

# CENTERVILLE COMMUNITY SERVICES DISTRICT

## O&M Budget Report – FY 2022-23



**June 2022**

## **Cost-Based Water Utility Rate-Making**

Establishing cost-based rates, fees and charges is an important component in a well-managed and operated water district. Cost-based rates provide it sufficient funding which allows it to build, operate, maintain and to reinvest into the water system that provides a safe and reliable water supply for public health and safety. The methods and analyses used to establish a cost-based rates, fees and charges has a long history within the water utility industry. Establishing a cost-based and equitable rates is a technically challenging process which requires knowledge and understanding of finance, accounting, budgeting, engineering, system design and operations, customer service, public outreach and communication as well as the legal requirements as they relate to setting rates, fees and charges. When appropriately applied, these methodologies are generally considered to be fair and equitable because they result in cost-based rates that generate revenue from each class of customer in proportion to the cost to serve each class of customer. Water rates are considered to be fair and equitable when each customer pays the cost allocated to the class and consequently cross-class subsidies are thereby avoided. This rate-making process includes an evaluation of: Revenue Requirement Analysis; Cost-of-Service Analysis; and Rate-Design Analysis.

## **Revenue Requirements Analysis**

The purpose of a revenue requirement analysis is to determine the adequate and appropriate level of funding for the District. The revenue requirements are determined to be the summation of the operations, maintenance and capital costs that the District must recover during the time period for which the rates will be in place. There are generally two accepted approaches that are accepted: the cash-needs approach and the utility-basis approach.

The development of the District's revenue requirements is the first analytical step of a comprehensive rate-setting process. The determination and establishment of revenue requirements is the basis for setting the overall level for rates, while also providing the District with adequate and sustainable funding levels for operating and maintaining the water system and its related capital costs. In providing adequate water service to its customers, the District must receive sufficient total revenue to ensure proper operation and maintenance (O&M), development and sustainability of the water system, and the preservation of the District's financial integrity. The District's total revenue requirements are primarily financed from revenues derived from selling water to its customers.

The two generally accepted and practiced approaches for projecting total revenue requirements are: the cash-needs approach, and the utility-based approach.

The objective of the cash-needs approach is to provide sufficient revenues to recover total cash requirements for a given time period. Generally, this approach is used by government-owned utilities (except for those which require use of the utility-basis approach). As it pertains to rate-making, the cash-needs should not be confused with the cash-basis accounting method of revenue and expense recognition. From a rate-making

perspective, cash needs refer to the total revenues required by the District to meet its annual cash expenditures; whereas, in terms of accounting, cash basis refers to the revenues being recognized as earned when cash is received and expenses charges when cash is disbursed. The basic revenue requirement components of the cash-needs approach include: O&M expenses, taxes or transfer payments, debt-service payments, contributions to specified reserves, and the cost of capital expenditures that are not debt financed or contributed (i.e., capital improvements funded directly from rate revenues). It is common practice for utilities to finance a portion of its capital improvement program from annual revenues (sometimes referred to as pay-as-you-go, or PAYGO, capital funding. This includes normal annual replacements, extensions and improvements (such as meters, services, vehicles, smaller mains and similar items that occur on a regular basis each year). Depreciation is not included within the cash-needs revenue requirement.

The utility-basis approach is typically mandated for investor-owned water utilities as well as for government-owned utilities which have required it. This approach for determining revenue requirements consists of the O&M expenses, taxes or transfer payments, depreciation expense and a “fair” return on the rate base investment.

The District uses the cash-needs approach for determining its revenue requirements.

#### Length of Projection

Revenue projections can be made for any length of time depending upon the purpose of the projection. From a strategic financial planning or revenue-adequacy standpoint, projections beyond 10 years are generally quite speculative and have limited value. Accordingly, a projection period of approximately five years is generally considered adequate for near-term financial planning. This time frame provides a reasonable forecast of anticipated future revenue needs which then aids management, the Board of Directors and the public to foresee potential shortfalls and to better avoid surprises in the future. For O&M budgetary purposes, the District projects only one year ahead at this time. While the District does project its capital needs for a twenty-year period, it primarily focuses upon the near-term five-year period for budgetary planning since projections beyond that period are generally more speculative.

