I am much more prepared to administer the federal requirements associated with the SRF loans for having attended this presentation.

Taming the Beast: Hot Topics and Recent Developments in Public Records.

Presenter:

Scott Sackett - Washington State Archives Consultant

Mr. Sackett discussed four hot topics:

- ✚ Remote access of agency email
- ✚ Test messaging
- ✚ Agency Voice Mail
- ✚ Social Media

Four recent developments:

- ✚ Retention Schedule changes
- ✚ Workshops
- ✚ Advice Pages

✚ Consultants

Mr. Sackett recommended that elected officials and employees not use personal email accounts to conduct agency business. He recommended the governing agency create a policy "If it relates to agency (or District) business use agency-controlled email accounts.

Do not use test messages for district business unless the message can be retained (saved).

Voice mails that pertain to District business need to be retained.

Records retention schedules are now available according to type of local governments (big improvement)

Six in-person workshops in 23 locations around the State will be offered in 2013.

Records management advice sheets are being updated.

Mr. Sackett encouraged all attendees to contact him or other State consultants with questions regarding records retention.



UNCOLLECTABLE ACCOUNTS EXPENSE

Account #3793

Total cost of debt to be written off - \$103.39

Debtor – Roger Foley

Address – 24103 Elm Place Ocean Park, WA 98640

Reason for Write Off – In July of 2009 Future Horizons LLC (William Bachofner) took over the property. Attempts to collect the final bill due from Roger Foley were made until April 2010 when bankruptcy was declared.

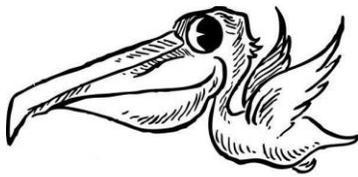
Account #1180

Total cost of debt to be written off - \$565.80

Debtor – Blake Estate

Address – 26009 Y Lane Ocean Park, WA 98640

Reason for Write Off – Property was sold in a tax sale by Pacific County, the amount owed to North Beach Water District was \$1113.77, and the amount paid over the tax lien was \$547.97 which we received from Pacific County. The remaining balance is now uncollectable.



SURFSIDE HOMEOWNERS ASSOCIATION

WATER SYSTEM REPORT

MARCH 2013

Report on Water System Activities for February 2013

Water Production February 2013:

