

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

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF NORTH BEACH  
WATER DISTRICT, PACIFIC COUNTY, WASHINGTON, ADOPTING THE  
NORTH BEACH WATER DISTRICT 2019 OPERATIONS BUDGET**

**WHEREAS**, the General Manager prepared a DRAFT Operation Budget for calendar Year 2020 (2020 Budget) attached hereto and incorporated herein as Exhibit “A”, and

**WHEREAS**, on November 18, 2019 at the regular meeting of the North Beach Water District (District) Board of Commissioners (Board), the General Manager presented the 2020 Budget to the Board; and

**WHEREAS** on December 5, 2019 at a special meeting of District the General Manager and the Board reviewed the 2020 Budget; and

**WHEREAS**, on December 16, 2019 at 4:00 PM a public hearing, first being duly advertised and notice provided to the public, was held to receive public comment on the 2020 Budget; and

**WHEREAS**, The Board has examined the 2020 Budget, has conferred with the General Manger and the Office Manager about the 2020 Budget, held an open public meeting to receive public comments about the 2020 Budget, and has deliberated and considered the 2020 Budget during the public hearing;

**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 2020 DRAFT Operation Budget is hereby adopted and will be henceforth referred to as the “North Beach Water District 2020 Operation Budget”, short title: 2020 Budget, which will be published and be available for distribution at the District’s business office and on the District’s website no later than December 20, 2020.

**Section 2.** The General Manager is hereby authorized to implement the 2020 Budget as set forth in this resolution. The General Manager may delegate the authority

to implement the 2020 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 regular meeting held on the 16<sup>th</sup> day of December 2019.

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Brian Sheldon, Commissioner  
Position #1

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Gwen Brake, Commissioner  
Position #2

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Glenn Ripley, Commissioner  
Position #3

