

**NORTH BEACH WATER DISTRICT  
PACIFIC COUNTY, WASHINGTON**

**RESOLUTION NO. 36-2016**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF NORTH BEACH WATER DISTRICT,  
PACIFIC COUNTY, WASHINGTON, ADOPTING THE NORTH BEACH WATER DISTRICT 2017  
OPERATING BUDGET**

**WHEREAS**, the General Manager prepared a DRAFT Operations Budget for calendar Year 2017 attached hereto and incorporated herein as Exhibit "A", and

**WHEREAS**, on December 8, 2016 at a special meeting, the General Manager presented the 2017 DRAFT Operations Budget to the Board of Commissioners (Board); and

**WHEREAS**, The Board has examined the 2016 DRAFT Operations Budget, has conferred with the General Manger and the Office Manager, in open public meeting and has deliberated and considered the 2017 DRAFT Operations Budget during the public hearing held December 19, 2015 at 6:00 PM;

**NOW, THEREFORE, THE NORTH BEACH WATER DISTRICT BOARD OF COMMISSIONERS DOES HEREBY RESOLVE TO AMEND THE DISTRICT'S EMPLOYEE MANUAL AS FOLLOWS,**

**Section 1.** The 2017 DRAFT Operations Budget is hereby adopted and will be henceforth referred to as the "North Beach Water District 2016 Operations Budget", short title: 2016 Budget, which will be published and be available for distribution at the District's business office and on the District website no later than December 29, 2016.

**Section 2.** The General Manager is hereby authorized to implement the 2015 Budget as set forth in this resolution. The General Manager may delegate the authority to implement the 2016 Budget, or portions thereof, to the Office Manager or other designated District employees.

**ADOPTED** by the Board of Commissioners on North Beach Water District, Pacific County, Washington at its special meeting held on the 19<sup>th</sup> day of December, 2016.

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Brian Sheldon, Commissioner  
Position #1

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Glenn Ripley, Commissioner  
Position #3

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Gwen Brake, Commissioner  
Position #2

EXHIBIT "A"

# North Beach Water District

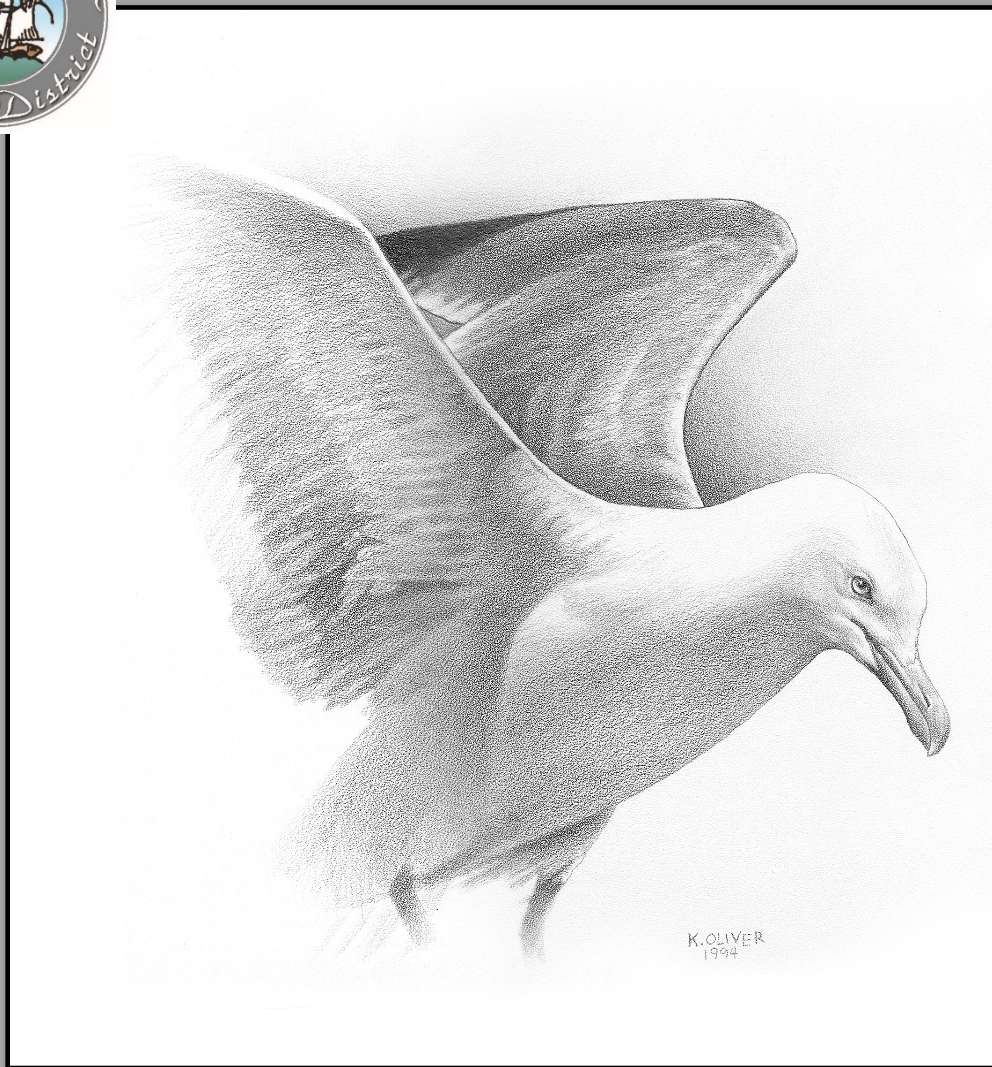
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*Commissioners*

