

# 2024 Water Rate Study

prepared for the

**Clearwood Community Association**

by



Northwest Water Systems, Inc.

Planning • Management • Engineering

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## Table of Contents

Chapter 1	Overview .....	2
1.1	Sources and Historical Records .....	2
1.2	Description of Water System and Demographics .....	2
Chapter 2	Assumptions .....	3
2.1	Operational and Replacement Cost .....	3
2.2	Rate Recommendations .....	3
Chapter 3	Revenue and Expenses .....	3
3.1	Revenue .....	3
3.2	Expenses .....	4
3.3	10-Year Operational Budget .....	4
Chapter 4	Water Rates .....	6
4.1	Current Rates and Structure .....	6
4.2	Water Rate Structure Options .....	6
4.2.1	Water Rate Structure A .....	7
4.2.2	Water Rate Structure B .....	7
4.2.3	Water Rate Structure C .....	8
4.2.4	Non-Clearwood Connections .....	8
4.2.5	Summary of Rate Structures .....	9
Chapter 5	Summary of Recommendations .....	9
Chapter 6	Appendix .....	10

# Chapter 1 Overview

This report has been prepared by Northwest Water Systems in order to determine the recommended rate structure for the Clearwood Water System which serves the Clearwood Community Association (CCA). It is designed to assist the CCA Board in making decisions and is not intended for submission to the Washington State Department of Health (WSDOH) nor the Utilities and Transportation Commission (UTC).

This comprehensive rate study will help guide the CCA Board in making budgeting decisions related to the water rates and make practical suggestions to that CCA can continue to adequately maintain the water system's infrastructure and meet their obligations to the Clearwood community.

The analysis does not include a reserve study for water system components and is only an operational rate study. A reserve study has already been completed for the water system by another entity. Clearwood bills all properties the same rate regardless of usage, so the total number of billed connections is not anticipated to change in the future whereas the total water system usage is anticipated to grow slowly over time as vacant or part time connections transition to full time occupancy.

This report proposes options for updating the base and tiered rates to cover the operation and maintenance expenses of the Clearwood water system. The proposed water rate will be sufficient to meet the day-to-day operations expenses without imposing an undue burden on customers. This study includes discussion of the existing rates. Please note that this analysis is for the water rate, which is separate from the HOA assessments.

## 1.1 Sources and Historical Records

This evaluation utilizes usage data, annual budgets, financial records provided by CCA, data from the Washington State Department of Health records, and the system's latest WSP.

The most recent financial records available for review were from the 2020, 2021, 2022, and portion of the 2023 (January – June) calendar years, which are included in the Appendix.

## 1.2 Description of Water System and Demographics

The Clearwood Water System (ID 13615U) is an existing Group A Community water system located in Thurston County, WA that serves the community surrounding 75% of Clear Lake. The system is owned and operated by CCA. The community is serves 1,065 full-time residential connections according to the latest Water Facilities Inventory (WFI) form. The system has 1,356 active metered connections. There are a approximately 2 metered connections which are outside the CCA plat.

The water system is owned and operated by CCA. The Board of Directors oversees the management of the water system and Association funding.

The Clearwood water system service area consist of primarily permanent single-family residences. There are also several non-residential connections, namely community connections (restrooms, office, store). The system also serves recreational connections which have water usage but not a permanent residential building.

All connections are charged the same rate whether the lot is used as a residential, recreational, or vacant lot. CCA would like this to keep this billing structure.

## Chapter 2 Assumptions

### 2.1 Operational and Replacement Cost

It is assumed that inflation will average 3%, as has been historically recorded in the "Consumer Price Index" (CPI). Although water systems are comprised primarily of items that may not follow the CPI, it is nevertheless a simple, straightforward, and accurate enough assumptions for our purposes.

### 2.2 Rate Recommendations

Rate recommendations of this report are based on the existing number of billed connections with no significant income from connection fees. Average operational and repair costs of the past several years are extrapolated based on the aforementioned assumed rate of inflation.