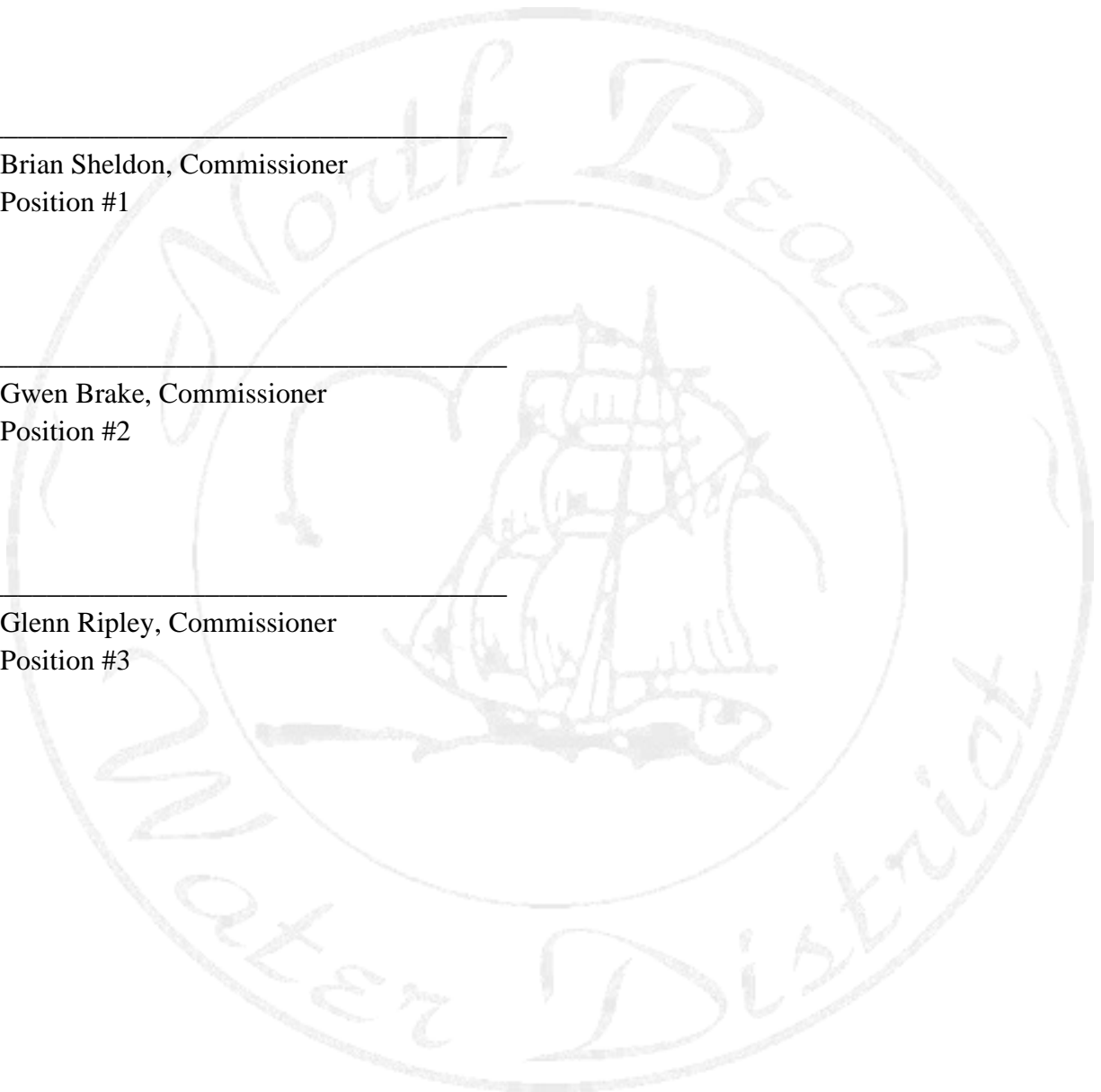


EXHIBIT "A"

# **North Beach Water District**

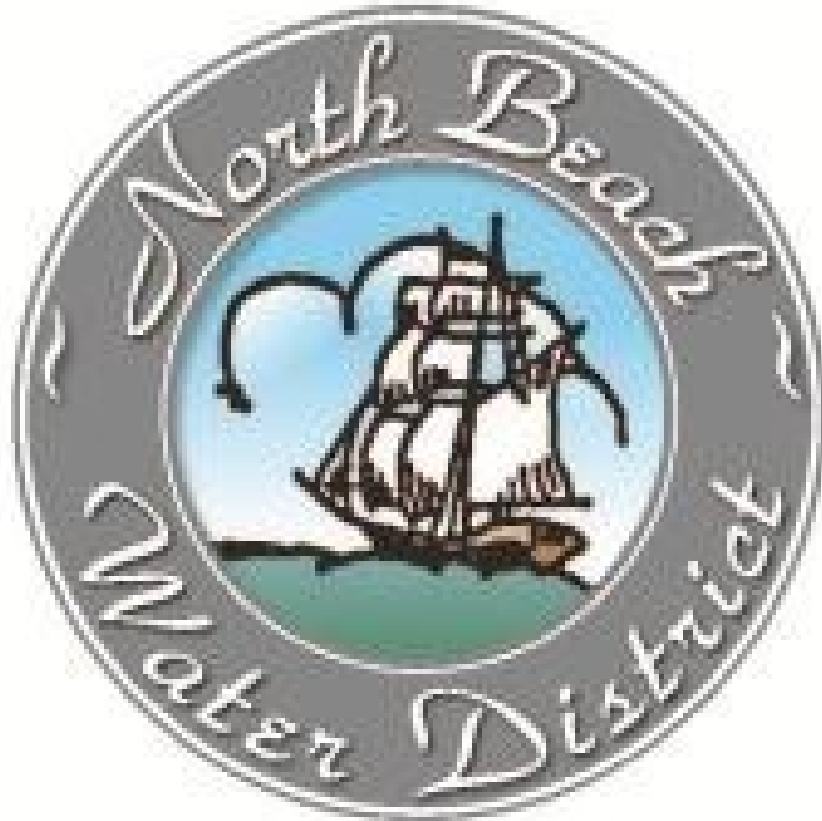
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*Commissioners*

*Brian Sheldon – Gwen Brake – Glenn Ripley*

**2020**

***Operations Budget***



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### **MISSION STATEMENT**

**The mission of North Beach Water District is to provide safe 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 Board approved 2020 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 schedules 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 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

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<sup>1</sup> Six years

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 \$6,900,000. During 2020, the District is forecasted to deliver approximately 68,000,000 million gallons of water to about 2,648 residential customers and 19,000,000 million gallons of water to 102 commercial customers.