*Brian Sheldon – Gwen Brake – Glenn Ripley*

**2017**

**Operations Budget**

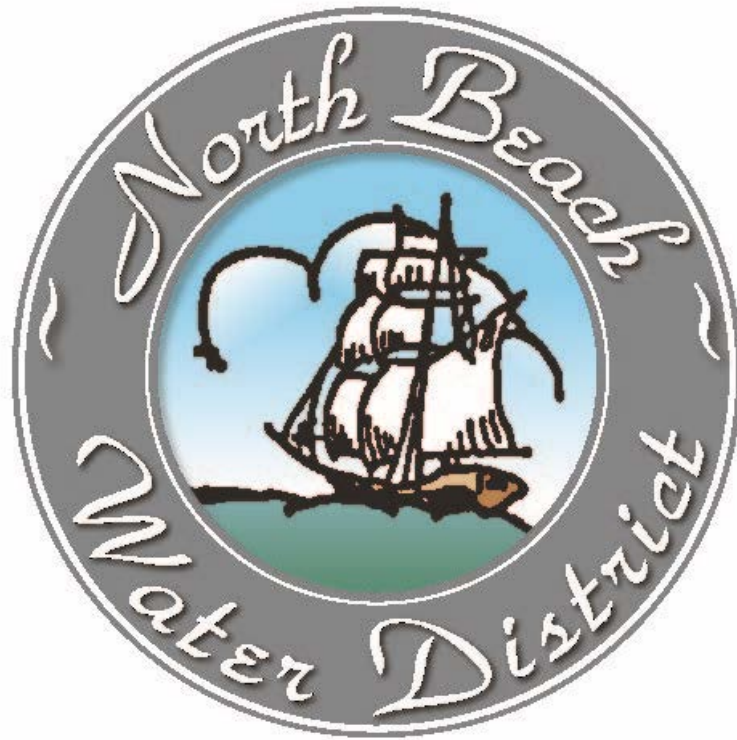




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### MISSION STATEMENT

*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 2017 Operating Budget Report for North Beach Water District.

### **Background**

In March 2008, voters approved the formation of the North Beach Water District (District) and elected three commissioners. In January 2009, the District acquired ownership of the Water System.

### **Planning**

In 2015 the District submitted a revised Water System Plan (WSP) to the Department of Health for approval. The WSP presents both a long term vision and a short term<sup>1</sup> plan for effectively and efficiently managing District resources to meet ratepayers' current and future needs. The District will use the WSP 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 nine elements of the WSP is the capital improvement schedule. The capital improvement schedule identifies capital improvement projects and estimated costs. Depending on current needs and budget constraints, the District will complete the projects identified in the capital improvement schedule s within the WSP short term planning horizon.