After implementation of the recommended rate structure, an annual increase of 3% is assumed to compensate for inflation. It is recommended that the system re-evaluate its financial condition each year and make adjustments for actual O&M expenses and changes to capital planning as appropriate. The system should complete a larger evaluation of the water rate analysis every 5-10 years as needed.

It is also assumed that the increase in tiered water rates will not result in reduced water usage on the customer side.

## Chapter 3 Revenue and Expenses

### 3.1 Revenue

CCA collects annual member dues from each household. Annual fees and quarterly water rates for 2023 are listed below:

Current Water Rate Structure	
Annual Membership Dues	
General Operations Assessment	\$749.50
General Reserves Assessment	\$694.32
Future Reserves Assessment	\$15.96
Water Reserves Assessment	\$467.52
Quarterly Water Rates	
Water Service Charge – base rate	\$36.05
Tier 1 (0 – 2,500 cubic feet)	\$2.37/100 cu-ft
Tier 2 (2,501 – 3,500 cubic feet)	\$3.56/100 cu-ft
Tier 3 (3,501 + cubic feet)	\$4.69/100 cu-ft
Disconnect/Reconnect Fee	\$50.00

## 3.2 Expenses

Operating expense estimates in this report are based primarily on past budgets, current records and forecasts. The water system is not expected to experience rapid growth or changes in usage so capital improvements are not expected to significantly impact the operational expenses. It is therefore safe to assume that when indexed to inflation, most operational expenses will remain relatively unchanged.

The system has added two new wells and treatment to their system the costs for which are reflected in the recent records. Overall system usage is not anticipated to increase as a result of the new sources, with the exception of backwash water for the treatment units. However, this is a small percentage of the overall pumped volume and associated electrical costs. The new wells inject caustic sodas as do the other active wells, so chemical consumption will occur at one well site or the other, but it is not anticipated that the addition of two new sources will double the chemical consumption.

The largest contributor to the operations and maintenance expense is the day-to-day system management and labor costs, and minor repairs. For our analysis, we assumed labor costs would remain consistent over the planning period aside from annual adjustments for inflation. Electrical usage is generally proportional to water usage and is expected to remain relatively constant on a yearly basis.

## 3.3 10-Year Operational Budget

The following table provides a 10-year summary of the system's operational budget, including the general expenses. Note that the "Repairs and Maintenance" line item is intended to cover minor day-to-day upkeep and repairs, but does not include significant replacements which are covered in the capital replacement reserve funding.

CCA provided data for the Association "Administrative Expenses" which includes board expenses, professional services, office expenses, Administrative Office and General Manager payroll, etc. for the Association in general. CCA allocates 50% of the general Association expenses to the water system which is posted as one expense.

Based on the water system general expenses below, the water system is estimated to have the following for 2024:

**Estimated Water System Expenses**

	2024	Per month	Per Connection (1,356 metered users)
General Expense	\$ 224,249	\$ 18,687	\$ 13.78
CCA Administrative Expense	\$ 177,585	\$ 14,799	\$ 10.91
Expense Total	\$ 401,834	\$ 33,486	<b>\$ 24.69</b>