### **OBJECTIVES**

Special emphasis will be placed on accomplishing the following objectives during calendar year 2020.

1. To provide training and continuing education opportunities for employees that will provide ratepayers with a greater level customer service and increase work place efficiency and safety.
2. To operate the water system in compliance with all rules and regulations that apply to public water systems operating in Washington State.
3. To provide customers with an uninterrupted supply of safe, high-quality, dependable, fairly priced water.
4. To provide courteous, prompt, and professional customer service at all times.
5. To make fiscally responsible decisions that protect the financial sustainability of the District.
6. To be watchful for opportunities to increase the economy and efficiency of the water system infrastructure.
7. To fairly and equitably apply the Rules and Regulations adopted in Resolution 12-2008 and subsequent amendments.
8. To prioritize capital improvement decisions based on the Water System Plan.

### **ASSUMPTIONS**

In preparing the 2020 Operations and Capital Improvement Budget, the following assumptions were used:

1. 2020 revenue percentage increase over 2019 -----2.7%
2. 2020 operational expenses Percentage increase over 2019 -----5.4%

3. 2020 administration expense percentage increase over 2019 -----6.0%
4. 2020 debt service expenses percentage increase over 2019 -----0.1%
5. 2020 Capital improvement projects are forecasted at -----\$154,000
6. 2020 projected revenue will exceed projected expenses by -----\$173,215
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.
8. The Board of Commissioners will adopt the proposed revised rate structure at their December 16, 2019 regular meeting.

### **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 2018, the projected revenues and expenditures for 2019 and the budgeted revenues and expenditures for 2020.