The Board of Commissioners will consider capital improvement projects identified in the WSP (including any revisions) when developing the annual operations budget. Although annual capital improvement projects will be planned each year based on current needs, regulatory requirements, and budget constraints, capital improvement projects identified in the WSP will generally be given priority in funding during the budget development process.

The preparation and adoption of an operating budget is essential for the management and financial administration of the District. As an enterprise utility, the District's

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<sup>1</sup> Six years

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.

The District's 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.

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

The District currently provides residential, commercial, and industrial water through a water production and distribution system valued at \$6,600,000. During 2017, the District is forecasted to deliver approximately 63,000,000 million gallons of water to about 2,592 residential customers and 23,000,000 million gallons of water to 106 commercial customers.

### **OBJECTIVES**

Special emphasis will be placed on accomplishing the following objectives during calendar year 2017.

1. To complete the Drinking Water State Revolving Fund Loan Project.
2. To design and construct new infrastructure to improve fire flow and domestic service during peak demand on Birch Place and side roads south of 227<sup>th</sup> Place.
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 2017 Operations and Capital Improvement Budget, the following assumptions were used:

1. 2017 revenue will increase approximately 3% over 2016----- \$61,312
2. 2017 operational expenses will decrease by 1% over 2016 -----(\$4,404)
3. 2017 administration expense will increase by 4% over 2016 ----- \$44,390
4. 2017 debt service expenses will increase by 53%-----\$206,562
5. Capital improvement projects are forecasted at -----\$390,000
6. 2017 projected expenses will exceed projected revenue-----\$144,800
7. 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 reserve funds.

**OPERATIONS ACCOUNT**

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

Table 1-1 (next page) is a summary of the actual revenues and expenditures for 2015, the projected revenues and expenditures for 2016 and the budgeted revenues and expenditures for 2017.



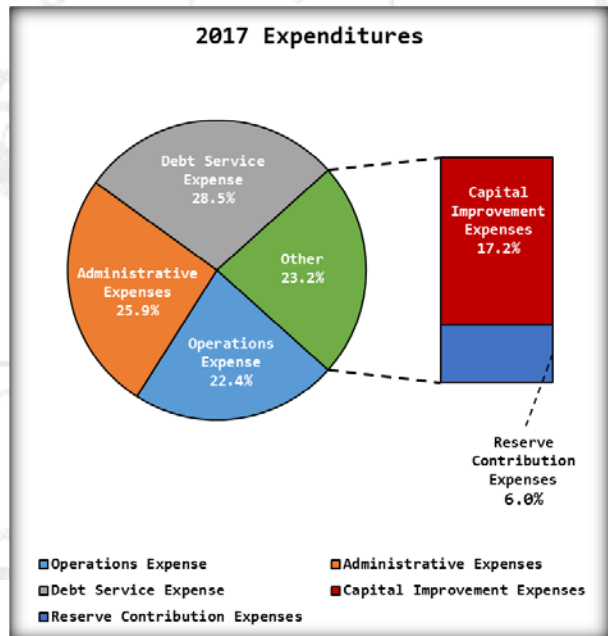
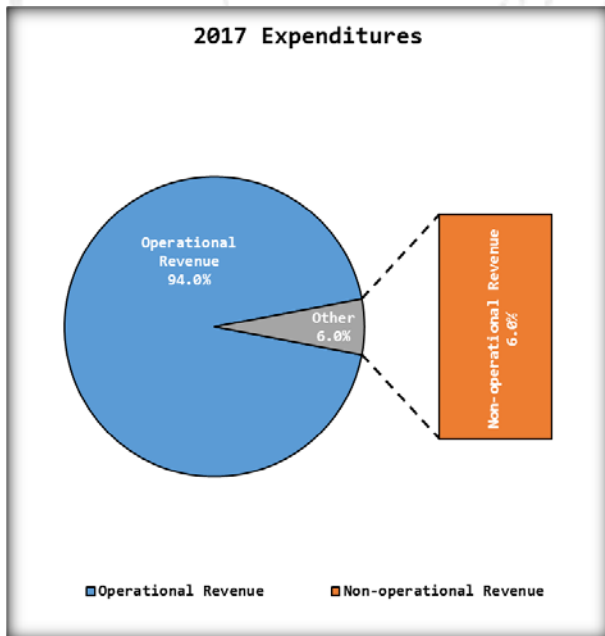
## BUDGET SUMMARY