#### Test Year

Test Years are an important starting point for establishing revenue requirements. It may represent a specific 12-month period of time or it may be an annualization of a rate-design period of more, or less, than a year period. Generally, there are three types of Test Year: historical, projected (future), or pro forma. Pro forma has the advantage of using a combination of historical and projected data in establishing a Test Year. For budgeting purposes, the District utilizes a pro forma approach which requires projection based upon historical data to develop a future test year in evaluating the adequacy of revenues under proposed rates and charges.

## **Cost-of-Service Analysis / Rate Design Analysis**

This Cost-of-Service Analysis (COSA) presents the results of the review and analysis of the District's current water rates. The review was conducted to determine if the current rate structures can provide revenues needed to allow the District to recover the total costs of the water system from existing customers. Historical revenues and operating expenditures were reviewed to conduct this analysis. Operating expenditures that were reviewed included the cost of operation and maintenance (O&M), debt service, normal additions and replacement to the systems, administrative costs, and capital replacement needs. The District strives to develop rate structures to be equitable such that, as nearly as practical, each customer pays their fair share of the costs of providing the services received.

The District utilizes recommendations set forth in American Water Works Association (AWWA) Manual M1 – Principals of Water Rates, Fees, and Charges for determining its rate structures. As such, the District's water rates are established based on the "Cash-Needs" approach, as defined in AWWA Manual M1. Similar to most public agencies throughout California, the District's water rates contain a base (fixed) charge and a uniform consumption charge, based on the amount of water consumed. The base rates are designed to collect the revenue needed to cover the District's fixed expenses.

When establishing water rates, the District strives to adhere to the following principals:

- Water rates should be easy to understand and implement.
- Water rates should promote efficient use of the resources, i.e. conservation minded.
- Water rates should be equitable and non-discriminating, i.e. cost-based.
- There should be continuity in the rate making philosophy over time.
- Water rates should consider all aspects of the utility usage, including planning for the future.
- Water rates should provide month-to-month and year-to-year revenue stability within the District.
- Water rates should recover adequate revenue to fund the following:
  - Day-to-day O&M expenses, including reserves intended to replace short-lived assets, such as pumps, instrumentation, controls, computers, etc.
  - Debt service obligations for long-term capital improvement loans, including required reserves by funding agencies.
  - Capital replacement project costs.

## **Percentage of Fixed versus Variable Revenue**

The District's Base Rate is the most significant contributor to the District's fixed income. At present, the fixed portion of all income is approximately 39% with the remaining 61% subject to the variability of consumption. In relation to the fixed expenses, the Base Rate alone addresses approximately 76% of the fixed expenses. In this manner it aids in the fiscal stability of the District on an annual basis. In times when consumption

is lower and the consumption income does not fully address O&M expenses, the District maintains an O&M Reserve for many purposes which includes cash flow stability. This reserve is primarily funded by the Rate Stabilization Fee which is based upon consumption.

Below is a summary of the relative fixed versus variable incomes and expenses:

	<b>Fixed</b>	<b>Variable</b>
Income – FY 21-22	39%	61%
Expense – FY 21-22	48%	52%

Regarding fixed income, there are various industry accepted approaches for agencies. AWWA uses meter factors which are proportioned based upon their hydraulic capacity. Alternatively, the California Water Conservation Council developed a memorandum of understanding (MOU) in 2010 which established a goal for public agencies to collect 30% of its revenues from base rates while the remaining 70% would be derived from consumption rates.

The District utilizes a hybrid of industry approaches based upon the historical use of the District which provides an adequate income relative to its fixed expenses.

The remaining variable incomes and expenses are commensurate with actual consumption in that higher consumption derives higher income which is then offset by the higher costs of water-related costs.

## Review of the O&M Budget for FY 2021-22

In review of the O&M Budget as projected through June, FY 2021-22 is trending toward an overall projected net loss of \$143,600. Contributing to this is a dramatic decrease in consumption coupled with increased material cost and higher O&M costs from Clear Creek CSD.