<p style="text-align: center;"><b>Ten Year Budget for the Clearwood Water System</b></p>										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
General Information										
<i>Paying Members</i>										
Connections	1,356	1,356	1,356	1,356	1,356	1,356	1,356	1,356	1,356	1,356
Annual Revenue										
Base Water Rate (\$24.69/mo)	\$ 401,756	\$ 413,808	\$ 426,223	\$ 439,009	\$ 452,180	\$ 465,745	\$ 479,717	\$ 494,109	\$ 508,932	\$ 524,200
Consumption Rate (\$5.34/mo)	\$ 86,892	\$ 89,499	\$ 92,184	\$ 94,950	\$ 97,798	\$ 100,732	\$ 103,754	\$ 106,867	\$ 110,073	\$ 113,375
Total Income	\$ 488,648	\$ 503,308	\$ 518,407	\$ 533,959	\$ 549,978	\$ 566,477	\$ 583,471	\$ 600,976	\$ 619,005	\$ 637,575
<i>General Operating Expenses</i>										
Accounting Expense	\$ 32,640	\$ 33,619	\$ 34,628	\$ 35,667	\$ 36,737	\$ 37,839	\$ 38,974	\$ 40,143	\$ 41,347	\$ 42,588
Business Insurance	\$ 51,540	\$ 53,086	\$ 54,679	\$ 56,319	\$ 58,009	\$ 59,749	\$ 61,541	\$ 63,388	\$ 65,289	\$ 67,248
Chemical Supplies	\$ 33,832	\$ 34,847	\$ 35,892	\$ 36,969	\$ 38,078	\$ 39,220	\$ 40,397	\$ 41,609	\$ 42,857	\$ 44,143
Dues and Subscriptions	\$ 750	\$ 773	\$ 796	\$ 820	\$ 844	\$ 869	\$ 896	\$ 922	\$ 950	\$ 979
Employee Expenses	\$ 48,000	\$ 49,440	\$ 50,923	\$ 52,451	\$ 54,024	\$ 55,645	\$ 57,315	\$ 59,034	\$ 60,805	\$ 62,629
Licenses and Fees	\$ 2,114	\$ 2,177	\$ 2,242	\$ 2,310	\$ 2,379	\$ 2,450	\$ 2,524	\$ 2,599	\$ 2,677	\$ 2,758
Management	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453
Printing, Copying, Postage	\$ 5,594	\$ 5,762	\$ 5,935	\$ 6,113	\$ 6,297	\$ 6,485	\$ 6,680	\$ 6,880	\$ 7,087	\$ 7,299
Repairs and Maintenance	\$ 7,443	\$ 7,666	\$ 7,896	\$ 8,133	\$ 8,377	\$ 8,628	\$ 8,887	\$ 9,154	\$ 9,428	\$ 9,711
Safety Gear & Clothing	\$ 721	\$ 743	\$ 765	\$ 788	\$ 811	\$ 836	\$ 861	\$ 887	\$ 913	\$ 941
Samples	\$ 2,963	\$ 3,052	\$ 3,144	\$ 3,238	\$ 3,335	\$ 3,435	\$ 3,538	\$ 3,644	\$ 3,754	\$ 3,866
Small Tools and Equip.	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267	\$ 1,305
Taxes - Business	\$ 4,331	\$ 4,461	\$ 4,594	\$ 4,732	\$ 4,874	\$ 5,020	\$ 5,171	\$ 5,326	\$ 5,486	\$ 5,650
Training	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267	\$ 1,305
Electrical Utility	\$ 14,868	\$ 15,314	\$ 15,774	\$ 16,247	\$ 16,734	\$ 17,236	\$ 17,753	\$ 18,286	\$ 18,835	\$ 19,400
General Expense Total	\$ 224,249	\$ 230,453	\$ 236,843	\$ 243,424	\$ 250,203	\$ 257,186	\$ 264,378	\$ 271,786	\$ 279,416	\$ 287,274
<i>CCA Administrative Expense (50% of CCA allocated to water)</i>	\$ 177,585	\$ 182,913	\$ 188,400	\$ 194,052	\$ 199,873	\$ 205,870	\$ 212,046	\$ 218,407	\$ 224,959	\$ 231,708
CCA Admin Expense Total	\$ 177,585	\$ 182,913	\$ 188,400	\$ 194,052	\$ 199,873	\$ 205,870	\$ 212,046	\$ 218,407	\$ 224,959	\$ 231,708
Expense Total	\$ 401,834	\$ 413,365	\$ 425,243	\$ 437,476	\$ 450,077	\$ 463,056	\$ 476,424	\$ 490,193	\$ 504,375	\$ 518,983
Balance	\$ 86,814	\$ 89,942	\$ 93,164	\$ 96,483	\$ 99,901	\$ 103,422	\$ 107,048	\$ 110,783	\$ 114,630	\$ 118,592
<i>Monthly Cost Summary</i>										
General Expenses	\$ 33,486	\$ 34,447	\$ 35,437	\$ 36,456	\$ 37,506	\$ 38,588	\$ 39,702	\$ 40,849	\$ 42,031	\$ 43,249
Total	\$ 33,486	\$ 34,447	\$ 35,437	\$ 36,456	\$ 37,506	\$ 38,588	\$ 39,702	\$ 40,849	\$ 42,031	\$ 43,249
Number of Billed Connections	1356	1366	1376	1386	1396	1406	1416	1426	1436	1446
Monthly Cost Per Connection	\$ 24.69	\$ 25.22	\$ 25.75	\$ 26.30	\$ 26.87	\$ 27.45	\$ 28.04	\$ 28.65	\$ 29.27	\$ 29.91
<p>A 3% rate of inflation is assumed for all regular expenses. The Operating, Emergency, and Short-Term Replacement Reserves should be kept in readily accessible liquid assets. A negligible rate of return is expected for these reserves. The Long-Term Replacement Reserve should be kept in moderately conservative investments with an assumed rate of return of 1%.</p>										