Table 1-1

### REVENUES

DESCRIPTION	2015 ACTUAL	2016 PROJECTED	2017 BUDGETED
Operational Revenue	1,666,427	1,681,261	1,752,000
Non-Operational Revenue	107,260	121,667	110,900
<b>TOTAL REVENUES</b>	<b>1,748,336</b>	<b>1,807,038</b>	<b>1,868,350</b>

DESCRIPTION	2015 ACTUAL	2016 PROJECTED	2017 BUDGETED
Operations Expense	412,626	472,204	467,500
Administrative Expense	478,501	518,653	552,950
Debt Service Expense	390,292	387,838	594,400
Capital Improvements Expense	622,013	343,966	320,000
Reserve Contribution Expense	(119,095)	84,378	(69,300)
<b>TOTAL EXPENSES</b>	<b>1,748,337</b>	<b>1,807,038</b>	<b>1,868,350</b>



## WATER REVENUES

### Operational Revenue:

Operational Revenue is revenue that District 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 the District'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 2017:**

base rates are forecasted to be -----	\$1,335,000
metered water sales are forecasted to be -----	\$ 364,000
new customer fees are forecasted to be -----	\$ 8,000
and delinquent/lock off fees are forecasted to be -----	\$ 45,000

### Non-Operational Revenues:

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

#### **In 2017:**

bank interest revenue is forecasted to be -----	\$ 7,000
connection fees revenue for new services is forecasted to be -----	\$30,000
management revenue for Surfside HOA is forecasted to be -----	\$65,400
reimbursable revenue for Surfside HOA is forecasted to be -----	\$ 1,500
customer services revenue is forecasted to be -----	\$ 7,000
sale of surplus equipment 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 2017 compared with the actual revenues for 2015 and the projected revenues for 2016.

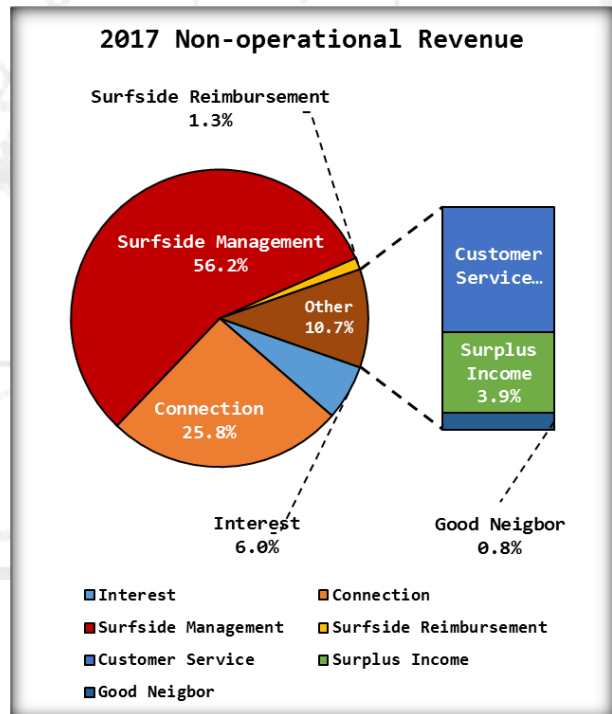
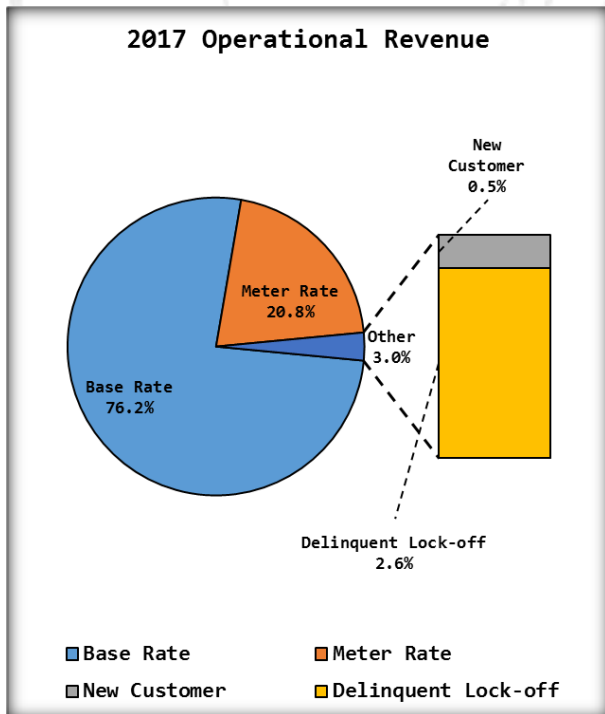
**Table 1-2**