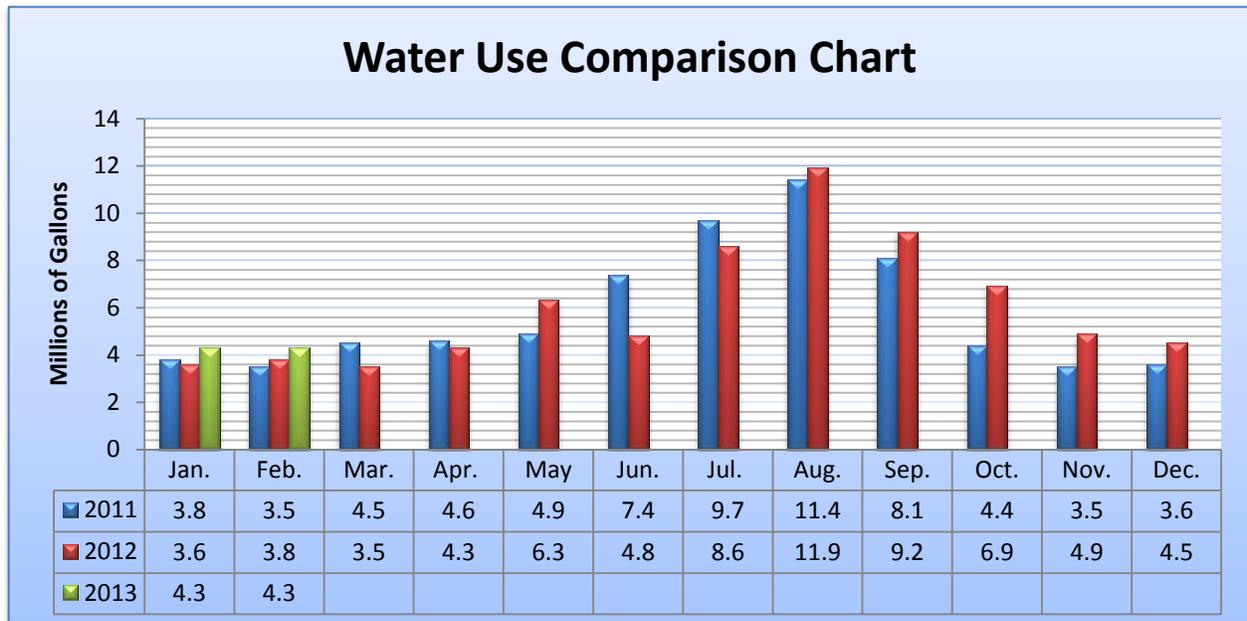
Pumped 4.3 million gallons from wells

Treated 3.9 million gallons

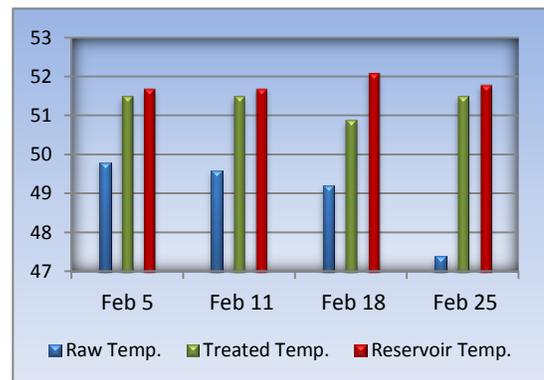
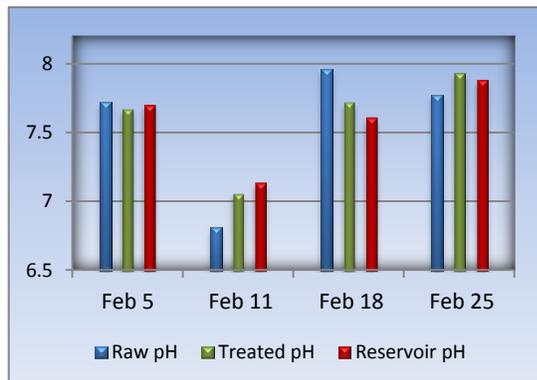
Used .45 million gallons backwashing filter and flushing water mains

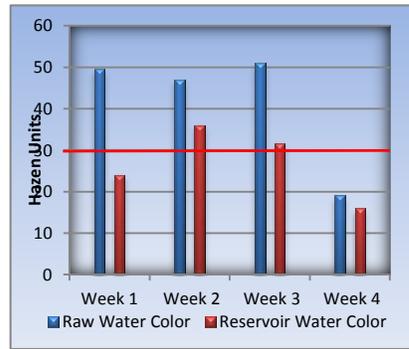
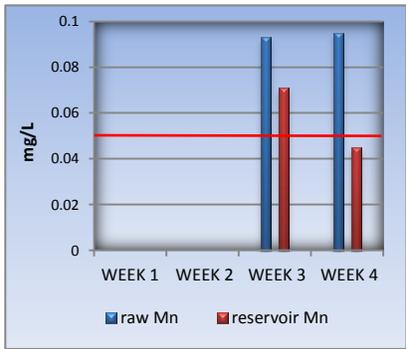
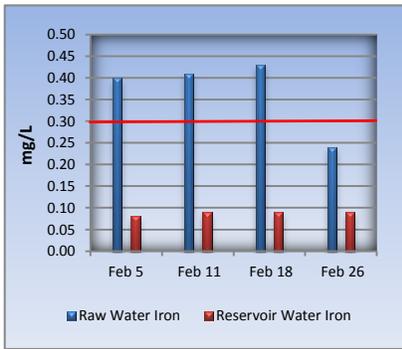
Pumped 3.9 million gallons into the distribution system

All DOH mandated water samples for January were submitted for analysis and tested negative for contaminants.



Water Quality For February:

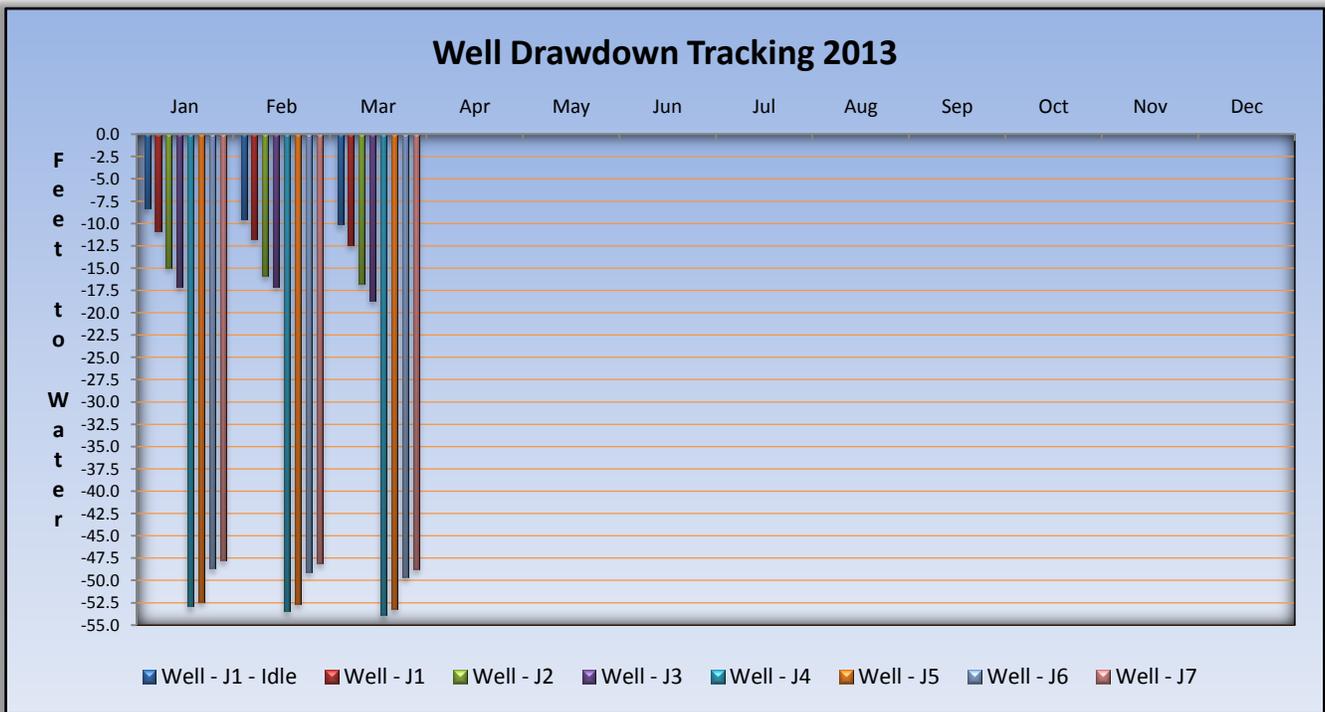




The red line in the chart represents the SMCL for iron and manganese. The filters are removing approximately 95% of the iron in the raw water and lowering the iron levels to well below the SMCL. There have been difficulties with the manganese tests. The manganese tests were postponed pending the installation of the fume hood and the ammonia tests were pending delivery of new reagents.

The color of the raw (well) water is regularly above the recommended level of 30hu (Hazen Units). The 30hu level is for aesthetic purposes only. Color in water does not pose a health concern.

