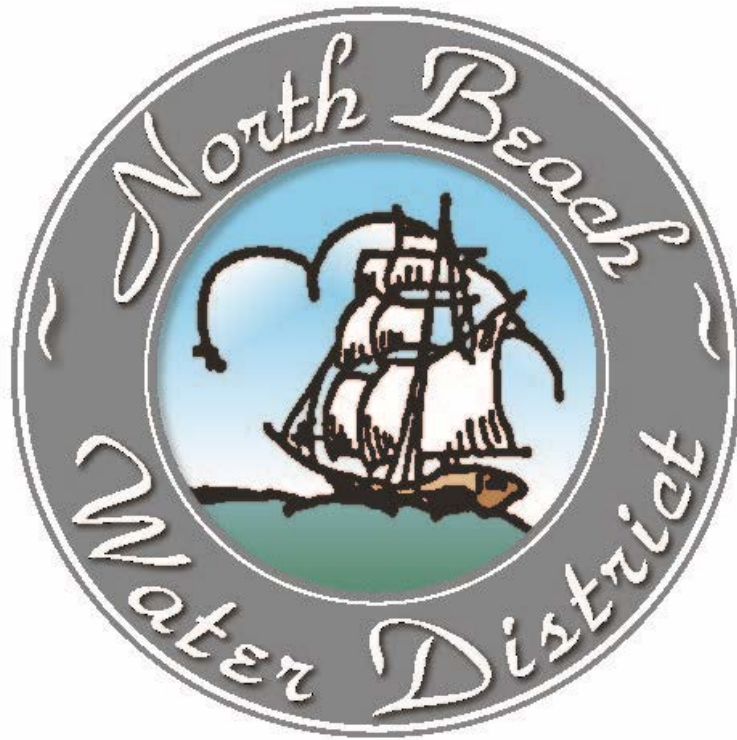


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MISSION STATEMENT

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 2016 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, two investor owned public water systems located in Ocean Park, WA. Ocean Park Water Company and Pacific Water Company were physically intertied and administratively 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.

In May, 2013 the District authorized the issuance of water revenue and refunding bonds in an aggregate principal amount of \$3,600,000. The funds were used to refinance the outstanding water revenue bond of the District held by Cashmere Valley Bank, to purchase real property for a new well field, and to build a District Office and facilities building on property owned by the District on 272nd Street in Nahcotta Washington.

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.

In 2015 the Board of Commissioners Adopted an undated Water System Plan (2015 WSP) and submitted the 2015 WSP to the Washington State Department of Health for review and approval.

The preparation and adoption of an operating budget is essential for the management and financial administration of NBWD. As an enterprise utility, NBWD's 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 \$6,600,000. 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 2016, NBWD is forecasted to deliver approximately 12 million cubic feet of water to about 2,686 customers.

OBJECTIVES

Special emphasis will be placed on accomplishing the following objectives during calendar year 2016.

1. To design and construct new infrastructure to improve fire flow and domestic service during peak demand on Birch Place and side roads south of 227th Place.
2. Purchase vehicles and equipment that will allow the District to repair/replace distribution infrastructure in an efficient and safe manner.
3. To provide training and continuing education opportunities for employees that will provide ratepayers with a greater level customer service and increase work place efficiencies and safety.
4. To operate the water system in compliance with all rules and regulations that apply to public water systems operating in Washington State.

5. To provide customers with an uninterrupted supply of safe, high-quality, dependable, fairly priced water.
6. To provide courteous, prompt, and professional customer service at all times.
7. To make fiscally responsible decisions that protect the financial sustainability of the District.
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 priorities capital improvement decisions based on the Water System Plan.