**OPERATIONAL REVENUES**

DESCRIPTION	2015 ACTUAL	2016 PROJECTED	2017 BUDGETED
Base Rate Revenue	1,318,918	1,316,763	1,335,000
Meter Rate Revenue	289,495	317,000	364,000
New Customer Revenue	7,000	7,929	8,000
Delinquent Lock-off Revenue	51,013	46,904	45,000
<b>TOTAL OPERATIONAL REVENUES</b>	<b>1,666,427</b>	<b>1,681,261</b>	<b>\$1,752,000</b>

**NON-OPERATIONAL REVENUES**

DESCRIPTION	2015 ACTUAL	2016 PROJECTED	2017 BUDGETED
Interest Revenue	8,889	9,883	7,000
Connection Fees	26,700	37,933	30,000
Surfside Management Revenue	60,000	65,400	65,400
Surfside Reimbursement Revenue	1,921	1,568	1,500
Customer Service Charge Revenue	9,750	6,882	7,000
Surplus Income Revenue	9,720	3,114	4,500
Good Neighbor Revenue	930	996	950
<b>TOTAL NON-OPERATIONAL REVENUE</b>	<b>117,909</b>	<b>125,778</b>	<b>\$116,350</b>
<b>TOTAL REVENUE</b>	<b>1,784,336</b>	<b>1,807,038</b>	<b>\$1,868,350</b>



## **OPERATIONAL EXPENDITURES**

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

Operational expense 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.

The District's 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 2017 are forecasted to be \$467,800. Table 1-3 (next page) outlines the operational expenses for 2017.

**Table 1-3**

**FIELD PAYROLL EXPENSES**

Description	2015 Actual	2016 Projected	2017 Budgeted
Regular Wages	177,704	196,310	205,000
Overtime Wages	33,124	41,006	40,000
Taxes & Benefits	64,698	84,457	85,000
<b>Total Payroll Expenses</b>	<b>275,526</b>	<b>321,773</b>	<b>330,000</b>

**COMMON EXPENSES**

Description	2015 Actual	2016 Projected	2017 Budgeted
Vehicle Expense	21,969	24,378	20,000
Cellular Phones Expense	5,422	5,769	5,600
Equipment Rental Expense	885	2,047	1,000
Equipment/Tools Expense	12,706	13,230	12,000
Safety Equipment & PPE Expense	1,512	3,336	2,500
Parts & Supplies Expense	16,167	38,665	20,000
Emergency Management Expense	0	0	2,500
Other Common Expenses	2,902	3,413	3,000
<b>Total Common Expenses</b>	<b>61,563</b>	<b>90,838</b>	<b>66,800</b>

**DISTRIBUTION EXPENSES**

Description	2015 Actual	2016 Projected	2017 Budgeted
Meter/Service Box Expense	0	135	3,000
Distribution Lines Expense	5,202	5,036	5,000
Contract Labor Expense	0	5,041	1,000
Other Distribution Expenses	0	0	0
<b>Total Distribution Expenses</b>	<b>5,202</b>	<b>10,212</b>	<b>9,000</b>

**PRODUCTION/TREATMENT PLANT EXPENSES**

Description	2014 Actual	2015 Projected	2016 Budgeted
Electricity Expense	27,911	32,258	32,000
Treatment Maintenance/Repair Expense	1,859	357	1,500
Production Maintenance/Repair Expense	23,464	7,649	10,000
Treatment Parts/Supplies Expense	8,758	3,209	6,000
Water Testing Expense	8,069	5,876	8,000
Production Parts/Supplies Expense	274	32	500
Generator Maintenance Expense	0	0	6,000
Other Production/Treatment Expense	0	0	500
<b>Total Production Expenses</b>	<b>42,424</b>	<b>17,124</b>	<b>64,500</b>

