



NORTH BEACH WATER DISTRICT

Commissioners

Brain Sheldon - Gwen Brake - RD Williams

2014 OPERATING BUDGET



Table of Contents

MISSION STATEMENT2

INTRODUCTION3

OBJECTIVES.....4

ASSUMPTIONS4

EXECUTIVE SUMMARY5

 Table 1-1.....5

OPERATIONS ACCOUNT.....6

WATER REVENUES6

Operational Revenue:6

Non-Operational Revenues:6

Miscellaneous Revenues:6

OPERATIONAL EXPENDITURES7

Field Payroll Expenses:7

Distribution Expenses:8

Production/Treatment Plant Expenses:8

 Table 1-38

ADMINISTRATIVE EXPENSES9

Administrative Payroll Expense:9

Office Expenses:9

Professional Expenses:10

Other Expenses:10

 Table 1-410

DEBT SERVICES EXPENSES11

 Table 1-513

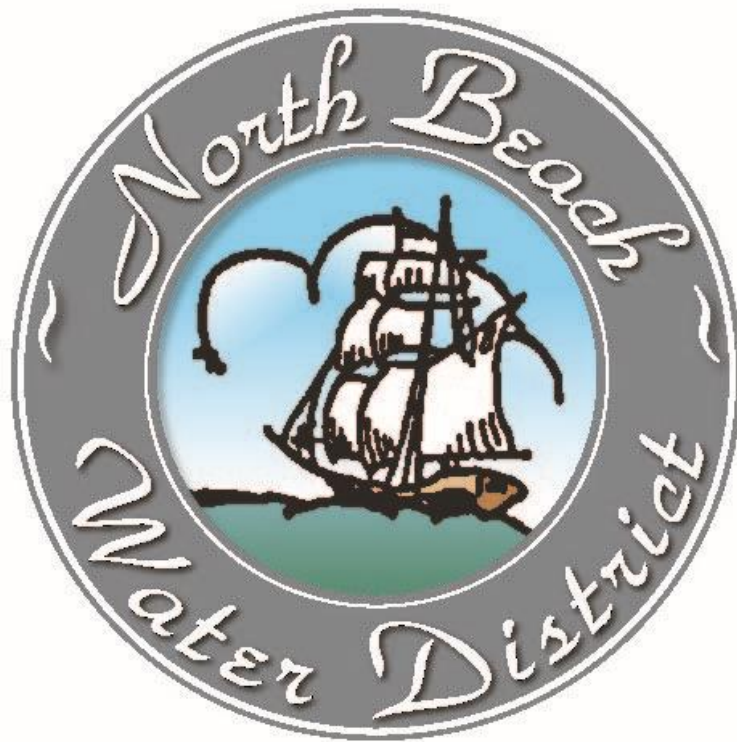
CAPITAL OPERATIONS AND IMPROVEMENTS.....13

 Table 1-615

OPERATION AND RESERVE ACCOUNTS.....16

 Table 1-816

WATER RATES.....16



MISSION STATEMENT

The mission of North Beach Water District is to provide high-quality water for residential, commercial, industrial, and fire protection uses that meets or exceeds all local, state, and federal standards and to provide courteous and responsive service at the most reasonable cost to our customers.

INTRODUCTION

This document is the approved 2014 Operating Budget Report for North Beach Water District.

District History

In 2006, the North Beach Public Development Authority (NBPDA), predecessor to North Beach Water District (NBWD), acquired the Ocean Park Water Company and the Pacific Water Company. These two investor-owned public water systems were physically intertied and managerially combined into one water system, now operated by NBWD.

NBPDA secured two low-interest loans from the Washington State Public Works Trust Fund and a water revenue bond funded by the Cashmere Valley Bank for a total of 5.5 million dollars to purchase Ocean Park Water Company and Pacific Water Company and to intertie the two systems.

In March 2008, voters approved the formation of the NBWD and elected three commissioners. In January 2009, NBWD and NBPDA completed a transfer agreement whereby NBWD accepted all assets and liabilities of NBPDA.