ASSUMPTIONS

In preparing the 2015 Operations and Capital Improvement Budget, the following assumptions were used:

1. 2016 operational and non-operational revenue will increase approximately 0.8%.
2. Wage and salary increases, for eligible employees, are forecasted to be 2.5%. Wage and salary increases are based upon performance and achieving mutually agreed upon goals and objectives.
3. The rate of inflation for 2016 is forecasted to be 2.5%.
4. Capital improvement projects are forecasted at \$409,000
5. The operating budget anticipates preventative or foreseeable maintenance costs only. Costs associated with the repair or replacement of failed infrastructure will be paid for from capital reserve funds.

OPERATIONS ACCOUNT

All NBWD revenues and expenses are deposited into and dispersed from the Operations Account. NBWD revenues are grouped into two categories. Operational Revenue and Non-Operational Revenue.

Table 1-1 (next page) is a summary of the budgeted revenues and expenditures for 2016 compared with the actual revenues and expenditures for 2014 and the projected actual revenues and expenditures for 2015.

BUDGET SUMMARY

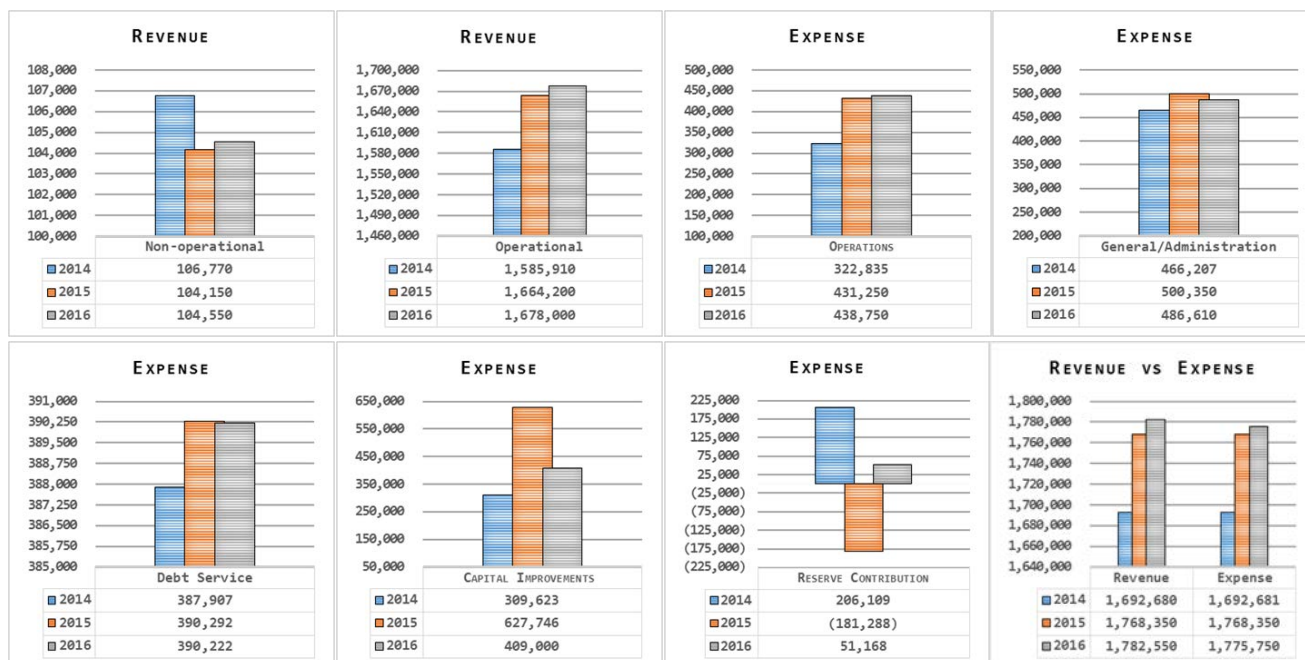
Table 1-1

REVENUES

DESCRIPTION	2014 ACTUAL	2015 PROJECTED	2015 BUDGETED
Operational Revenue	1,585,910	1,664,200	1,678,000
Non-Operational Revenue	106,770	104,150	104,550
TOTAL REVENUES	1,692,680	1,768,350	1,782,550