## Chapter 4 Water Rates

The three major components of CCA's water rates are:

- Operational and Administrative Expenses
- Short Term Capital Costs / Reserve Funding
- Long Term Capital Costs / Reserve Funding

Financial sustainability requires that the water system be capable of generating adequate revenue to fund operation and maintenance costs as well as short term capital equipment expenses. Long term capital projects may be funded either via reserves or via external funding provided water rates are sufficient to accommodate any additional debt repayment which external funding may impose. Funding of large capital projects from reserve funds is preferred when possible. Reserve funding is not a part of this Rate Study.

### 4.1 Current Rates and Structure

Current water rates are comprised of several components, as shown in the table below. Note that this represents water-related charges only, and does not include the HOA Assessment.

**Current Quarterly Water Rate Structure**

Water Service Charge – base rate	\$36.05
Tier 1 (0 – 2,500 cubic feet)	\$2.37/100 cu-ft
Tier 2 (2,501 – 3,500 cubic feet)	\$3.56/100 cu-ft
Tier 3 (3,501 + cubic feet)	\$4.69/100 cu-ft
Disconnect/Reconnect Fee	\$50.00

**Current Average Monthly Water Rate Structure**

Base Rate	\$12.02
Average Consumption Rate	\$4.81
Water Reserves Assessment	\$38.96
<b>Total Average Monthly Rate</b>	<b>\$55.79</b>

The above water rate structure results in an average fee of \$16.83 for the base and consumption fee and a total of \$55.79 including the \$38.96 Water Reserve Assessment.

### 4.2 Water Rate Structure Options

The Clearwood community consists of primarily single-family residential connections. Based on the latest WSP, average system wide usage for a 154 gallons/day per full single family residential connection. This correlates to 620 cubic-feet per month, or 1,860 cubic-feet per quarter. Because water use can vary seasonally, the majority of the water rate should come from the base rate so that revenue is consistent throughout the year. That being said, it is also important to have tiered usage charges above the base rate to recoup costs associated with customers who use larger amounts of water. Although the majority of the cost of service is not dependent on usage amounts, higher water demands do require increased capacity and storage (which means increased capital replacement expenses) and cause higher rates of equipment

wear and electrical use. A tiered rate structure also provides incentive for water conservation and can be considered part of a Water Use Efficiency program.

Based on the Clearwood water system characteristics and our assessment of appropriate levels of reserve funding, we have developed three different proposed rate structures, as shown in the tables below. The current base rate doesn't cover operational expenses of the water system. This is okay provided that the majority of connections are single family residential homes and are consistent and dependable water consumers.

Tiers 1 – 3 reflect “moderately heavy use”, “heavy use”, and “excessive use”, respectively. Each tier applies a usage charge for any water use within its specified range. Note that the below rate structures are monthly, in contrast to the existing quarterly billing cycle.