Planning

In November 2008, the Department of Health approved the NBPDA Water System Plan (WSP). NBWD adopted the WSP in October 2008 by Resolution 19-2008. The purpose of the WSP is to:

1. To demonstrate that the water system has the financial, technical, and managerial capability to achieve and maintain compliance with all local, state, and federal laws and rules pertaining to public water systems.
2. Identify current and future infrastructure needs and plan to address those needs.
3. To demonstrate that the water system's water rights and its physical capacity are sufficient for current and future needs.
4. Establish eligibility for funding under the Drinking Water State Revolving Fund Program (WAC 246-296).

One of the elements of the WSP is the capital improvement schedule. The capital improvement schedule identifies capital improvement projects along with estimated costs that should be completed within the WSP's 6-year planning horizon.

The Board of Commissioners will consider capital improvement projects identified in the WSP (including any revisions) in making decisions developing annual operating budgets. Capital improvement projects identified in the WSP will have priority in funding during the budget development process.

The WSP will be reviewed annually to prioritize capital improvement projects and will be revised or amended as needed to address the current condition of the water system.

The preparation and adoption of an operating budget is essential for the management and financial administration of NBWD. As an enterprise utility, NBWD is similar to a commercial operation whose revenues and expenditures are subject to unforeseeable variables related to timing and level of customer service demand. Decisions made throughout the year by the Board of Commissioners and the General Manager are balanced between the need to satisfy service requirements and budgetary constraints.

NBWD service demand is influenced by how people use water, weather patterns, the economy, and growth. Budget objectives must therefore be structured to respond to fluctuating service demands.

NBWD budgeting forecasts are based on historical data, condition of infrastructure, state and federally mandated compliance requirements, and foreseeable increases in operational costs.

NBWD currently provides residential, commercial, and industrial water through a water production and distribution system valued at \$6,067,928. This investment includes eleven active wells, four reservoirs with a combined storage capacity of 700,000 gallons, two booster stations, and more than 25 miles of water mains. During 2014, it is forecasted that NBWD will deliver 12 million cubic feet of water to 2,674 customers.

OBJECTIVES

Special emphasis will be placed on accomplishing the following objectives during calendar year 2014.

1. To update the Water System Plan per WAC 246-290-100.
2. To complete a Rate Study in coordination with the Water System Plan.
3. To operate the water system in compliance with all rules and regulations that apply to public water systems operating in Washington State.
4. To provide customers with an uninterrupted supply of safe, high-quality, dependable, fairly priced water.
5. To provide courteous, prompt, and professional customer service at all times.
6. To improve billing, payment methods, and access to information and notices through the NBWD website.
7. To make fiscally responsible decisions that protect the sustainability of the water system.
8. To be watchful for opportunities to increase the economy and efficiency of the water system infrastructure.
9. To fairly and equitably apply the Rules and Regulations adopted in Resolution 12-2008 and subsequent amendments.
10. To develop NBWD's employee competence through certifications, training, and education programs.
11. To make all water system capital improvement decisions based on the Water System Plan.

ASSUMPTIONS

In preparing the 2014 Budget, the following assumptions were used:

1. Water rates will not increase in 2014.
2. The District will average 2,674 customers a month.
3. Water sales will be 11.95 million cubic feet (89,386,000 gallons).
4. Merit increases for eligible employees based upon performance are scheduled for review in January 2014 and are expected to be in the 2% range. A cost of living adjustment for employees will be about 1%. The Cost of Living Increase is based upon the Bureau of Labor Statics Consumer Price Index for the Seattle, Tacoma, and Bremerton area for October, released on November 15, 2013. Pending Board approval, the Cost of Living Increase will become effective January 1, 2014.