During this fiscal year, California has experienced its third year of a significant drought cycle. As a result of this drought and the limited water allocation, the customer water consumption has been impacted which reduces consumption revenue. For the Water Year 2021 Reclamation initially provided a 55% M&I water allocation. This amount was later reduced down to 25% on June 1, 2021. This drop in supply was later mitigated with the purchase of water from the City of Redding.

In late February 2022, the District received notice that it would only receive a water allocation based upon public health and safety (PHS) for Water Year 2022 starting March 1<sup>st</sup>. As a result of the District having its Exchange Water Contract for 900 AF (related to its owned pre-1914 water rights), it did not receive an allocation from the M&I Contract since the Exchange Water Contract exceeded the PHS allocation amount. This resulted in the District only having 1,050 AF at the beginning of the water year which included 150 AF from the McConnell Foundation. Due to the limited water supply, the District declared a water shortage emergency and had entered into Stage III of the Drought Contingency Plan requiring a mandatory 50% reduction based upon the plan. The limited water supply is anticipated to negatively impact the overall consumption rate projection for the remainder of this fiscal year as well as impact FY 2022-23.

At present, no change has occurred to the Clear Creek O&M Adjustment factor (51310) during the current fiscal year. Clear Creek has been chronically late in completing their annual audits which includes the subsequent annual review and adjustment to both the Administration and O&M factors included in the Dedicated Capacity contract. While the 2020 audit was eventually adopted by their Board in July 2021 no annual adjustment occurred between agencies. A contributor for this delinquency is the significant staff turn-over they had experienced as well as their having more immediate urgencies to address related to their rate structure. Recently, Clear Creek hired a new accountant to complete their 2021 audit. It is anticipated that this will be completed in the near term. With the 2022 audit now coming due in the near future it is anticipated that three adjustments will likely be reviewed during the 2022-23 fiscal year.

The Drought Surcharge is projected to replenish \$39,000 of the budgeted \$50,000 through June 2022. The intent was to recover 50% of the \$100,000 McConnell Foundation water purchase. As a result of the reduced water consumption the projected revenue will fall short of this goal. This Drought Surcharge also did not fund the City of Redding water purchase.

The reduced water consumption will also impact the overall amount collected for the Rate Stabilization Fee, the Water Treatment Plant Fee and the consumption amount intended

for the O&M and the Capital Improvement Reserves respectively. This decline will simply delay obtaining the funding goals consistent with the Reserve Policy.

Further contributors and impacts to the net deficit includes:

- O&M – Clear Creek (51300) – this is exceeding budget by an estimated \$35,000 as a result of their increased use of wells in lieu of purchasing additional surface water as previously forecasted.
- Reclamation Water Purchases (51100, 51315 & 51316) – these trended lower than budget due to the decreased available allocation.
- Repair & Maintenance (52100) – approximately \$12,000 higher than budget due to an increase in service line replacements.
- Salaries & Related Items (55100 & et al) – under budget by approximately \$18,000 as a result of the Operator I being vacant for a brief period as well as the Lead Operator position remaining vacant.
- Insurance – Employee Health (55400) – approximately \$24,000 lower than budget resulting from a change in employee health benefit with ACWA-JPIA as well as previously mentioned vacancies.



### Proposed O&M Budget for FY 2022-23

In preparing the preliminary O&M Budget for FY 2022-23 there are multiple conditions affecting budget items that have a significant impact to the overall budget. Recently, the Bureau of Reclamation announced an initial allocation based upon public health and safety needs (PHS). This resulted in the District not receiving any of the M&I Contract water. Water Year 2021 ended with 1,860 AF of treated water. In contrast, the District now only has 1,050 AF immediately available (900 AF of Exchange Water and 150 AF of McConnell Foundation water). This significant drop in supply triggered the need to declare a water shortage emergency and for the District to enter into Stage III of the Drought Contingency Plan (DCP). This stage requires a mandatory conservation of 50% based upon the DCP.