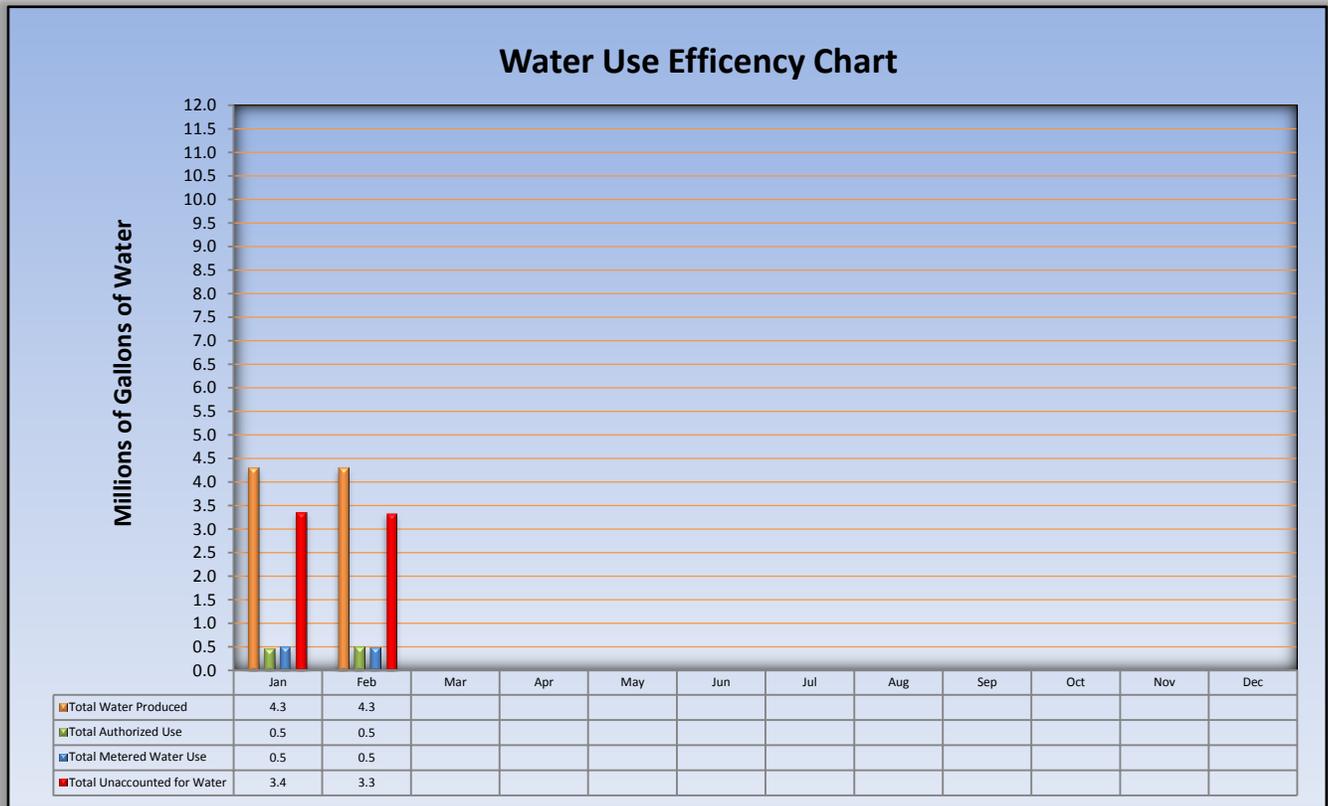
Water Wells:



We track the water levels in the wells during pumping and when wells are idle. J-1 Idle tells us what the static water level is at rest. We then measure the drawdown of all the wells during pumping cycles. Zero feet on the above chart represents the top of the casing. We measure the depth to water from the top of the casing on each well. Surfside's deep wells show very

little signs of reduced yield. We monitor the wells closely so that we can address any reduced yield before it becomes a major problem.

Water Use Efficiency:

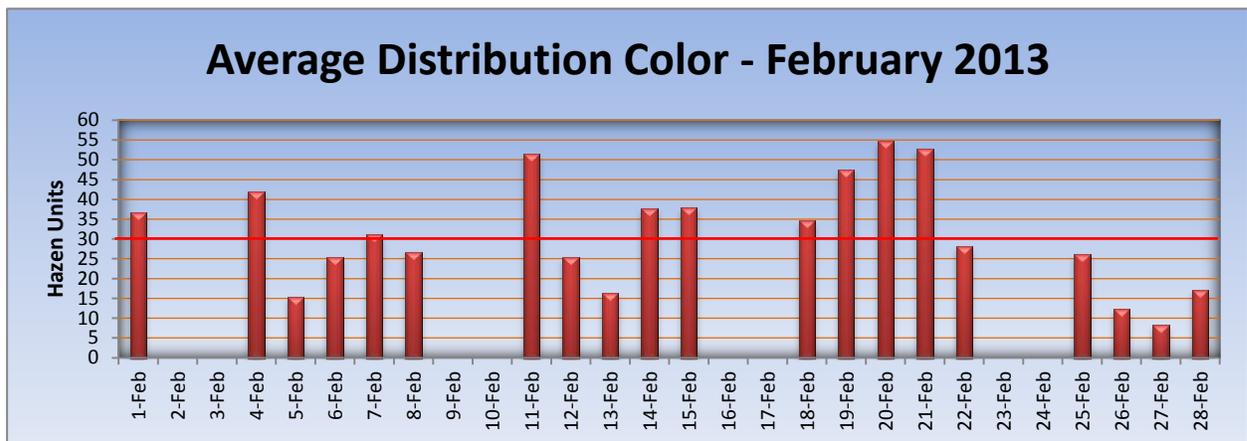
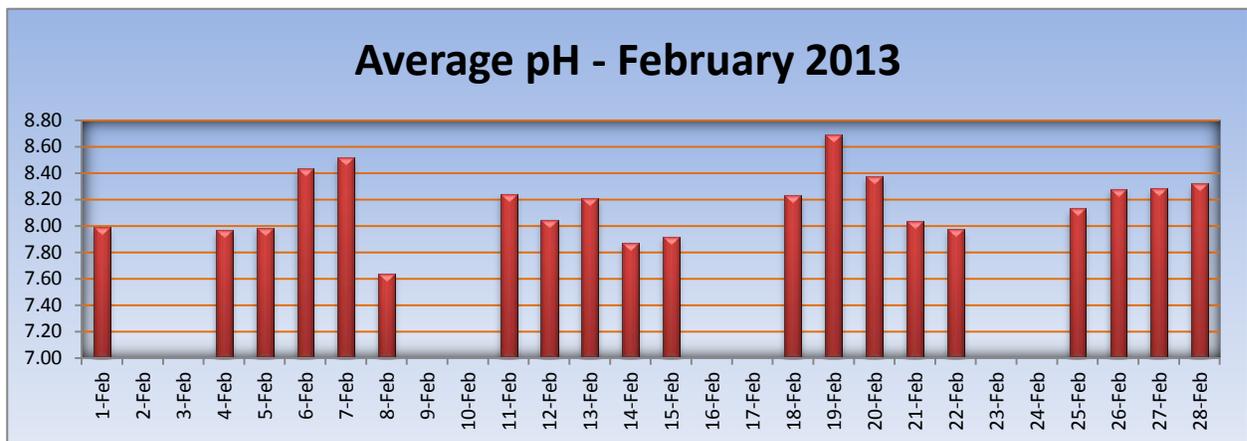
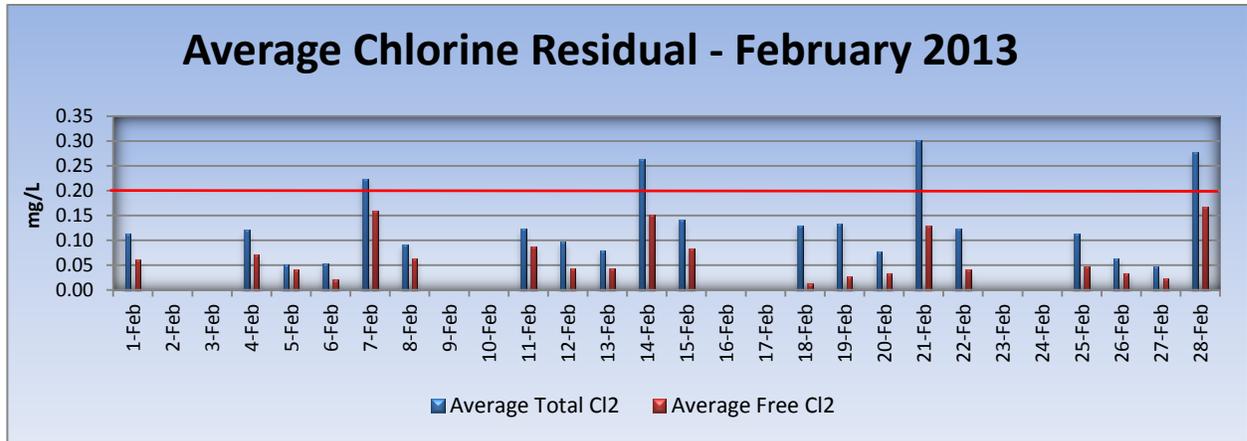


The above chart is provided for the first time this month. This chart represents our water use accounting that we must provide the Department of Health. The Total Water Produced is the amount of water pumped from the wells each month. The Authorized Use includes water used to backwash the filters, water used to flush mains, and other uses for maintaining the water system. The Total Metered Water Use is the amount of water that is recorded by our new meters. February's reading included 398 residential service meters and 6 commercial meters. The Total Unaccounted for Water is the Total Water Produced less the Authorized Use and Total Metered Water Use. We have a lot of unaccounted for water at this time. As we install the rest the meters the unaccounted for water will be reduced to less than 10% of the total water produced.

Water Quality in Distribution:

Chlorine (Cl₂) disinfection effectivity is best when the water is neutral (Ph of 7.2). As water becomes more acidic (lower pH) or alkaline (higher pH) more chlorine will be needed to achieve the same chlorine disinfection effectivity.