EXECUTIVE SUMMARY

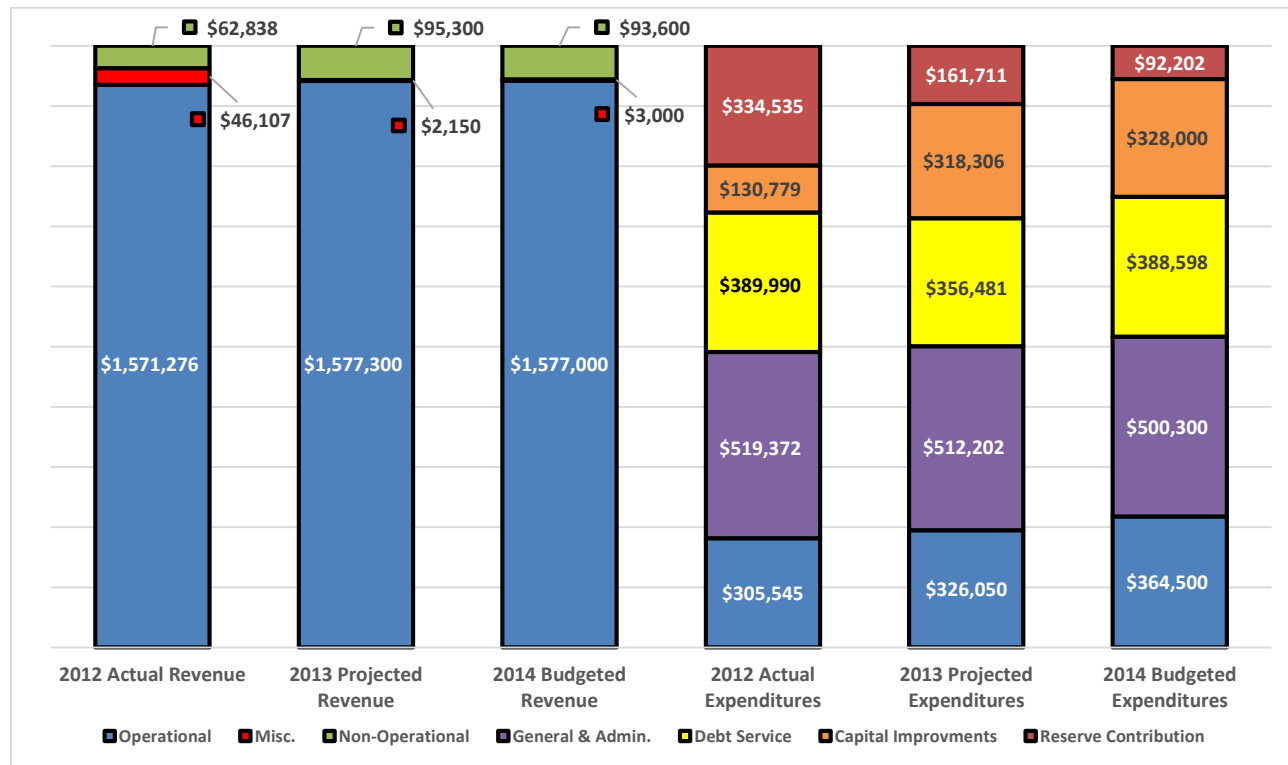
Table 1-1

Revenues

Description	2012 Actual	2013 Projected	2014 Budgeted
Operational Revenue	1,571,276	1,577,300	1,577,000
Non-Operational Revenue	62,838	95,300	93,600
Miscellaneous Revenue	46,107	2,150	3,000
Total Revenues	1,680,221	1,674,750	1,673,600

Expenses

Description	2012 Actual	2013 Projected	2014 Budgeted
Operations Expense	305,545	326,050	364,500
General & Administrative Expense	519,372	512,202	500,300
Debt Service Expense	389,990	356,481	388,598
Capital Improvements Expense	130,779	318,306	328,000
Reserve Contribution Expense	334,535	161,711	92,202
Total Expenses	1,680,221	1,674,750	1,673,600



OPERATIONS ACCOUNT

All NBWD revenues and expenses are deposited into and dispersed from the Operations Account. NBWD revenues consist of base rates, metered water sales, new or transferring accounts, connection fees (facilities charges), management contracts, customer service billings, and interest earned on funds on deposit.

Table 1-1 (above) is a summary of the projected water operations revenues and expenditures compared with the previous years.