In April the Board of Directors authorized the purchase of an additional 500 AF from the City of Redding. At present, it is anticipated the water purchase agreement will be presented to the City Council at the June 21<sup>st</sup> meeting for approval. The timing of this agreement is critical in relation to the District's water supplies since it directly determines which stage of the DCP the District would remain in. Once the agreement is approved, this would permit the District to move from Stage III down to Stage II of the DCP with a potential of a further shift depending upon available supplies. Considering that the majority of water use occurs during the summer months the variability of water use is highly dependent upon the DCP stage.

Below is a discussion of the various budgetary assumptions as well as options for rate adjustments:

#### Income

The preliminary O&M Budget assumes that water consumption is constrained. While numerous options were considered, this budget assumes the water purchase with City of Redding as well as improved water allocations for Water Year 2023.

To mitigate for the projected net loss, the District can either increase the income with a rate adjustment or lower expenses. Having reviewed and mitigated various expenses, the District is proposing adjustments to:

1. Base Rate (also WAC) – increase of \$3.00 for all sized meters.
2. Consumption Rate – increase of \$0.02.
3. Rate Stabilization Fee – increase by \$0.04.
4. Drought Surcharge – a tiered structure of \$0.59 is proposed to recover the purchase expense of supplemental water.
5. Backflow Prevention Charge – increased by \$1.00.
6. Zone A1 Pump surcharges – Base Rate Surcharge increase of \$1.00 and the Consumption Rate Surcharge increase of \$0.01.



## Expenses

Below is information related to the various expenses:

51100 – Raw Water Charge – this reflects Reclamation's current Cost-of-Service with the current allocation of only PHS but an improved allocation of 25% for Water Year 2023.

51300 – Clear Creek Water Treatment Plant (WTP) O&M – this item reflects a net from the current fiscal year primarily due to their projected increased use of the WTP.

51305 – Clear Creek Admin – this item reflects Centerville's scheduled water and includes an estimated CPI of 5%.

51310 – Clear Creek O&M Adjustment – with recent WTP equipment replacements and on-going maintenance it is projected that this item will return to previous levels with an annual adjustment within the range of \$8-15k. Clear Creek is now going to be behind in three adjustments during Fiscal Year 2022-23.

Electric Power – all PGE electric accounts are projected to include a PGE increase of 2%.

54550 – Legal District Attorney – the current fiscal year has experienced increased legal service. The draft budget FY 2022/23 projects a modest increase to legal services expense.

55100 – Salaries – the draft budget includes the Board-approved 4.93% COLA for all employees. This also reflects an operator vacancy for July and August.

55300 – Pension CalPERS Retirement – the budget includes the District's proportionate share as well as the unfunded liability payments of \$43,349 and \$472 for the Classic and PEPRA plans respectively. It is important to note that these unfunded liability payments are predominately driven by current retirees.

55400 – Health Insurance – the budget includes the reduced health benefit expense as a result of the District providing a different benefit plan from ACWA-JPIA.

### Zone A & A1 Pressure Zones

Zone A and A1 pressure zones are located within areas in the District that rely completely upon pumps for its water supply. Below is a summary for each pump zones income versus expense performance which includes each pump zone's ability to adequately fund the Pump Station Repair and Replacement Reserve in preparation for future extraordinary expenses:

Zone A		
Income	FY 2021-22	FY 2022-23
Base Surcharge	11,300	11,300
Consumption Surcharge	18,600	15,100
Total	\$29,900	\$26,400
Expense		
52500 – Utility Cost	23,600	18,700
52130 – Repairs & Maintenance	1,400	1,600
Extraordinary Expense – new pump / repair motor *	0 *	0 *
PSRR Reserve	3,700	3,700
Total	\$28,700	\$24,000
Net (loss) / gain *	\$1,200 *	\$2,400 *
*Not including any reserve-funded expenses		