## **Administrative Expenses**

### **Administrative Payroll Expense:**

Administrative payroll includes wages and benefit for the general manager, office manager, administrative associate 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	2015 Actual	2016 Projected	2017 Budgeted
Office Wages Expense	153,13	158,210	195,000
Surfside Management Expense	24,000	26,160	26,160
Employment Taxes and Benefits Expense	36,600	43,942	55,000
<b>Total Administrative Payroll Expenses</b>	<b>213,731</b>	<b>228,313</b>	<b>276,100</b>

**OFFICE EXPENSES**

Description	2015 Actual	2016 Projected	2017 Budgeted
Office Supplies Expense	4,427	32,000	9,000
Computer Expense	2,726	6,200	10,000
Billing Expense	28,062	32,000	24,000
Office Telephones Expense	8,003	8,177	3,200
Internet Expense	0	0	3,200
Public Relations Expense (Cross Connection)	1,359	2,927	5,000
Office Rent Expense	15,600	5,200	0
Office Machine Rental Expense	5,666	6,269	6,000
Electricity - Office Expense	1,814	1,095	0
Security Monitoring		295	500
Other Office Expense	1,938	3,685	3,000
<b>Total Office Expenses</b>	<b>70,475</b>	<b>110,656</b>	<b>63,900</b>

**PROFESSIONAL SERVICES EXPENSES**

Description	2015 Actual	2016 Projected	2017 Budgeted
Engineering/GIS/Surveying Expense	15,000	0	10,000
Legal Expense	8,017	12,564	10,000
Accounting Expense	915	178	1,000
Financial Services & Fees	0	0	12,000
Other Professional Expense	2,086	4,020	4,500
<b>Total Professional Expenses</b>	<b>26,017</b>	<b>16,763</b>	<b>37,500</b>

**OTHER ADMINISTRATIVE EXPENSES**

Description	2015 Actual	2016 Projected	2017 Budgeted
Dues & Subscriptions Expense	4,927	1,303	5,000
Commissioner Ed. & Travel Expense	1,554	792	1,500
Employee Ed. & Travel Expense	7,852	9,044	10,000
Liability Insurance Expense	30,971	31,207	34,000
Taxes, Fees & Permit Expense	113,932	102,049	115,000
Other Services Expense	17	0	500
Commissioner Compensation Expense	8,778	7,144	8,600
Good Neighbor Expense	930	982	950
<b>Total Other Administrative Expense</b>	<b>168,278</b>	<b>162,922</b>	<b>175,450</b>
<b>Total Administrative Expenses</b>	<b>478,501</b>	<b>518,653</b>	<b>552,950</b>

## 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)

- Balance on May 1, 2017:-----\$473,684
  - Principal Payment May 1, 2017: ----- \$52,632
  - Interest Payment May 1, 2017: ----- \$2,368
- Balance on May 2, 2017:-----\$421,053

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

- Balance on May 1, 2017:-----\$473,684
  - Principal Payment May 1, 2017: ----- \$52,632
  - Interest Payment May 1, 2017: ----- \$2,368
- Balance on May 2, 2017:-----\$421,053

### 2014 Water Revenue Bond (3.56% interest)

- Balance on December 2, 2016:----- \$3,090,000
  - Interest Payment June 1, 2017:----- \$61,283
  - Principal Payment December 1, 2017:-----\$150,000
  - Interest Payment December 1, 2017:----- \$61,283
- Balance on December 2, 2016:----- \$2,940,000

### BIAS Software (0% interest)

- Balance on January 1, 2017: ----- \$5,361
  - Principal Payment January 31, 2017:-----\$5,361
- Balance on February 1, 2017:----- \$0

### Drinking Water State Revolving Fund Loan (DM12-952-121) (1.5% interest)

- Balance on October 1, 2017:-----\$891,123.00
  - Principal Payment October 1, 2017: ----- \$44,556.15
  - Interest Payment October 1, 2017:----- \$39,996.26
- Balance on October 2, 2017:-----\$846,566.85

### Drinking Water State Revolving Fund Loan (DM12-952-129) (1.5% interest)

- Balance on October 1, 2017:----- \$1,533,441.80
  - Principal:----- \$76,627.09
  - Interest:----- \$40,470.96
- Balance on October 2, 2017:----- \$1,456,769.71

Debt Service expenses for 2017 are forecasted to be \$594,400. Table 1-5 (next page) provides a summary of the Debt Service expenses for 2017.