WATER REVENUES

Operational Revenue:

Base rates and metered water sales are NBWD's main source of revenue. The base rates are forecasted to be \$1,295,000 in 2014. Metered water sales are forecasted to be \$244,000 in 2014. New customer fees are forecasted to be \$8,000 in 2014. Delinquent/lock off fees are forecasted to be \$30,000 in 2014. Collection of delinquent accounts is the single most time-consuming task for the billing clerk and office manager. Our field staff is very involved in the collection of delinquent accounts also through door hangers and meter lock offs and unlocks. The District pays the Washington State Department of Revenue Business and Occupation taxes on Operational Revenue at the rate of 5.029% or approximately \$80,000 in 2014¹.

Non-Operational Revenues:

Non-Operational revenue is revenue that NBWD generates from sources not associated with the operation of the water system. Interest for funds on deposit is forecasted to be \$1,800 in 2014. Connection fees (Local and General Facility charges) for new services is forecasted to be \$15,000 in 2014. Contract management services with Surfside Homeowners Association are forecasted to be \$61,800 in 2014. Installation of customer valves and other services is forecasted to be \$15,000 in 2014. The District pays the Washington State Department of Revenue business and occupation taxes on Operational Revenue at the rate of 1.50% or approximately \$1,404 in 2014².

Miscellaneous Revenues:

On June 21, 2010, the District adopted Resolution 04-2010 that authorized an agreement with Peninsula F.I.S.H. Emergency Services, Inc. in accordance with RCW 57.46. The agreement allows the District to participate in a program whereby NBWD customers may make voluntary contributions to assist low-income residential customers pay their water bills. This program is called the "Good Neighbor" program. Many of our customers make regular contributions to the Good Neighbor program. F.I.S.H. helps many NBWD low-income customers pay their water bills.

Miscellaneous revenues consist of the sale of scarp and surplus items and the collection of donations for the F.I.S.H. Good Neighbor program. The District does not pay the Washington State Department of Revenue any Business and Occupation taxes on miscellaneous revenues.

Table 1-2 (next page) identifies the major revenue categories and subheadings that constitute NBWD's total forecasted revenues and compares those revenues with the previous years.

¹ See Administration Expenses – Taxes, Fees, & Permits.

² See Administration Expenses – Taxes, Fees, & Permits.

Table 1-2

Operational Revenues

Description	2012 Actual	2013 Projected	2014 Budgeted
Base Rate Fees	1,286,024	1,295,500	1,295,000
Water Sales Fees	238,996	244,000	244,000
New Customer Fees	24,382	7,800	8,000
Delinquent Lock-off Fees	19,430	30,000	30,000
Other Fees	2,474	0	0
Total Operational Revenues	1,571,276	1,577,300	1,577,000

Non-Operational Revenues

Description	2012 Actual	2013 Projected	2014 Budgeted
Interest On Funds On Deposit	1,761	1,800	1,800
Connection Fees	0	0	15,000
Surfside Management Contract	60,000	60,000	60,000
Surfside Reimbursements	1,077	1,500	1,800
Customer Service Charges	0	32,000	15,000
Total Non-Operational Revenue	62,838	95,300	93,600

Miscellaneous Revenues

Description	2012 Actual	2013 Projected	2014 Budgeted
Miscellaneous Sales	44,972 ³	1,200	2,000
Good Neighbor	1,135	1,000	1,000
Total Non-Operational Revenue	46,107	2,200	3,000
Total Revenue	1,680,221	1,674,800	1,673,600

OPERATIONAL EXPENDITURES

Field Payroll Expenses:

Field payroll includes wages and benefits for four (4) full time field employees.

Field employees are certified by the Washington State Department of Health to operate public water systems and water treatment plants. Your field employees receive continuing education in customer service and technical and mechanical operations of water systems.

³ Social Security Refund

Common Expenses:

Common expenses include vehicle operational costs, cell phones, equipment rental, equipment and tool purchases, safety equipment (i.e. signs, safety cones, safety training materials, safety compliance equipment such as eyewash and shower stations), and personal protective equipment (i.e. hard hats, gloves, boots, eye protection, ear plugs, high visibility clothing), general plant maintenance (i.e. light bulbs, paint, door locks), and other common expenses.

Distribution Expenses:

Distribution expenses include repair and replacement of service meters, meter boxes, check valves, and meter setters. Distribution expenses include the improvement, replacement, or repair of failed or damaged water mains. This budget item is very difficult to forecast. Water main repairs can be extensive or localized.