To cover the operating expenses of the water system, the base rate needs to be a minimum of \$17.03/month per metered connection.

#### 4.2.1 Water Rate Structure A

Compared to the existing rate structure, rate structure A represent a change in the usage range per quarter. The average usage for the current connections is 1800 cu-ft/quarter. However, the current rate structure is 2,500 cu-ft per quarter. We recommend lowering the base allocation closer to the average value, rather than the existing 2,500 cubic feet per quarter. The same rate per 100 cubic-feet and same base rate is applied as the current rate structure. If this rate structure is used, the base rate does not fully cover the system operating expenses and relies on water usage to cover a portion of the operating expenses. Rate structure A is not considered to be financially viable under the assumption that the base rate should cover the operating expenses of the system at a minimum.

**Rate Structure A**

Tier	Use Range	Rate
Base Rate (Quarterly)		\$36.05
Tier 1	0 – 1,800 cu.ft.	\$2.37 / 100 cu.ft.
Tier 2	1,801 - 3,000 cu.ft.	\$3.56 / 100 cu.ft.
Tier 3	above 3,000 cu.ft.	\$4.69 / 100 cu. ft.
<b>Quarterly Estimated Average Rate (base + consumption)</b>		<b>\$ 52.08</b>
<b>Monthly Estimated Average Rate (base +consumption)</b>		<b>\$ 17.36</b>
<b>Monthly Estimated Average Rate (base + consumption + reserve)</b>		<b>\$ 56.32</b>

#### 4.2.2 Water Rate Structure B

Rate structure B increases the base rate to cover up to a moderate amount of water usage which is based on 1,800 cu-ft/quarter. This approach ensures that regardless of water usage, the system is able to cover operational expenses and isn't relying on metered consumption income. The minimum monthly rate per metered connection to cover operational expenses is \$24.69, or a base rate of \$74.07 per quarter. The tiered rates are also adjusted to encourage water consumption with an increase to \$3.75/100 cu-ft for 1,801 – 3,000 cu-ft/quarter and \$5.00/100 cu-ft for over 3,000 cu-ft/quarter.



The resulting average monthly cost including the reserve is approximately 25% higher than the existing rate structure.

**Rate Structure B**

Tier	Use Range	Rate
Base Rate (Quarterly)	0 – 1,800 cu.ft.	\$74.07
Tier 1	1,801 - 3,000 cu.ft.	\$3.75 / 100 cu.ft.
Tier 2	above 3,000 cu.ft.	\$5.00 / 100 cu. ft.
<b>Quarterly Estimated Average Rate (base + consumption)</b>		<b>\$ 93.07</b>
<b>Monthly Estimated Average Rate (base +consumption)</b>		<b>\$ 31.02</b>
<b>Monthly Estimated Average Rate (base + consumption + reserve)</b>		<b>\$ 69.98</b>

#### 4.2.3 Water Rate Structure C

Rate structure C proposes increasing the base rate to cover water system operational expenses and changing the tiers to match those proposed in rate structure A. We recommend the base rate is increased at a minimum to cover operational expenses of the water system. The resulting average monthly cost including the reserve is approximately 24% higher than the existing rate structure.

**Rate Structure C**

Tier	Use Range	Rate
Base Rate (Quarterly)		\$74.07
Tier 1	0 – 1,800 cu.ft.	\$2.37 / 100 cu.ft.
Tier 2	1,801 - 3,000 cu.ft.	\$3.56 / 100 cu.ft.
Tier 3	above 3,000 cu.ft.	\$4.69 / 100 cu. ft.
<b>Quarterly Estimated Average Rate (base + consumption)</b>		<b>\$ 90.10</b>
<b>Monthly Estimated Average Rate (base +consumption)</b>		<b>\$ 30.03</b>
<b>Monthly Estimated Average Rate (base + consumption + reserve)</b>		<b>\$ 68.99</b>

#### 4.2.4 Non-Clearwood Connections

The system should also address any connections which are located outside the Clearwood Community Association as these connections are not contributing to the Association annual fees. The Association is responsible for ensuring this is addressed legally. Since the connections are outside of the Association, if these connections are charged differently than the Association members, the UTC would view the Association as an investor-owned utility rather than a community association (which is UTC exempt). CCA needs to be aware of this when deciding how to charge these customers. Since outside customers are not paying Association Assessments, they should cover this portion for the water system at a minimum.