**Table 1-5**

**DEBT SERVICE EXPENSES**

Description	2015 Actual	2016 Projected	2017 Budgeted
PWTF Loan #117 Expense	55,285	55,263	55,500
PWTF Loan #129 Expense	55,285	55,263	55,500
Water Revenue Bond Expense	275,190	272,565	275,000
Bias Software Expense	4,532	4,746	5,400
DWSRF Loan #121 Expense	0	0	85,000
DWSRF Loan #129 Expense	0	0	118,000
<b>Total Debt Service Expenses</b>	<b>390,292</b>	<b>387,838</b>	<b>594,400</b>

**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,

The District has budgeted \$320,000 to design and construct a water distribution loop to improve the hydraulics of the existing distribution system in 2017. The loop will be constructed beneath Loomis Lake and connect the water main located on 201 Lane on the west of Loomis Lake to the water main on Birch Lane at the intersection of 205<sup>th</sup> Street on the east side of Loomis Lake. The project includes installing a water main on property owned by Sunset Sands Community Association.

**South Wellfield Improvements**

The District is working to obtain an easement on private property for ingress and egress to allow for the installation of a road to connect the South Wellfield with the Wiegardt Wellfield.

## North Wellfield Improvements

The Drinking Water State Revolving Fund Project (DWSRFP) will not cover all of the planned improvements required at the North Wellfield. The DWSRFP includes upgrading the electrical service from a 230 volt three phase service to a 480 volt three phase service. North Wellfield improvements include upgrading the wells to 480 volt pumps and installing new source meters.

Capital Improvement Expenses for 2017 are projected to be \$390,000.

**Capital Reserve Contribution.** The District budgets money to be contributed to or drawn from its Capital Reserve Account each year. The Capital Reserve drawdown for 2017 is forecasted to be \$124,000.

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

**Table 1-6**

### CAPITAL IMPROVEMENTS

Description	2015 Actual	2016 Projected	2017 Budgeted
Loomis Lake Water Main Loop	4,017	9,800	320,000
Distribution Sample Stations	0	8,643	0
Service Trucks	0	77,577	0
5-Yard Dump Truck & Mini Excavator	0	82,857	0
245 <sup>th</sup> Water Main Loop	88,476	0	0
AMR Meter Replacements	457,392	0	0
Water System Plan	10,202	0	0
Rate Study	7,898	0	0
Tree Removal (U St & Bay Ave)	3,777	0	0
Well #2 Decommissioning	8,513	0	0
227 <sup>th</sup> Culvert Replacement Project	11,152	0	0
South Wellfield Improvements	30,586	15,000	0
Water Reservoir Improvements	0	15,162	0
Meter Reading Equipment		15,000	0
Clay Valve Improvements		5,914	0
NWF Arsenic Removal Improvements		1,013	0
NWF Improvements		15,000	0
DWSRF Project Additions	0	25,000	0
NWF Fence Installation	0	48,000	0
Emond Easement Road Improvements	0	25,000	0
<b>TOTAL CAPITAL IMPROVEMENTS EXPENSES</b>	<b>622,013</b>	<b>343,966</b>	<b>320,000</b>
<b>CAPITAL RESERVE CONTRIBUTION</b>	<b>(119,095)</b>	<b>84,378</b>	<b>(69,300)</b>

## 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, 2017 compared to the balances for December 31, 2016.

**Table 1-8**

<b>Account</b>	<b>Forecasted Balances for 12/31/2016</b>	<b>Forecasted Balances for 12/31/2017</b>
Operation Account	\$450,000	\$450,000
Capital Reserve Account	\$780,000	\$710,000
Debt Reserve Account	\$104,000	\$60,000
Bond Debt Reserve Account	\$275,965	\$275,965
Bond Project Account	\$38,000	\$0
Petty Account	\$1,500	\$1,500
<b>Total</b>	<b>\$1,649,465</b>	<b>\$1,497,465</b>

**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. On December 8, 2016 the Board adopted Resolution 34-2016 amending commodity rates for residential and commercial customers.