Production/Treatment Plant Expenses:

Production expenses include the purchase of electricity to operate equipment to pump, treat, store, and convey water to ratepayers. Production expenses also include maintenance and repair of water wells, and other infrastructure such as booster pumps, generators, air compressors, water reservoirs, and control valves.

The total operational expenses are forecasted to be \$364,500 in 2014.

Table 1-3 (below) identifies the payroll, common, distribution, production, and treatment expenses for 2014.

Table 1-3

Field Payroll Expenses

Description	2012 Actual	2013 Projected	2014 Budgeted
Wages—Field	159,443	165,000	172,000
Taxes & Benefits - Field	50,945	51,000	59,000
Total Payroll Expenses	210,388	216,000	231,000

Common Expenses

Description	2012 Actual	2013 Projected	2014 Budgeted
Vehicle Fuel & Maintenance	21,719	21,000	25,000
Cellular Phones	2,555	3,500	3,500
Equipment Rental	1,873	500	1,000
Tools/Equipment Purchase	2,440	8,000	5,000
Safety Equipment & PPE	0	0	5,000
Maintenance – General	5,698	11,000	10,000

Other Common Expenses	2,025	3,000	3,000
Total Common Expenses	36,310	47,000	52,500

Distribution Expenses

Description	2012 Actual	2013 Projected	2014 Budgeted
Meter/Service Box	2,723	1,500	1,500
Distribution Lines	952	1,800	15,000
Contract Labor	0	1,200	1,500
Other Distribution Expenses	4,021	250	500
Total Distribution Expenses	7,696	4,750	18,500

Production/Treatment Plant Expenses

Description	2012 Actual	2013 Projected	2014 Budgeted
Electricity – Plant & Wellfield	31,114	31,500	36,000
Plant Maintenance	329	3,000	1,000
Well Maintenance	3,377	8,000	10,000
Booster Maintenance	1,745	500	500
Generator Maintenance	7,935	5,500	4,000
Treatment Plant Supplies	1,724	1,200	2,500
Water Quality Testing	4,197	5,000	6,000
Other Production/Treatment Plant Expenses	730	3,600	2,500
Total Production Expenses	51,151	58,300	62,500
Total Field Operations	305,545	326,050	364,500

ADMINISTRATIVE EXPENSES

Administrative Payroll Expense:

Administrative payroll includes wages and benefit expenses for the general manager, office manager, and billing clerk(s). The general manager will not be receiving a merit or cost of living wage increase in 2014.

Office Expenses:

Office expenses include purchases of office supplies, computers and software maintenance, technical services, billing expenses, telephone service, public relations, office space rental, office machine rental, office utilities, and other office related expenses.

Professional Expenses:

Professional expenses include payments made to professionals such as lawyers, engineers, accountants, and other professional service providers.

Other Expenses:

Other expenses include dues and subscriptions to professional associations, travel and education for commissioners and employees, insurance, taxes and fees, and miscellaneous other costs.

The total Administrative Expenses are forecasted to be \$500,300 for 2014.

Table 1-4 (below) provides a summary of the General and Administrative expenses for 2014.

Table 1-4

Administrative Payroll Expenses

Description	2012 Actual	2013 Projected	2014 Budgeted
Office Wages	83,834	77,500	72,500
General Manager Wages	80,000	80,000	80,000
Surfside Management	24,000	24,000	24,000
Employment Taxes and Benefits	37,021	36,000	38,500
Total Admin. Payroll Expenses	224,855	217,500	215,000

Office Expenses

Description	2012 Actual	2013 Projected	2014 Budgeted
Office Supplies	13,296	9,500	12,000
Computer Expense	0	4,500	4,500
Technical Services	4,894	300	1,000
Billing Supplies	28,169	26,000	27,000
Office Telephones	8,204	7,500	8,000
Public Relations	3,484	4,000	3,000
Office Rent	15,600	15,600	15,600
Office Machine Rental	5,941	10,500	10,500
Electricity - Office	1,528	1,650	1,700
Other Office	1,364	24,000	1,500
Total Office Expenses	82,480	103,550	84,800