## BUDGET SUMMARY

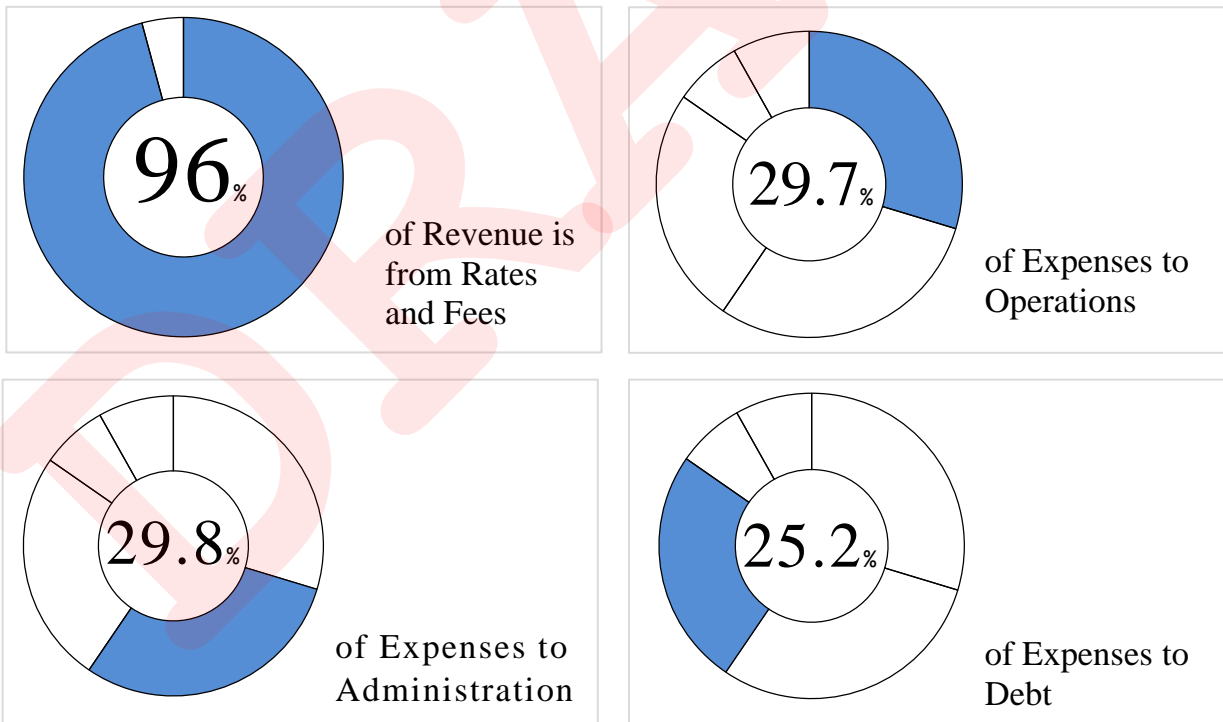
Table 1-1

### REVENUES

Description	2018 Actual	2019 Projected	2020 Budget
Operational Revenue	1,825,250	1,932,606	2,054,824
Non-Operational Revenue	174,263	154,700	90,000
<b>Revenue</b>	<b>1,999,514</b>	<b>2,087,306</b>	<b>2,144,824</b>

### EXPENSES

Description	2018 Actual	2019 Projected	2020 Budget
Operation Expense	563,762	602,000	636,500
Administration Expense	660,584	678,310	659,300
Debt Service	536,018	652,260	541,309
Capital Improvements	315,017	684,000	154,000
Reserve Contribution	-75,867	-529,264	158,293
<b>Expenses</b>	<b>1,999,514</b>	<b>2,087,306</b>	<b>2,144,824</b>



In 2020, 7.5% of Expenses will be spent on Capital Improvement Projects.

In 2020, 8.0% of Expenses will be contributed to the Capital Reserve Fund

## 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 2020:**

Base rates are forecasted to be-----	\$1,550,000
Metered water sales are forecasted to be-----	\$ 429,824
New customer fees are forecasted to be-----	\$ 10,000
Delinquent/lock off fees are forecasted to be -----	\$ 65,000

### 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 2020:**

Bank interest revenue is forecasted to be -----	\$30,000
Connection fees revenue for new services is forecasted to be -----	\$50,000
Customer services revenue is forecasted to be -----	\$ 7,500
Sale of surplus equipment revenue is forecasted to be-----	\$ 1,500
Good neighbor revenue is forecasted to be -----	\$ 1,000

Table 1-2 (next page) is a summary of the budgeted revenues for 2020 compared with the actual revenues for 2018 and the projected revenues for 2019.

**Table 1-2**

**OPERATIONAL REVENUES**

<b>DESCRIPTION</b>	<b>2018 ACTUAL</b>	<b>2019 PROJECTED</b>	<b>2020 BUDGET</b>
Base Rate Revenue	1,397,362	1,450,000	1,550,000
Meter Rate Revenue	369,706	424,306	429,824
New Customer Revenue	10,240	8,300	10,000
Delinquent Lock-off Revenue	47,943	50,000	65,000
<b>TOTAL OP. REVENUES</b>	<b>1,825,250</b>	<b>1,932,606</b>	<b>2,054,824</b>

**NON-OPERATIONAL REVENUES**

<b>DESCRIPTION</b>	<b>2018 ACTUAL</b>	<b>2019 PROJECTED</b>	<b>2020 BUDGET</b>
Interest Revenue	43,380	32,000	30,000
Connection Fees	46,500	47,000	50,000
Surfside Management Revenue	70,850	65,400	0
Surfside Reimbursement Revenue	2,530	2,100	0
Service Charge Revenue	2,868	5,500	7,500
Surplus Income Revenue	6,982	1,700	1,500
Good Neighbor Revenue	1,154	1,000	1,000
<b>TOTAL NON-OP. REVENUE</b>	<b>174,263</b>	<b>154,700</b>	<b>90,000</b>
<b>TOTAL REVENUE</b>	<b>1,999,514</b>	<b>2,087,306</b>	<b>2,144,824</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, sample stations, 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 2020 are forecasted to be \$636,500.** Table 1-3 (next page) provides a summary of the Operational expenses forecasted for 2020.