EXPENSES

DESCRIPTION	2014 ACTUAL	2015 PROJECTED	2015 BUDGETED
Operations Expense	322,835	431,250	438,750
General & Administrative Expense	466,207	500,350	486,610
Debt Service Expense	387,907	390,292	390,222
Capital Improvements Expense	309,623	627,746	409,000
Reserve Contribution Expense	206,109	-181,288	51,168
TOTAL EXPENSES	1,692,681	1,768,350	1,775,750



WATER REVENUES

Operational Revenue:

Operational Revenue is revenue that NBWD receives in the course of normal business of operating the water system. It includes the sale of water and charges and fees associated with the collection of water rates. Base rates and metered water sales are NBWD's main source of revenue. Base Rates recover all or a portion of costs associated with customer service, administration, meters (capacity), base (water supply) treatment, and fire protection, whereas the Metered Rates recover all or a portion of costs associated maximum day and maximum hour supply (peaking).

In 2016:

base rates are forecasted to be -----	\$1,326,000
metered water sales are forecasted to be-----	\$292,000
new customer fees are forecasted to be-----	\$8,000
and delinquent/lock off fees are forecasted to be-----	\$52,000

Non-Operational Revenues:

Non-Operational revenue is revenue that NBWD generates from sources not associated with the normal business of operating the water system.

In 2016:

bank interest revenue is forecasted to be-----	\$4,500
connection fees revenue for new services is forecasted to be-----	\$19,000
management revenue for Surfside HOA is forecasted to be-----	\$65,400
reimbursable revenue for Surfside HOA is forecasted to be-----	\$2,200
customer services revenue is forecasted to be-----	\$8,000
surplus revenue is forecasted to be-----	\$4,500
good neighbor revenue is forecasted to be-----	\$950

Table 1-2 (next page) is a summary of the budgeted revenues for 2015 compared with the budgeted and actual revenues for 2013 and the projected actuals for 2014.

Table 1-2

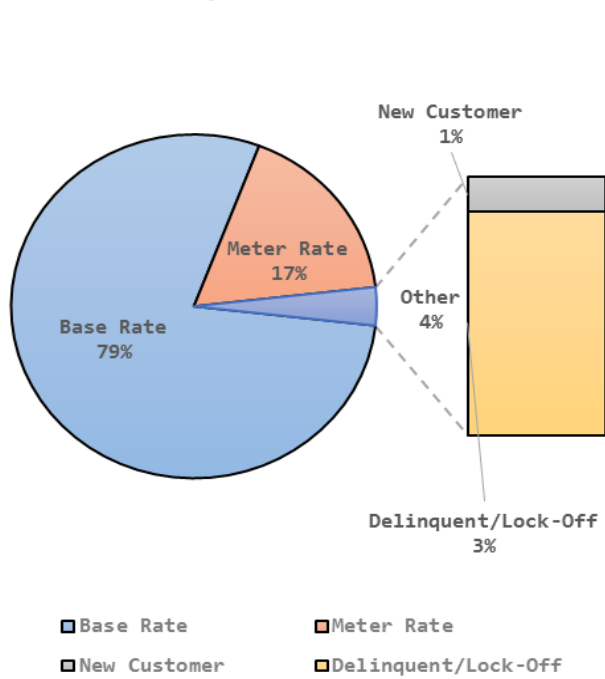
OPERATIONAL REVENUES

DESCRIPTION	2014 ACTUAL	2015 PROJECTED	2016 BUDGETED
Base Rate Revenue	1,302,773	1,324,000	1,326,000
Water Sales Revenue	243,321	283,000	292,000
New Customer Revenue	5,427	7,200	8,000
Delinquent Lock-off Revenue	34,389	50,000	52,000
TOTAL OPERATIONAL REVENUES	1,585,910	1,664,200	\$1,678,000