Professional Services Expenses

Description	2012 Actual	2013 Projected	2014 Budgeted
Meter Readers Services	22,700	23,250	20,000
Engineering Services	456	0	1,000
Legal Services	23,140	20,000	20,000
Accounting Services	24,284	8,000	8,000
Other Professional Services	0	1,500	1,500
Total Pro. Services Expenses	70,580	52,750	50,500

Other Services Expenses

Description	2012 Actual	2013 Projected	2014 Budgeted
Dues & Subscriptions	5,239	4,895	3,500
Commissioner Education & Travel	11,647	7,000	4,000
Employee Education & Travel	0	0	8,000
Liability Insurance	30,993	31,907	34,500
Taxes, Fees & Permit	83,001	87,000	90,000
Other Services	1,233	150	1,000
Commissioner Compensation	7,716	6,500	8,000
Good Neighbor	1,628	950	1,000
Total Other Services Expense	141,457	138,402	150,000
Total Admin. Expenses	519,372	512,202	500,300

DEBT SERVICES EXPENSES

Debt services include payment of loans and bonds that funded the initial purchases and subsequent improvements for the water systems that are NBWD. The loans and bonds payments due in 2014 are:

Public Works Trust Fund Loan # 117

- Balance on August 1, 2013 – \$684,210.52
- Payment made on August 1, 2013—\$56,052.63
 - \$52,631.58 Principal
 - \$3,421.05 Interest
- Balance on August 2, 2013 – \$631,578.94
- Payment due on August 1, 2014 – \$56,052.63
 - \$52,894.74 Principal
 - \$3,157.89 Interest
- Balance on August 2, 2014—\$578,684.20

Public Works Trust Fund Loan # 129

- Balance on August 1, 2013 – \$684,210.52
- Payment made on August 1, 2013—\$56,052.63
 - \$52,631.58 Principal
 - \$3,421.05 Interest
- Balance on August 2, 2013 – \$631,578.94
- Payment due on August 1, 2014 – \$56,052.63
 - \$52,894.74 Principal
 - \$3,157.89 Interest
- Balance on August 2, 2014—\$578,684.20

Cashmere Valley Bank Bond—The Cashmere Valley Bank Bond was retired in June, 2013 with funds the District issued from a water revenue bond.

- Payments made in 2013:
 - \$119,808 principle and interest payment on June 1, 2013.
 - \$2,631,746.46 Loan Payoff on June 25, 2013.

Water Revenue Bond—in 2013 the District issued a Water Revenue and Refunding Bond. The Bond proceeds included a par amount of \$3,600,000 and a premium of \$214,119.10 for a total of \$3,814,119.10.

The District used the money to:

- Retire the Cashmere Valley Bank Bond – \$2,631,746.46;
- Create a Special Project Account – \$1,135,752.64;
- Cost of issuance – \$25,775.00;
- Underwriter’s Discount – \$19,980.00;
- Addition to bond reserve fund – \$865.00.

Water Revenue Bond Debt Service History:

- December 1, 2013 – \$119, 776
 - \$65,000 Principal
 - \$54,766.83 Interest.
- December 2, 2013 Balance – \$3,535,000
- December 1, 2014 – \$271,060.
 - \$145,000 Principal
 - \$126,060 Interest
- December 2, 2014 Balance – \$3,390,000

BIAS Software

- Balance at the start of 2014—\$14,256
- Payments made in 2014—\$4,532
- Balance at the end 2014—\$9,724

The total debt service expenses are forecasted to be \$388,598 for 2014.

Table 1-5 (Below) provides a summary of the Debt Service expenses for calendar year 2014.

Table 1-5

Debt Service Expenses

Description	2012 Actual	2013 Projected	2014 Budgeted
PWTF Loan #117 Expense	56,316	56,053	56,503
PWTF Loan #129 Expense	56,316	56,053	56,503
Cashmere Valley Bond Expense	257,358	119,808	0
Water Revenue Bond Expense	0	119,767	271,060
Bias Software Expense	0	4,800	4,532
DWSRF Loan #121 Expense	0	0	0
DWSRF Loan #129 Expense	0	0	0
PWTF WSP Loan Expense	20,000	0	0
Total Debt Service Expenses	389,990	356,481	388,598

CAPITAL OPERATIONS AND IMPROVEMENTS

Capital Operations expenditures are for tools, vehicles, maintenance equipment, planning, and feasibility studies needed to maintain reliable and quality operations of NBWD infrastructure and customer service.