**Table 1-3****FIELD PAYROLL EXPENSES**

Description	2018 Actual	2019 Projected	2020 Budget
Regular Wages	225,567	248,000	256,000
Overtime Wages	39,081	32,000	33,500
Taxes & Benefits	94,458	94,000	114,000
<b>Total Payroll Expenses</b>	<b>359,105</b>	<b>374,000</b>	<b>403,500</b>

**COMMON EXPENSES**

Description	2018 Actual	2019 Projected	2020 Budget
Vehicle Expense	21,991	26,000	26,000
Cellular Phones Expense	5,857	5,500	6,000
Equipment Rental Expense	1,041	800	1,000
Equipment/Tools Expense	12,552	14,000	15,000
Safety Equipment & PPE Expense	6,547	3,500	3,500
Maintenance – General	46,533	46,000	48,000
Other Common Expenses	2,378	2,100	2,000
<b>Total Common Expenses</b>	<b>96,899</b>	<b>97,900</b>	<b>101,500</b>

**DISTRIBUTION EXPENSES**

Description	2018 Actual	2019 Projected	2020 Budget
Meter/Service Box Expense	23,679	16,000	16,000
Distribution Lines Expense	12,106	24,000	24,000
Contract Labor Expense	9,258	5,000	5,000
<b>Total Distribution Expenses</b>	<b>45,042</b>	<b>45,000</b>	<b>45,000</b>

**PRODUCTION EXPENSES**

Description	2018 Actual	2019 Projected	2020 Budget
Electricity Expense	35,798	38,000	40,000
Treatment Maintenance/Repair Expense	438	1,200	2,000
Production Maintenance/Repair Expense	0	6,000	6,000
Treatment Parts/Supplies Expense	12,773	22,000	20,000
Production Parts/Supplies Expense	94	3,800	4,000
Water Testing Expense	8,071	8,000	8,000
Generator Maintenance Expense	5,543	6,100	6,500
<b>Total Production Expenses</b>	<b>62,716</b>	<b>85,100</b>	<b>86,500</b>
<b>Total Field Operations</b>	<b>563,762</b>	<b>602,000</b>	<b>636,500</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 2020 are forecasted to be \$656,300.**

Table 1-4 (next page) provides a summary of the General and Administrative expenses forecasted for 2020.

**Table 1-4**

### **ADMINISTRATIVE PAYROLL EXPENSES**

Description	2018 Actual	2019 Projected	2020 Budget
Office Wages Expense	229,117	212,000	212,000
Surfside Management Expense	26,160	26,160	0
Employment Taxes and Benefits Expense	77,706	73,000	78,500
<b>Total Administrative Payroll Expenses</b>	<b>332,984</b>	<b>311,160</b>	<b>290,500</b>

### **OFFICE EXPENSES**

Description	2018 Actual	2019 Projected	2020 Budget
Office Supplies Expense	5,227	6,000	7,000
Computer Expense	20,777	15,000	15,000
Billing Expense	22,944	22,000	24,000
Office Telephones Expense	3,472	3,800	4,000
Internet Expense	2,824	3,500	3,800
Public Relations Expense (Cross Connection)	1,668	2,000	2,000
Office Machine Rental Expense	4,291	4,200	4,500

Security Monitoring	443	500	500
Other Office Expense	585	150	500
<b>Total Office Expenses</b>	<b>62,231</b>	<b>57,150</b>	<b>61,300</b>

#### PROFESSIONAL SERVICES EXPENSES

Description	2018 Actual	2019 Projected	2020 Budget
Engineering/GIS/Surveying Expense	10,000	15,000	15,000
Legal & Consulting Expense	37,481	90,000	50,000
Accounting Expense	500	5,000	4,000
Financial Services & Fees	10,146	12,000	12,000
Other Professional Expense	5,540	6,500	5,000
<b>Total Professional Expenses</b>	<b>63,667</b>	<b>128,500</b>	<b>86,000</b>