#### 4.2.5 Summary of Rate Structures

A summary of the current and three proposed rate structures are below.

Summary of Rate Structures				
Rate Structure	Current	A	B	C
Monthly Base Rate	\$ 12.02	\$ 12.02	\$24.69	\$24.69
Average Monthly Consumption Rate	\$ 4.81	\$ 5.34	\$ 6.33	\$ 5.34
Average Monthly Rate (base + consumption)	\$ 16.83	\$ 17.36	\$ 31.02	\$ 30.03
Monthly Water Reserve Assessment	\$ 38.96	\$ 38.96	\$ 38.96	\$ 38.96
Average Monthly Rate (base + consumption + reserve)	\$ 55.79	\$ 56.32	\$ 69.98	\$ 68.99

Our recommendation is for the system to implement rate structure C or B. The resulting water rate will provide financial sustainability for the system given all operating expenses for the water system will be covered by the base rate from each connection. The consumption rate will provide additional funding to account for fluctuations in the operating expenses year to year. This change is an 25% increase from the existing rate structure. While the increase is an estimated \$14/month (average), this is a large percentage increase. CCA should consider a phased approach to implement a new rate structure.

The capital reserves should be re-evaluated periodically to verify that they are growing adequately and to permit changes to the rates if they are found to be insufficient or excessive. A common question asked at sanitary surveys is whether the system has recently evaluated its capital reserves; therefore, we recommend performing these capital improvement evaluations in the months prior to sanitary surveys, which occur on either 3 or 5-year cycles at the discretion of the Department of Health.

## Chapter 5 Summary of Recommendations

Clearwood has a good start on setting appropriate water rates for the system. It is recommend the base rate cover the operational expenses for the water system so the system isn't dependent on consumption income. The system should continue to evaluate operational expenses and reserve accounts to maintain financial sustainability.

The system should also address any connections which are located outside of the Clearwood Community Association as these connections are paying only a water base rate and usage but not to the Water Reserves Assessment. The system needs to be aware of the potential UTC implications with this.

We recommend implementing rate structure C, which is shown in the 10-year budget. This structure results in a rate that is affordable and sustainable, while eliminating reliance of on income from water usage to cover the operational expenses of the system. The system should continue to adjust rates annually and evaluate reserve contributions.

However, rate structure B is an equally valid recommendation. The benefit of rate structure B is it allows "moderate" water usage under the base rate. This approach allows customers to know what their water bill will be if they have "moderate" usage and "excessive" water users can continue to use more water at a cost to them.

At a minimum, the base rate should cover operational expenses of the water system and the tiered rate structure can be adjusted as needed.

Overall, the Clearwood Water System is on a good track with the work being done on system improvements and efforts being made to create realistic operating budgets and financial planning. With implementation of the recommended rate structure, CCA will be well positioned for sustainable operation into the foreseeable future.

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## **Chapter 6 Appendix**

Proposed Ten Year Budget

CCA Profit and Loss – Water System, 2020, 2021, 2022, 2023 (partial)

CCA Profit and Loss – Allocated Expenses, 2020, 2021, 2022, 2023 (partial)