Capital Improvements for 2014 are:

AMR Meter Installation. The District started installing radio read (AMR) meters in 2010. These meters have a transmitter that sends the read via radio frequency to a data collector automatically. The benefit of these meters is that they are more accurate, can be read in a fraction of the time of manual read meters, are much safer for District staff (avoiding bee stings, dog bites, and traffic hazards), and will save the District money for meter reading. The District has installed 822 AMR meters to date. We are anticipating the installation of 350 AMR meters in 2014. The District is planning to replace all manual read meters with AMR meters by December 2017.

245th Street Water Main Project.

In September of 2013 the District, through an interagency agreement with the Pacific County Department of Public Works, installed an 8-inch water main in the Pacific County Right-of-way along the south side of 245th Street starting at U Street and proceeding west to and across P Street at a forty five degree angle to the northwest and across the intersection and proceeding at a forty five degree angle at a southwest angle to proceed west on the north side of 245th Street from P Street to the east side of SR 103. The District has a water main on the west side of SR 103 and the east side of U Street. In 2014 the District will complete 245th Street Water Main Project through the small works construction project. The scope of the work will include two hot taps into existing water mains. Crossing a state highway and a county road. Flushing, disinfecting and pressure testing the water main. This water main will greatly improve the water quality, pressure and flow to customers in Rushlight, Sunset Sands, Ridgewood, and on 227th.

227th Lane Water Main Extension. In July, 2013 the Board of Commissioners adopted Resolution 18-2013 – Board Policy “Customer Generated Infrastructure”. The 227th Lane Water Main Extension is the first project to be completed under the new policy. Several property owners on 227th Lane requested water service to their properties. The new policy allows the District to install the water main and the property owners to pay for the water main by paying a local facility charge as they connect to the water system. The project will likely be contracted in December of 2013. The work will likely be completed in late December or early January. Payment for the work will most likely be made in January 2014.

Water System Plan. Washington Administrative Code (WAC) 246-290-100(1) requires all public water systems to demonstrate the system’s operational, technical, managerial, and financial capability to achieve and maintain compliance with local, state, and federal plans and regulations and demonstrate how the water system will address present and future needs in a manner consistent with other plans and local, state, and federal laws, including land use plans.

WAC 246-290-100(3) states that the water system will develop comprehensive water system plans to demonstrate compliance with the above requirements.

WAC 246-290-100(9) states that water system plans will be updated every 6 years.

The District’s current water system plan was completed in 2008. An updated water system plan is required in 2014.

Rate Study. The last rate study prepared by the District expired in 2012. The Board of Commissioners did not increase water rates in 2013 and it is anticipated they will not increase rates in 2014.

Washington state requires water system plans be updated every six years. Financial planning for funding capital improvements is an essential element of the water system plan. The Board of Commissioners has determined it would be advantageous to prepare a Rate Study congruent with the updated water system plan.

The Rate Study will establish a blueprint for achieving strong financial performance, excellent credit ratings, and the highest level of water service through fair and reasonable rates.

Rate Study priorities will be: 1. Financial, technical, and managerial continuity; 2. Regulatory compliance; and 3. Ratepayer sensitivity.

Due to recent developments in the courts and legislature⁴ the District must evaluate the way it bills for the cost of providing water for fire protection. A significant portion of the District’s infrastructure is needed to provide fire hydrants and water at sufficient volume and pressure so that Fire District Number 1 may effectively fight residential and commercial fires within North Beach Water District’s boundaries. All properties within the District benefit from the District’s “fire flow” infrastructure but the cost to install and maintain that infrastructure is borne by the ratepayers only. The Rate study will consider how to equitably apportion the cost of providing and maintaining fire flow infrastructure to all benefited properties within the District.