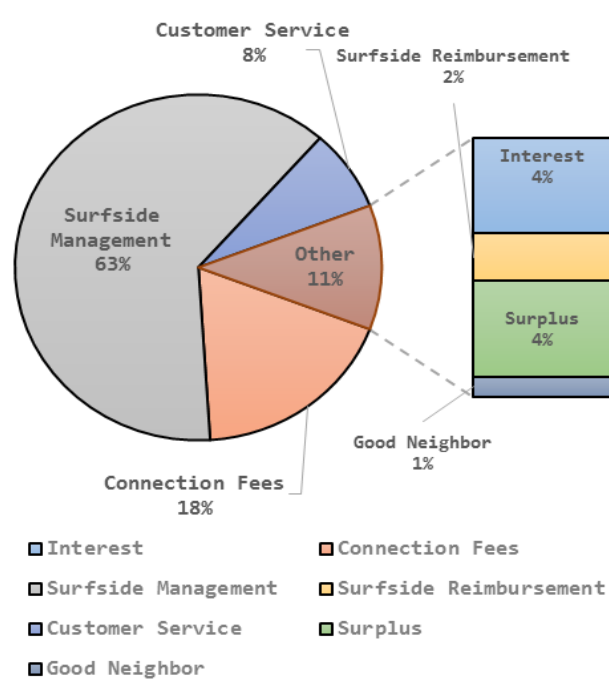
NON-OPERATIONAL REVENUES

DESCRIPTION	2014 ACTUAL	2015 PROJECTED	2016 BUDGETED
Interest Revenue	4,150	4,500	4,500
Connection Fees	28,997	19,000	19,000
Surfside Management Revenue	60,000	60,000	65,400
Surfside Reimbursement Revenue	2,278	2,200	2,200
Customer Service Charge Revenue	4,975	8,000	8,000
Surplus Income Revenue	5,399	9,500	4,500
Good Neighbor Revenue	972	950	950
TOTAL NON-OPERATIONAL REVENUE	106,771	104,150	\$104,550
TOTAL REVENUE	1,692,681	1,768,350	\$1,782,550

2016 Operational Revenue



2016 Non-operational Revenue



OPERATIONAL EXPENDITURES

Operational expenses are the normal and customary costs of operating and maintaining the water system. It includes field wages and electricity, maintenance and repairs, and other normal and customary cost of keeping the water system operational and in compliance with all federal and state rules and regulations.

Operational expenses forecasts costs for preventative maintenance and minor repairs. Repairs to infrastructure can be extensive or localized and costs for those repairs are impossible to forecast. Therefore, extensive or costly repairs are not forecasted in the operating budget and will be funded by capital reserve funds authorized by the Board.

Field Payroll Expenses:

Field payroll includes wages and benefits for five (5) full time field employees.

NBWD 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.

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, and safety compliance equipment), and personal protective equipment (i.e. hard hats, gloves, boots, eye protection, ear plugs, and high visibility clothing), general plant maintenance (i.e. light bulbs, paint, and door locks).

Distribution Expenses:

Distribution expenses include preventative maintenance and minor repairs to customer meters (i.e. service meters, meter boxes, check valves, and meter setters). Distribution expenses also includes preventative maintenance and minor repairs to water mains (i.e. main breaks, fire hydrants, valves, and valve boxes).

Production/Treatment Plant Expenses:

Production expenses include the purchase of electricity to operate mechanical equipment that pumps and treats water. Production expenses also include preventative maintenance to mechanical equipment, water wells, and storage reservoirs (i.e. submersible pumps, booster pumps, filters, generators, air compressors, and control valves).

Operational Expenses for 2016 are forecasted to be \$438,750.

Table 1-3 (next page) outlines the operational expenses for 2016.