Zone A1		
Income	FY 2021-22	FY 2022-23
Base Surcharge	3,000	3,400
Consumption Surcharge	6,300	4,600
Total	\$9,300	\$8,000
Expense		
52600 – Utility Cost	6,100	4,200
52140 – Repairs & Maintenance	800	1,600
Extraordinary Expense –*	0 *	0 *
PSRR Reserve	2,700	2,700
Total	\$9,600	\$8,500
Net (loss) / gain *	(\$300) *	(\$500) *
*Not including any reserve funded expense		

At present, the Pump Station Repair and Replacement Reserve is funded directly by the rate payers located within Zone A and A1 pressure zones. The current goal for annual contribution is \$6,400 annually (\$3,700 Zone A and \$2,700 Zone A1). In review of FY 2021-22, Zone A will be able to repay the \$1,127 intra-fund loan; whereas, Zone A1 will finish the current fiscal year with an overall \$300 estimated loss and will not be able to repay the intra-fund loan of \$1,149. Based upon the limited margin for Fiscal Year 2022-23 and the outstanding loan Zone A1 is recommended for a rate adjustment.

Available adjustment options include:

Rate Adjustment: Unit Increase Options	Projected Revenue per Unit Increase	Proposed Adjustment	Projected Revenue
<b>Zone A1: Goal \$500</b>			
Base Surcharge: \$0.25 increase	\$100	<b>\$1.00</b>	\$400
Consumption Surcharge: \$0.01 increase	\$100	<b>\$0.01</b>	\$100
		<b>TOTAL</b>	<b>\$500</b>
	<b>Current</b>	<b>Proposed</b>	
Base Rate Surcharge	<b>\$11.00</b>	<b>\$12.00</b>	
Consumption Rate Surcharge	<b>\$0.527</b>	<b>\$0.528</b>	

### Drought Surcharge

As a result of the limited water supply the District purchased water from both the McConnell Foundation as well as from the City of Redding. To recover this expense the District proposes to establish a Drought Surcharge. While many options were considered which includes exempting a portion of consumption as well as charging the surcharge for all consumption, it was determined that the most fair and reasonable approach is to charge the Drought Surcharge for consumption levels which trigger the need to purchase supplemental water. Below is a summary of the proposed Drought Surcharge:

Drought Surcharge	Consumption Level	Months
\$0.59	4,000 +	August – September
\$0.59	1,300 +	October – April 2023
\$0.59	3,300 +	May – June 2023

This Drought Surcharge is projected to recover **\$273,500** which covers the purchase expense of:

Name	Purchase Expense	Total
McConnell Foundation	150 AF @ \$250 / AF	\$37,500
City of Redding	500 AF @ \$472 / AF	\$236,000
		<b>\$273,500</b>

It is important to note that the purchase conditions for the City of Redding water is that the District only pays for the water that it actually uses. In essence, depending upon a customers need for water the Drought Surcharge is designed so that the revenue is generated by those creating the need to purchase supplemental supplies.