#### OTHER ADMINISTRATIVE EXPENSES

Description	2018 Actual	2019 Projected	2020 Budget
Dues & Subscriptions Expense	6,806	5,000	5,000
Commissioner Ed. & Travel Expense	0	1,000	1,500
Employee Ed. & Travel Expense	12,635	10,000	10,000
Liability Insurance Expense	43,275	46,000	47,500
Taxes, Fees & Permit Expense	132,400	110,000	113,000
Other Services Expense	0	500	500
Commissioner Compensation Expense	5,524	8,000	40,000
Good Neighbor Expense	1,063	1,000	1,000
<b>Total Other Administrative Expense</b>	<b>201,703</b>	<b>181,500</b>	<b>218,500</b>
<b>Total Administrative Expenses</b>	<b>660,584</b>	<b>678,310</b>	<b>656,300</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 2020 are:

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

- **Balance on May 1, 2020:**-----**\$315,792**
  - Payment due on May 1, 2020:----- \$54,211
    - Principal: ----- \$52,632
    - Interest: ----- \$1,579
- **Balance on May 2, 2020:**-----**\$263,160**

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

- **Balance on May 1, 2020:**-----**\$315,792**
  - Payment due on May 1, 2020:----- \$54,211
    - Principal: ----- \$52,632
    - Interest: ----- \$1,579
- **Balance on May 2, 2020:**-----**\$263,160**

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

- **Balance on September 30, 2020:**-----**\$781,265**
  - Payment due on October 1, 2020: ----- \$57,676
    - Principal: ----- \$45,957
    - Interest: ----- \$11,308
- **Balance on October 2, 2020:**-----**\$735,899**

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

- **Balance on September 30, 2020:**----- **\$1,341,954**
  - Payment due on October 1, 2020: ----- \$99,068
    - Principal: ----- \$78,938
    - Interest: ----- \$20,130
- **Balance on October 2, 2020:**----- **\$1,263,016**

2014 Water Revenue Bond (3.56% interest)

- **Balance on December 1, 2020:**----- **\$2,635,000**
  - Interest Payment due June 1, 2020: ----- \$57,283
  - Principal Payment due December 1, 2020:----- \$160,000
  - Interest Payment due December 1, 2020:----- \$57,283
- **Balance on December 2, 2020:**----- **\$2,475,000**

**Debt Service expenses for 2020 are forecasted to be \$541,309.**

Table 1-5 (next page) provides a summary of the Debt Service expenses for 2020.



**Table 1-5**

**DEBT SERVICE EXPENSES**

<b>Description</b>	<b>2018 Actual</b>	<b>2019 Projected</b>	<b>2020 Budgeted</b>
PWTF Loan #117 Expense	54,737	54,747	54,211
PWTF Loan #129 Expense	54,737	54,747	54,211
Water Revenue Bond Expense	270,765	273,440	274,565
DWSRF Loan #121 Expense	57,255	99,216	57,676
DWSRF Loan #129 Expense	98,524	170,111	99,068
<b>Total Debt Service Expenses</b>	<b>536,018</b>	<b>652,260</b>	<b>539,731</b>

**CAPITAL IMPROVEMENTS**

Capital Improvement 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.

**The Capital Improvements for 2020 are:**

**Distribution Chlorination Project:**

On August 9, 2019 the Department of Health’s Southwest Drinking Water Regional Operations (aka Office of Drinking Water (ODW)) issued a Disinfection Directive to North Beach Water District. In that letter, Teresa Walker, ODW Regional Engineer, noted that a system with a history of unsatisfactory routine coliform bacteria samples is required to install continuous disinfection (chlorine) of the distribution system. Ms. Walker also cited, as contributing conditions to require distribution disinfection, that; 1) the district’s is in an area where septic systems are not mapped and therefore may not be in compliance with minimum setbacks, as established in WAC 246-272A-0210 Table IV, to the distribution system; 2) the water table in the area is very high and there are multiple shallow sandpoint wells in the area; 3) increasing population in the area. In response to Disinfection Directive, the District hired Gray and Osborne to conduct a pilot study and prepare plans and specifications for the equipment and work required to comply with the ODW Disinfection Directive. It is anticipated that District staff will perform most of the work needed to complete this project.