Table 1-3

FIELD PAYROLL EXPENSES			
Description	2014 Actual	2015 Projected	2016 Budgeted
Wages-Field	163,174	205,000	215,000
Taxes & Benefits	49,999	64,000	72,000
Total Payroll Expenses	213,173	269,000	287,000
COMMON EXPENSES			
Description	2014 Actual	2015 Projected	2016 Budgeted
Vehicle Expense	18,775	21,500	21,500
Cellular Phones Expense	3,400	5,600	5,600
Equipment Rental Expense	840	1,100	1,000
Equipment/Tools Expense	2,739	15,000	15,000
Safety Equipment & PPE Expense	5,113	2,500	2,500
Maintenance - General	10,326	15,000	10,000
Other Common Expenses	2,024	2,000	2,000
Total Common Expenses	43,217	62,700	57,600
DISTRIBUTION EXPENSES			
Description	2014 Actual	2015 Projected	2016 Budgeted
Meter/Service Box Expense	2,875	1,000	1,000
Distribution Lines Expense	13,909	18,500	18,500
Contract Labor Expense	0	650	650
Other Distribution Expenses	0	500	500
Total Distribution Expenses	16,784	20,650	20,650
PRODUCTION/TREATMENT PLANT EXPENSES			
Description	2014 Actual	2015 Projected	2016 Budgeted
Electricity Expense	31,957	35,000	36,000
Treatment Maintenance/Repair Expense	0	2,500	2,500
Production Maintenance/Repair Expense	5,666	25,000	20,000
Treatment Parts/Supplies Expense	0	6,500	6,000
Water Testing Expense	7,441	8,000	8,000
Production Parts/Supplies	0	1,000	1,000
Other Production/Treatment Expenses	4,597	1,000	1,000
Total Production Expenses	49,661	79,000	74,500
Total Field Operations	322,835	431,350	439,750

Administrative Expenses

Administrative Payroll Expense:

Administrative payroll includes wages and benefit for the general manager, office manager, and billing clerk. Administrative expenses in the 2016 operating budget include a 2.5% merit/cost of living salary increase for the general manager and 3.5% merit/cost of living wage increases for the office manager and billing clerk

Office Expenses:

Office expenses include purchases of office supplies, office equipment, software maintenance fees, technical services, billing expenses, telephone service, public relations, 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 operating permit fees, and other administrative costs.

Administrative Expenses for 2016 are forecasted to be \$486,610.

Table 1-4 (next page) provides a summary of the General and Administrative expenses for 2016.

Table 1-4**ADMINISTRATIVE PAYROLL EXPENSES**

Description	2014 Actual	2015 Projected	2016 Budgeted
Office Wages Expense	149,527	154,000	160,000
Surfside Management Expense	24,000	24,000	26,160
Employment Taxes and Benefits Expense	32,726	35,000	38,000
Total Administrative Payroll Expenses	206,253	213,000	224,160

OFFICE EXPENSES

Description	2014 Actual	2015 Projected	2016 Budgeted
Office Supplies Expense	7,551	7,000	25,000
Computer Expense	9,943	3,600	4,500
Technical Services Expense	1,727	1,000	1,000
Billing Expense	26,979	27,500	28,000
Office Telephones Expense	7,300	7,500	7,200
Public Relations Expense	1,359	2,200	2,200
Office Rent Expense	15,600	15,600	0
Office Machine Rental Expense	4,647	6,000	6,000
Electricity - Office Expense	1,721	1,800	0
Other Office Expense	1,984	2,500	5,000
Total Office Expenses	78,811	74,700	78,900

PROFESSIONAL SERVICES EXPENSES

Description	2014 Actual	2015 Projected	2016 Budgeted
Meter Readers Expense	23,186	24,000	0
Engineering Expense	0	15,000	15,000
Legal Expense	8,873	9,200	10,000
Accounting Expense	425	1,500	1,500
Other Professional Expense	1,526	2,200	2,000
Total Professional Expenses	34,010	51,900	28,500