**Preliminary O&M Budget (06-07-22)  
w/ Rate Adjustments**

	<b>FY 21-22</b>		<b>FY 22-23</b>
	<b>FINAL Budget FY 21-22</b>	<b>Projected Thru June</b>	<b>PRELIMINARY O&amp;M Budget FY 22-23</b>
<b>Income</b>			
<b>41000 · WATER SALES</b>			
41100 · Base Rate	472,000	475,000	517,000
41200 · Consumption Rate	746,000	603,000	703,000
41201 · Consumption Surcharge (4-cents)	29,000	23,000	26,000
41202 · Water Treatment Plant Fee	57,000	47,000	44,000
41203 · Rate Stabilization Fee	57,000	47,000	66,000
41210 · Late Fees	11,000	18,000	8,000
41250 · Drought Surcharge	0	39,000	287,500
41300 · Water Sales-Temp Const	1,200	2,000	500
41400 · Pump Zone A (Base Rate)	11,000	11,300	11,000
41450 · Pump Zone A (Power Comp)	22,200	18,600	13,600
41500 · Pump Zone A-1 (Base Rate)	3,500	3,000	3,800
41550 · Pump Zone A-1(Power Comp)	7,300	6,300	4,700
<b>Total 41000 · WATER SALES</b>	<b>1,417,200</b>	<b>1,293,200</b>	<b>1,685,100</b>
<b>42000 · SERVICE INSTALLATION - METERS</b>			
42100 · Connection Charges	400	1,800	400
<b>Total 42000 · SERVICE INSTALLATION</b>	<b>400</b>	<b>1,800</b>	<b>400</b>
<b>43000 · INTEREST</b>			
43001 · LAIF	8,000	2,500	2,000
43002 · Other Interest	100	50	50
43003 · Shasta Co 422 Interest	120	50	50
<b>Total 43000 · INTEREST</b>	<b>8,220</b>	<b>2,600</b>	<b>2,100</b>
<b>44100 · General Property Tax-422</b>			
44830 · Cent. Admin Fee 1995-1	2,500	2,500	0
44840 · Cent. Admin Fee TSWAD 01-1	2,500	2,500	2,500
<b>Total 44100 · General Property Tax-422</b>	<b>5,000</b>	<b>5,000</b>	<b>2,500</b>
<b>45000 · OTHER OPER. REVENUE</b>			
45100 · Inspection Fees	0	0	0
45300 · Returned Check Charge	0	0	0
45400 · Misc. Revenue	500	900	500
45850 · Backflow Prevention Testing	2,600	3,100	3,900
45900 · Will Serve - Engineering	0	0	0
45950 · Will Serve - Legal	0	0	0
45955 · Will Serve - Admin	0	0	0
49715 · Water Sales	0	0	0
<b>Total 45000 · OTHER OPER. REVENUE</b>	<b>3,100</b>	<b>4,000</b>	<b>4,400</b>
<b>Total Income</b>	<b>1,433,920</b>	<b>1,306,600</b>	<b>1,694,500</b>

**Expense**

<b>51000 · WATER COSTS</b>			
51100 · Raw Water Charge	14,200	1,100	6,500

**Preliminary O&M Budget (06-07-22)  
w/ Rate Adjustments**

	<b><u>FY 21-22</u></b>		<b><u>FY 22-23</u></b>
	<b>FINAL Budget FY 21-22</b>	<b>Projected Thru June</b>	<b>PRELIMINARY O&amp;M Budget FY 22-23</b>
51300 · Oper.& Maint. - Clear Creek	259,000	294,000	247,000
51305 · Administration - Clear Creek	52,500	50,000	51,000
51310 · O & M Adjustment - Clear Creek	10,000	10,000	10,000
51315 · Restoration Fee	8,700	1,900	3,900
51316 · Trinity PUD Bureau Charges	70	20	50
51317 · SWRCB - Water Rights Fee	3,350	3,570	3,800
51319 · McConnell Water Transfer	0	0	37,500
City of Redding Water Transfer	0	4,000	250,000
51325 · WINN Act Lawsuit	0	7,000	5,000
<b>Total 51000 · WATER COSTS</b>	<b>347,820</b>	<b>371,590</b>	<b>614,750</b>
<b>52000 · TRANSMISSION &amp; DISTRIB.</b>			
52100 · Rep. & Maint.	53,000	65,000	60,000
52130 Zone A PS Repairs & Maint.	1,600	1,400	1,600
52140 Zone A1 PS Repairs & Maint.	1,600	800	1,600
52200 · Operating Supplies & Expense	18,500	18,500	21,000
52300 · Lease Payment - BLM Tank Site	0	29	0
52400 · Utilities - General Plant	750	800	1,000
52425 · Elect., Muletown Pump Station	5,400	5,100	6,000
52450 · Elect., Towerview Pump Station	1,900	1,900	2,500
52500 · Electric - Pump Zone A	26,600	22,800	16,800
· Propane - Pump Zone A	1,300	800	800
52600 · Electric - Pump Zone A-1	6,100	5,700	4,000
· Propane - Pump Zone A1	400	400	200
52810 · Meter Repair & Replacement	1,500	0	0
52850 · Backflow Prevention Testing	3,000	4,073	3,900
	121,650	127,302	119,400
<b>53000 · EQUIPMENT</b>			
53100 · Equipment Repairs & Maint.	7,000.00	8,800	8,000
53200 · Gasoline	7,000.00	9,800	10,000
<b>Total 53000 · EQUIPMENT</b>	<b>14,000</b>	<b>18,600</b>	<b>18,000</b>
<b>54000 · ADMINISTRATIVE</b>			
54100 · Liability Insurance - District	21,000	19,000	21,000
54150 · Utilities-District Office	6,700	8,000	8,200
54200 · Telephone - District Office	9,000	10,000	10,000
54250 · SWRCB Fees	3,500	3,800	4,000
54300 · Travel & Training	6,000	3,000	6,000
54325 · Employee Recognition	1,400	1,400	1,400
54350 · Elections	0	0	3,000
54375 · LAFCO	3,200	3,400	3,400
54400 · Miscellaneous	500	900	500
54500 · Engineering - District Engineer	10,000	16,000	10,000
54550 · Legal-Dist. Attorney	9,000	14,000	10,000
54551 · Ankeny v Centerville Claim	5,000	100	0
54600 · Accounting-Audit & Consult	19,000	19,000	20,000