**U Street Water Main Extension:**

The District’s 2015 Water System Plan contains the North Beach Water District Improvement Program, which is composed of projects identified, assessed, and prioritized for implementation over 6-year planning period. The Improvement Program has been developed in conjunction with the projected financial capabilities of the District.

Project D-12: U Street from 253<sup>rd</sup> Street to 227<sup>th</sup> Street. Install approximately 7,380 feet of 8-inch water main on U Street from 253rd Place to 227th Place. This project will complete several water main loops and support water service to the south, improving distribution system pressure,

fire flow, circulation and reliability to existing and future services in the south portions of the existing and future service areas.

The District will be completing the first leg of project D-12. In 2020 the District will install approximately 1,400 feet of 8-inch water main on U Street from 253<sup>rd</sup> Place to 250<sup>th</sup> Place.

**Coliform Bacteria Laboratory:**

Coliform bacteria samples must be collected weekly by the District and transported to a certified laboratory for analysis. The samples must reach the laboratory within 24 hours of the time they are collected, or they are invalid. FedEx is the only courier who offers next day shipping, but they do not guarantee the samples will reach the laboratory within the 24-hour time limit. It is not uncommon for the laboratory to invalidate samples due to a late arrival. Therefore, when samples are critical and time is of the essence, staff must drive the samples to the laboratory. Depending on traffic, the travel time to and from the laboratory can take 4 to 5 hours. The extra cost for next day shipping and having staff courier the samples adds up. Therefore, the Board of Commissioners approved a contract with a consultant to assist the District in obtaining a certification, through the Department of Ecology, to test the District’s drinking water for the presence or absence of coliform and E-coli bacteria. The cost of this project will include purchasing the equipment needed to set up a laboratory. This project will save the District money over time, but more importantly, it will better protect the health of District customers and reduce the inconvenience of waiting for sample results during emergencies.

**Capital Reserve Contribution.** The District budgets money to be contributed to or drawn from its Capital Reserve Account each year.

Table 1-6 (below) provides a summary of Capital Operations and Improvements for 2020 and previous years.

**Table 1-6**

**CAPITAL IMPROVEMENTS**

<b>Description</b>	<b>2018 Actual</b>	<b>2019 Projected</b>	<b>2020 Budgeted</b>
Budgeted Projects	240,443	580,000	
Dist. Chlorination Project			<b>50,000</b>
U Street Water Main Extension			<b>60,000</b>
Coliform Bacteria Laboratory			<b>44,000</b>
Unbudgeted Approved Projects	75,547	104,000	0
<b>TOTAL CAPITAL IMPROV. EXPENSES</b>	<b>315,017</b>	<b>684,000</b>	<b>154,000</b>
<b>CAPITAL RESERVE CONTRIBUTION</b>	<b>(75,867)</b>	<b>(529,264)</b>	<b>158,293</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.

**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 balance of those accounts on December 31, 2020 compared to the forecasted balance of those accounts on December 31, 2019.

**Table 1-8**

<b>Account</b>	<b>Forecasted Balances for 12/31/2019</b>	<b>Forecasted Balances for 12/31/2020</b>
Operation Account	\$285,000	\$439,000
Capital Reserve Account	\$650,000	\$680,000
Debt Reserve Account	\$60,000	\$60,000
Bond Debt Reserve Account	\$275,965	\$275,965
Petty Account	\$1,500	\$1,500
<b>Total</b>	<b>\$1,272,465</b>	<b>\$1,456,465</b>

**WATER RATES**

On December 16, 2019, the Board of Commissioners will consider a Resolution to approve revisions to the District's Rules, Regulations, and Rates adopting a rate 5-year structure, 2020 through 2025. This Budget was prepared under the assumption the proposed rate structure will be adopted.