OTHER ADMINISTRATIVE EXPENSES

Description	2014 Actual	2015 Projected	2016 Budgeted
Dues & Subscriptions Expense	3,509	3,500	3,500
Commissioner Ed. & Travel Expense	0	500	2,500
Employee Ed. & Travel Expense	6,470	8,000	9,000
Liability Insurance Expense	32,375	34,000	35,000
Taxes, Fees & Permit Expense	95,022	105,000	110,000
Other Services Expense	0	500	500
Commissioner Compensation Expense	8,778	8,600	8,600
Good Neighbor Expense	998	950	950
Total Other Administrative Expense	147,152	161,050	170,050
Total Administrative Expenses	466,226	500,650	501,610

Debt Services Expenses

Debt services include payment of loans and bonds that funded the initial purchases and subsequent improvements for the water systems. The loans and bonds payments due in 2016 are:

Public Works Trust Fund Loan # 117 (0.5% interest)

- o Balance on May 1, 2016: -----\$526,315.78
- o Payment due on May 1, 2016: -----\$55,263.16
 - Principal: -----\$52,631.58
 - Interest: -----\$2,631.58
- o Balance on May 2, 2016: -----\$473,684.20

Public Works Trust Fund Loan # 129 (0.5% interest)

- o Balance on May 1, 2016: -----\$526,315.78
- o Payment due on May 1, 2016: -----\$55,263.16
 - Principal: -----\$52,631.58
 - Interest: -----\$2,631.58
- o Balance on May 2, 2016: -----\$473,684.20
- o 2014 Water Revenue Bond (3.56% interest)
- o Balance on December 2, 2015: -----\$3,240,000
 - Interest Payment due June 1, 2016:-----\$62,032.50
 - Principal Payment due December 1, 2016:----- \$150,000
 - Interest Payment due December 1, 2016:-----\$62,032.50
- o Balance on December 2, 2016: -----\$3,090,000

BIAS Software (0% interest)

- o Balance on January 1, 2016: ----- \$8797.60
 - Payments on January 31, 2016:-----\$4,398.80
- o Balance on February 1, 2016: -----\$4,398.80

Debt Service expenses for 2016 are forecasted to be \$388,990.

Table 1-5 (next page) provides a summary of the Debt Service expenses for 2016.

Table 1-5

DEBT SERVICE EXPENSES

Description	2014 Actual	2015 Projected	2016 Budgeted
PWTF Loan #117 Expense	56,053	55,285	55,263
PWTF Loan #129 Expense	56,053	55,285	55,263
Water Revenue Bond Expense	271,060	275,190	274,065
Bias Software Expense	4,532	4,532	4,399
DWSRF Loan #121 Expense	0	0	0
DWSRF Loan #129 Expense	0	0	0
Total Debt Service Expenses	388,698	390,292	388,990

CAPITAL OPERATIONS AND IMPROVEMENTS

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

Capital Improvements for 2016 are:

Install infrastructure to improve system hydraulics.

WAC 246-293-640 "minimum standards for fire flow" sets residential fire flow requirements for water systems at 500 gallons per minute (gpm) for 30 minutes as the minimum standard. Minimum fire flows are in addition to requirements for normal domestic maximum use. WAC 246-293-602 states that the above standard applies to new or expanding public water systems having more than 1,000 services. The District must meet the fire flow standard in all expansions or extensions to the water system. In addition, the District adopted the fire flow standard found in WAC 246-293-640 as a goal for all existing areas of the distribution system.

A recent hydraulic analysis of the District's distribution system identified an area of the existing distribution system that does not meet the fire flow standard found in WAC 246-293-640, In addition, ratepayers in that area regularly report low water pressure during peak demand.

The District has budgeted \$250,000 to design and construct a booster station to improve the hydraulics of that area of the distribution system in 2016.

Purchase two new service trucks.

The District's fleet consists of:

Truck #1 1999 Ford Ranger

Truck #2 2002 Ford Explorer Sport

Truck #3 2008 Ford Ranger

Truck #4 2009 Ford F-150

Truck #5 2010 Ford Ranger

The fleet is aging which is increasing the cost of maintenance and reducing reliability and productivity of the crew. In addition, the fleet consists of light duty trucks without utility or service beds.