**Ten Year Budget  
for the  
Clearwood Water System**

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
General Information										
<i>Paying Members</i>										
Connections	1,356	1,356	1,356	1,356	1,356	1,356	1,356	1,356	1,356	1,356
Annual Revenue										
Base Water Rate (\$24.69/mo)	\$ 401,756	\$ 413,808	\$ 426,223	\$ 439,009	\$ 452,180	\$ 465,745	\$ 479,717	\$ 494,109	\$ 508,932	\$ 524,200
Consumption Rate (\$5.34/mo)	\$ 86,892	\$ 89,499	\$ 92,184	\$ 94,950	\$ 97,798	\$ 100,732	\$ 103,754	\$ 106,867	\$ 110,073	\$ 113,375
Total Income	\$ 488,648	\$ 503,308	\$ 518,407	\$ 533,959	\$ 549,978	\$ 566,477	\$ 583,471	\$ 600,976	\$ 619,005	\$ 637,575
<i>General Operating Expenses</i>										
Accounting Expense	\$ 32,640	\$ 33,619	\$ 34,628	\$ 35,667	\$ 36,737	\$ 37,839	\$ 38,974	\$ 40,143	\$ 41,347	\$ 42,588
Business Insurance	\$ 51,540	\$ 53,086	\$ 54,679	\$ 56,319	\$ 58,009	\$ 59,749	\$ 61,541	\$ 63,388	\$ 65,289	\$ 67,248
Chemical Supplies	\$ 33,832	\$ 34,847	\$ 35,892	\$ 36,969	\$ 38,078	\$ 39,220	\$ 40,397	\$ 41,609	\$ 42,857	\$ 44,143
Dues and Subscriptions	\$ 750	\$ 773	\$ 796	\$ 820	\$ 844	\$ 869	\$ 896	\$ 922	\$ 950	\$ 979
Employee Expenses	\$ 48,000	\$ 49,440	\$ 50,923	\$ 52,451	\$ 54,024	\$ 55,645	\$ 57,315	\$ 59,034	\$ 60,805	\$ 62,629
Licenses and Fees	\$ 2,114	\$ 2,177	\$ 2,242	\$ 2,310	\$ 2,379	\$ 2,450	\$ 2,524	\$ 2,599	\$ 2,677	\$ 2,758
Management	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453	\$ 17,453
Printing, Copying, Postage	\$ 5,594	\$ 5,762	\$ 5,935	\$ 6,113	\$ 6,297	\$ 6,485	\$ 6,680	\$ 6,880	\$ 7,087	\$ 7,299
Repairs and Maintenance	\$ 7,443	\$ 7,666	\$ 7,896	\$ 8,133	\$ 8,377	\$ 8,628	\$ 8,887	\$ 9,154	\$ 9,428	\$ 9,711
Safety Gear & Clothing	\$ 721	\$ 743	\$ 765	\$ 788	\$ 811	\$ 836	\$ 861	\$ 887	\$ 913	\$ 941
Samples	\$ 2,963	\$ 3,052	\$ 3,144	\$ 3,238	\$ 3,335	\$ 3,435	\$ 3,538	\$ 3,644	\$ 3,754	\$ 3,866
Small Tools and Equip.	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267	\$ 1,305
Taxes - Business	\$ 4,331	\$ 4,461	\$ 4,594	\$ 4,732	\$ 4,874	\$ 5,020	\$ 5,171	\$ 5,326	\$ 5,486	\$ 5,650
Training	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126	\$ 1,159	\$ 1,194	\$ 1,230	\$ 1,267	\$ 1,305
Electrical Utility	\$ 14,868	\$ 15,314	\$ 15,774	\$ 16,247	\$ 16,734	\$ 17,236	\$ 17,753	\$ 18,286	\$ 18,835	\$ 19,400
<b>General Expense Total</b>	<b>\$ 224,249</b>	<b>\$ 230,453</b>	<b>\$ 236,843</b>	<b>\$ 243,424</b>	<b>\$ 250,203</b>	<b>\$ 257,186</b>	<b>\$ 264,378</b>	<b>\$ 271,786</b>	<b>\$ 279,416</b>	<b>\$ 287,274</b>
<i>CCA Administrative Expense (50% of CCA allocated to water)</i>	\$ 177,585	\$ 182,913	\$ 188,400	\$ 194,052	\$ 199,873	\$ 205,870	\$ 212,046	\$ 218,407	\$ 224,959	\$ 231,708
<b>CCA Admin Expense Total</b>	<b>\$ 177,585</b>	<b>\$ 182,913</b>	<b>\$ 188,400</b>	<b>\$ 194,052</b>	<b>\$ 199,873</b>	<b>\$ 205,870</b>	<b>\$ 212,046</b>	<b>\$ 218,407</b>	<b>\$ 224,959</b>	<b>\$ 231,708</b>
<b>Expense Total</b>	<b>\$ 401,834</b>	<b>\$ 413,365</b>	<b>\$ 425,243</b>	<b>\$ 437,476</b>	<b>\$ 450,077</b>	<b>\$ 463,056</b>	<b>\$ 476,424</b>	<b>\$ 490,193</b>	<b>\$ 504,375</b>	<b>\$ 518,983</b>
<b>Balance</b>	<b>\$ 86,814</b>	<b>\$ 89,942</b>	<b>\$ 93,164</b>	<b>\$ 96,483</b>	<b>\$ 99,901</b>	<b>\$ 103,422</b>	<b>\$ 107,048</b>	<b>\$ 110,783</b>	<b>\$ 114,630</b>	<b>\$ 118,592</b>
<b>Monthly Cost Summary</b>										
General Expenses	\$ 33,486	\$ 34,447	\$ 35,437	\$ 36,456	\$ 37,506	\$ 38,588	\$ 39,702	\$ 40,849	\$ 42,031	\$ 43,249
<b>Total</b>	<b>\$ 33,486</b>	<b>\$ 34,447</b>	<b>\$ 35,437</b>	<b>\$ 36,456</b>	<b>\$ 37,506</b>	<b>\$ 38,588</b>	<b>\$ 39,702</b>	<b>\$ 40,849</b>	<b>\$ 42,031</b>	<b>\$ 43,249</b>
Number of Billed Connections	1356	1366	1376	1386	1396	1406	1416	1426	1436	1446
<b>Monthly Cost Per Connection</b>	<b>\$ 24.69</b>	<b>\$ 25.22</b>	<b>\$ 25.75</b>	<b>\$ 26.30</b>	<b>\$ 26.87</b>	<b>\$ 27.45</b>	<b>\$ 28.04</b>	<b>\$ 28.65</b>	<b>\$ 29.27</b>	<b>\$ 29.91</b>