5-Yard Dump Truck. The Board of Commissioners has identified vehicles and equipment the District will need to effectively and efficiently operate the water system. A 5 yard dump truck is one of the vehicles

⁴ Lane v. City of Seattle, 164 Wn.2d 875 (2008) - City of Tacoma v. City of Bonney Lake, 173 Wn.2d 584,592 (2012) - Substitute House Bill (SHB) 1512 (63rd legislature 2013 Regular Session).

identified. The dump truck will be used by the crews to transport crushed rock, sand, and equipment to job sites where installation or repair of water main infrastructure is taking place. The District will be shopping for a late model, used dump truck with a GVWR of 26,000 lbs.

Incident Response Trailer. The District’s crews respond to water main breaks at all times of the day and night. Employee safety is of the highest concern. Repairs conducted at night require lighting. Other equipment and tools needed are trash and dewatering pumps, traffic safety signage and cones, portable electric power, personal protective equipment, and various hand tools and electric tools. It is also important to have chemicals for disinfecting the repaired water main prior to restoring water service on hand. Restoring water service in the shortest time possible while maintaining all safety measures is the priority for the District during water main break events. In order to respond in the most efficient manner, forward thinking and planning are required. To that end, the District will be purchasing and equipping an incident-response trailer.

The total capital improvement expenses for 2014 are projected to be \$333,000.

Table 1-6 (below) provides a summary of Capital Operations and Improvements for 2013 and previous years.

Table 1-6

Capital Improvements

Description	2012 Actual	2013 Projected	2014 Budgeted
AMR Meter Replacements	50,050	127,081	130,000
AMR Meter Reading Equipment	0	11,244	0
Land and Improvements	12,545	66,216	0
Revenue Bond Cost of Issuance		25,775	0
Replacement of Tractor Mower	16,264	0	0
Filtration Evaluation	35,916	0	0
Distribution Improvements	16,004	10,000	0
Software Training	0	7,000	0
Vacuum Excavator	0	16,615	0
245 th Water Main Project		54,375	20,000
227 th Lane Water Main Extension			35,000
Water System Plan	0	0	61,000
Rate Study	0	0	30,000
5-Yard Dump Truck	0	0	40,000
Incident Trailer w/equipment	0	0	12,000
Total Capital Operations Expenses	130,779	318,306	333,000
Capital Reserve Contribution	334,535	161,711	92,202

OPERATION AND RESERVE ACCOUNTS

NBWD maintains five operation and reserve accounts. These accounts are managed by the Pacific County Treasurer. The accounts and the maintenance of the accounts are authorized by Resolution 08-2012. The accounts are:

- Operation Account—Maintained at \$50,000.
- Operation Reserve Account—Maintained between \$400,000 and \$450,000.
- Capital Reserve Account—No maintenance balance.
- Water Revenue Bond Debt Reserve Account—Balance maintained at \$275,965.
- Debt Reserve Account—\$32,500 is deposited each month in the account. Payments to bonds and loans identified in the Debt Service category are made from this account as they become due.

Capital Reserve Contribution. NBWD budgets money to be set aside each year as a capital reserve. Capital reserves are used to replace failed infrastructure and assets. The capital reserve contribution is forecasted to be \$92,202 for 2014.

Table 1-8 (below) provides a summary of forecasted balances of those accounts on January 1, 2014 compared to the forecasted balances for January 1, 2015.

Table 1-8

Account	Forecasted Balances for 01/01/2014	Forecasted Balances for 01/01/2015
Operation Account	\$50,000	\$50,000
Operation Reserve Account	\$400,000	\$400,000
Capital Reserve Account	\$663,000	\$719,000
Revenue Bond Debt Reserve Account	\$276,000	\$276,000
Debt Reserve Account	\$82,000	\$82,000
Revenue Bond Reserve Account	\$1,003,000	\$1,003,000
Total	\$2,474,000	\$2,530,000

WATER RATES

The Board of Commissioners reviews rates on an annual basis. Unless otherwise acted upon by the Board, there will be no rate increases in 2014. The General Manager recommends rates remain unchanged for 2014 as the forecasted revenue for 2014 is adequate to meet the District's forecasted needs, including a modest capital reserve contribution for 2014.