**Preliminary O&M Budget (06-07-22)  
w/ Rate Adjustments**

	<b><u>FY 21-22</u></b>		<b><u>FY 22-23</u></b>
	<b>FINAL Budget FY 21-22</b>	<b>Projected Thru June</b>	<b>PRELIMINARY O&amp;M Budget FY 22-23</b>
54625 - Meals	500	600	500
54630 - Construction Meals	500	500	500
54650 - Office Supplies	8,000	8,000	8,000
54675 - Bank Charges	50	50	50
54680 - Merchant Fees	1,000	800	1,000
54700 - Postage	7,500	10,000	10,000
54750 - Office Equipment (Small)	16,000	18,500	18,000
54800 - Office Building - R&M	5,000	5,000	5,000
54850 - Directors Compensation	5,500	5,500	5,500
54900 - Subscription & Licenses	26,000	26,000	27,000
<b>Total 54000 - ADMINISTRATIVE</b>	<b>164,350</b>	<b>173,550</b>	<b>173,050</b>
 <b>55000 - WAGES &amp; BENEFITS</b>			
55100 - Salaries	370,000	352,000	375,000
55110 - Salaries - Standby	7,000	6,000	7,000
55120 - Overtime	7,000	8,000	7,000
55200 - Salaries - Part Time Employees	15,500	15,500	16,500
55210 - Salaries - Temporary Employees	0	3,500	0
55300 - Pension - Retirement	66,300	65,500	72,300
55400 - Insurance - Emp. Health&Dental	129,000	105,000	102,000
55500 - Workman's Comp. Insurance	13,500	17,000	17,000
55600 - F.I.C.A.	23,000	22,500	23,000
55700 - Medicare Tax	5,400	5,200	5,400
<b>Total 55000 - WAGES &amp; BENEFITS</b>	<b>636,700</b>	<b>600,200</b>	<b>625,200</b>
 <b>Sub-Total Expense</b>	<b>1,284,520</b>	<b>1,291,242</b>	<b>1,550,400</b>
 <b>Other Expenses</b>			
57110 - Transfer to Pump Station Res.	6,400	3,000	8,100
58105 - RSF transfer to O&M Reserve	57,000	47,000	66,000
58106 - WTP Fee transfer to O&M Res.	57,000	47,000	44,000
Drought Surcharge to O&M Res.		39,000	
58107 - Reserve Interest			
58120 - Transfer to Capital Imp. Reserve	29,000	23,000	26,000
<b>Total 57102 - OTHER OPER EXPENSES</b>	<b>149,400</b>	<b>159,000</b>	<b>144,100</b>
 <b>TOTAL - Expenses/Transfers</b>	<b>1,433,920</b>	<b>1,450,242</b>	<b>1,694,500</b>
 <b>NET INCOME / (LOSS)</b>	<b>0</b>	<b>(143,642)</b>	<b>0</b>