Crews perform regular preventative maintenance and repairs to remote infrastructure (i.e. service meters, fire hydrants, line valves, air release valves, sample stations). Keeping tools and spare parts organized, protected from weather and loss is much more efficient and secure in a service bed with lockable weather proof shelves and bins.

Crews also need to have more towing capability. The District has equipment that requires towing capacity of up to 12,000 lbs. Currently, the District's largest truck (Ford F-150) has a towing capacity of 7,800 lbs.

The District will use the Washington State Enterprise Services Purchasing Contracts to procure two Ford F-250 pickups outfitted with service beds and utility options.

The District has budgeted \$70,000 to purchase two new service trucks in 2016.

Purchase a Dump Truck and Mini Excavator.

The legislature in the 2015 regular session passed ESHB 1410 (prime sponsor Dean Takko) and Governor Inslee signed the bill on April 29, 2015. The bill became effective on July 24, 2015.

The bill increased the competitive bidding requirement for all work ordered by a Water Sewer District with an estimated cost of \$20,000 to an estimated cost of \$50,000.

Although State law limits the District from doing large projects in-house, the legislature, for the first time in 20 years, increased the size and scope of work District crews are allowed to perform in-house.

The District can realize financial and scheduling efficiencies by performing limited scope water main replacement, water main loops, repair and installation of fire hydrants, valves, and other water main modifications that would have required contracting to a small works contractor in the past.

The District has budgeted \$80,000 to purchase a late model used 5 yard dump truck (less than 26,000 GVW) and a late model Mini Excavator (less than 10,000 lbs. w/trailer).

Distribution Sample Stations.

Washington State Department of Health (DOH) will be promulgating the Revised Total Coliform Rule (RTCR). The RTCR will provide the DOH new and expanded compliance and enforcement tools related to coliform bacteria and e coli bacteria violations by public water systems. The District does not

chlorinate its water. The District's distribution systems has many dead ends, small diameter undocumented mains, and old infrastructure that is subject failures. The District will need to increase its vigilance in monitoring the distribution system for coliform bacteria. Increasing the inventory of sample sites will increase the efficiency and efficacy of the coliform monitoring program.

The District has budgeted \$9,000 to purchase and install 10 new sample stations in 2016.

Capital Improvement Expenses for 2016 are projected to be \$490,000.

Capital Reserve Contribution. The District budgets money to be contributed each year to its Capital Reserve Account. The Capital Reserve contribution for 2016 is forecasted to be \$51,168.

Table 1-6 (below) provides a summary of Capital Operations and Improvements for 2015 and previous years.

Table 1-6

CAPITAL IMPROVEMENTS			
Description	2014 Actual	2015 Projected	2016 Budgeted
South Wellfield and Emond Easement	755	0	0
Land Improvements	5,006	0	0
227th Lane Water Main Extension	28,449	0	0
GIS Project	15,000	0	0
Z Street Water Main Project	48,941	0	0
245th Water Main Project	3,234	88,476	0
AMR Meter Replacements	131,250	500,000	0
Water System Plan	59,538	10,202	0
Rate Study	20,413	7,898	0
Well #2 Decommissioning	0	8,513	0
Tree Removal (U St & Bay Ave)	0	3,777	0
Sample Stations	0	0	9,000
Service Trucks	0	0	70,000
5-Yard Dump Truck & Mini Excavator	0	0	80,000
Booster Station (Birch Place)	0	0	250,000
TOTAL CAPITAL IMPROVEMENTS EXPENSES	312,585	618,886	409,000
CAPITAL RESERVE CONTRIBUTION	206,109	(181,228)	36,400

Fiscal Policy

The District adopted a fiscal policy on April 23, 2013 by Resolution 10-2013 and subsequently revised the fiscal policy on March 16, 2015 by Resolution 04-2015. The purpose of the Fiscal Policy is to 1) Emphasize revenue sufficiency, credit worthiness, and fiscal controls. 2) Provide fiscal guidance on the management of District accounts. 3) Ensure the safety of District investments and deposits while maximizing earnings on money that is not required for day to day operations. 4) Ensure sufficient liquidity is available to support operations. 5) Invest District funds within the statutory framework established for local governments by Washington State.