The chlorine (CL₂) residual is being maintained at a low level. We continue to adjust the CL₂ feed rate to maintain the minimum effective free chlorine residual in the distribution system. The goal is .2 mg/L or less of free CL₂. The free CL₂ is well below the .2 mg/L threshold.



Operations and Maintenance -

In February the water crew installed one new service. There was one water quality issue reported to the water department in February.

Most of the work completed in February was on the WMR project.

J-Well Field Improvements -

No progress on the J-Well Field during February. Work has been stopped until May, 2013.

Water Main Replacement (WMR) -

Water main is being replaced on I Street starting at 300th and working north. The work for 2013 will include all of I Street from 300th to 315th.

Meter Installation Project -

We will begin the MIP for 2013 in June.

Maintenance Bldg. Feasibility Study -

There was no progress on the Maintenance Building Feasibility Study in February.

Reserve Study - Work on the reserve study has started. Jason Wong's scheduled site visit was postponed until March 7 & 8. The Water Planning Committee will have monthly meetings with the water system manager and periodic meetings with Schwindt & Company until the reserve study is complete.

End of Report

FEBRUARY WORK ORDER REPORT

WMR

Cost in Material	0.00
Labor Hrs	0.00
Ft. Installed	1160

JWP

Cost in Material	0.00
Labor Hrs	0.00

NEW SERVICES

Cost in Material	0.00
Labor Hrs	0.00
# of New Services	1

M&O

Cost in Material	0.00
Labor Hrs	0.00

MIP

Labor Hrs	
# of Installed Setters	
# of Installed Meters	
# of Decommissioned	

SERVICE CALLS

Cost in Material	0.00
Labor Hrs	0.00
# of Service Calls	1

MAIN BREAKS

	#1	#2	#3	#4	TOTAL
Cost in Material	0.00				0.00
Labor Hrs	0.00				0.00
Date					
Time of Break					
Repair Time					

LOCATES

# of Locates	8
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WATER MAIN REPLACEMENT					
Project No.	Date	Mat. Cost	Labor Hrs	Ft.	REPORT
WMR-045	4-Feb			60	INSTALL MAIN, RESTORATION
WMR-046	5-Feb			0	RESTORATION
WMR-047	6-Feb			40	INSTALL MAIN, RESTORATION
WMR-048	7-Feb			60	INSTALL MAIN, FIRE HYDRANT
WMR-049	8-Feb			0	RESTORATION
WMR-050	11-Feb			80	INSTALL MAIN
WMR-051	12-Feb			120	INSTALL MAIN
WMR-052	13-Feb			160	INSTALL MAIN
WMR-053	14-Feb			80	INSTALL MAIN
WMR-054	15-Feb				MISC
WMR-055	18-Feb			120	INSTALL MAIN
WMR-056	19-Feb			80	INSTALL MAIN
WMR-057	20-Feb			200	INSTALL MAIN
WMR-058	21-Feb			40	INSTALL MAIN, RESTORATION
WMR-059	26-Feb			120	INSTALL MAIN

Total

1160

FEBRUARY
WORK ORDER REPORT

MAINTENANCE & OPERATION

Project no.	Date	Mat. Cost	Labor Hrs	REPORT
MO-060	15-Feb			FLAGGING, MAIN REPAIR, MAINTENANCE AT BOOSTER
MO-061	19-Feb			OFF LOAD MATERIAL, STOCK & INVENTORY
MO-062	22-Feb			CLEANING & MAINTENANCE - TOOLS, EQUIPMENT, MINI
MO-063	25-Feb			SHOA SIGN, CLEAN EQUIPMENT, SUPPLIES
03-01-14	27-Feb			UPGRADED SERVICE TO MIP MATERIAL
MO-064	28-Feb			SIGN, RANGER, LIGHT TOWER, SHELVES

Total

J WELL FIELD PROJECT

Project no.	Date	Mat. Cost	Labor Hrs	REPORT

Total

NEW SERVICE

Project no.	Date	Mat. Cost	Labor Hrs	REPORT
07-07-22	25-Feb			30705 N PLACE

Total

SERVICE CALLS

Project no.	Date	Mat. Cost	Labor Hrs	REPORT
	4-Feb			31201 J PL. SMELLY WATER COMPLAINT

Total

MAIN BREAK

Project no.	Date	Mat. Cost	Labor Hrs	REPORT

Total