The District's Fiscal Policy includes an Accounts Policy that includes the following:

Each day the District deposits all revenue collected for that day into North Beach Water District's Operations Account at the Back of the Pacific which is administered by the Pacific County Treasurer. The Pacific County Treasurer maintains all accounts for North Beach Water District except the petty cash account.

Operation Account - Funds in the Operation Account are used for the day to day operations of North Beach Water District. The Pacific County Treasurer is requested to allocate all funds deposited into the Treasurer's general fund by North beach Water District into their Operation Account. In addition to day to day operations, these funds are used for emergency repairs or replacement of failed or failing equipment or vehicles. When the total of the Operations Account is \$550,000 or more the Board of Commissioners, at its next regular meeting, shall adopt a resolution transferring funds into the Capital Reserve Account sufficient to reduce the balance of the Operations Account to \$450,000 dollars. For the purpose of transfers, balances will be rounded to the nearest \$1,000

Capital Reserve Account - Funds in the Capital Reserve Account are used to fund Capital Improvement projects identified in the Water System Plan. Funds shall only be deposited into or withdrawn from the Capital Reserve Account by resolution of the Board of Commissioners of North Beach Water District.

Debt Reserve Account - No later than the last business day of each month the Pacific County Treasurer is requested to transfer funds from the Operation Account into the Debt Reserve Account. The Pacific County Treasurer is further requested to make payments on District loans, when due, from the Debt Reserve Account. The Board of Commissioners shall adjust the debt transfer amount by resolution as loans mature or new loans are established.

Bond Debt Reserve Account - The Pacific County Treasurer is requested to maintain \$275,965.00 in the Bond Debt Reserve Account. The Pacific County Treasurer is further requested on the first business day of June, or as

soon thereafter as possible, to transfer interest accrued in the Bond Debt Reserve Account the previous year into the Operation Account.

Bond Project Account - The Pacific County Treasurer is requested to maintain, in accordance with chapter 57.20 RCW, funds from the issuance of Bonds in 2013 for the purpose of refunding debt and the purchasing of real property for a Wellfield and the construction of an office and storage facility at the District’s North Wellfield. This is a temporary account that will be maintained until the project is complete. The project is scheduled to be complete in December, 2015.

Petty Cash - The petty cash account is authorized in the amount of One Thousand Five hundred dollars (\$1,500.00) that will be deposited in a checking account with the Bank of the Pacific titled “North Beach Water District Petty Cash Account”. The Petty Cash account is established by District Resolution 03-2012 and is operated in accordance with Washington State Budgeting, Accounting, and Reporting System (BARS).

Table 1-8 (below) Summary of forecasted balances of those accounts on December 31, 2016 compared to the balances for December 31, 2015.

Table 1-8

Account	Forecasted Balances for 12/31/2015	Forecasted Balances for 12/31/2016
Operation Account	\$500,000	\$500,000
Capital Reserve Account	\$605,000	\$645,668
Debt Reserve Account	\$98,907	\$104,316
Bond Debt Reserve Account	\$275,965	\$275,965
Bond Project Account	\$600,000	\$0
Petty Account	\$1,500	\$1,500
Total	\$2,081,372	\$1,527,449

WATER RATES

The Board of Commissioners approved revisions to North Beach Water District’s Rules and Regulations on December 22, 2014 by Resolution 30-2014. The revised rules and regulations includes a 5 year rate structure developed by FCS Group of Redmond WA. Base Rates for 2016 will not increase. Meter Rates will increase 2.5% on January 1, 2016. The rate increase is forecasted to increase revenues by 0.8% in 2016.