A 3% rate of inflation is assumed for all regular expenses. The Operating, Emergency, and Short-Term Replacement Reserves should be kept in readily accessible liquid assets. A negligible rate of return is expected for these reserves. The Long-Term Replacement Reserve should be kept in moderately conservative investments with an assumed rate of return of 1%.

**Clearwood Community Association**  
**Profit and Loss Water System**  
January 2020 - June 2023

	Jan - Dec 2020	Jan - Dec 2021	Jan - Dec 2022	Jan - Jun, 2023	Total
<b>Income</b>					
40000 ASSESSMENT INCOME					0.00
PRIOR YEAR ASSESSMENT INCOME					0.00
41000.2 PRIOR YEAR ASSESSMENTS		0.00			0.00
Total PRIOR YEAR ASSESSMENT INCOME	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Total 40000 ASSESSMENT INCOME	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
41009 INTEREST INCOME	19.00	4.71	4.04		27.75
45001 WATER CONSUMPTION RATE	194,046.23	7,396.17	-898.75	-166.34	200,377.31
45001.1 UNCOLL WATER CONSUMP RATE	-2,159.25	52,175.78	10,411.00	-16,781.00	43,646.53
45002 WATER CONSUMPTION 2021		190,594.62	0.00		190,594.62
45922 WATER CONSUMPTION 2022			190,584.81	0.00	190,584.81
45923 WATER CONSUMPTION 2023				41,777.68	41,777.68
Total 45001 WATER CONSUMPTION RATE	\$ 191,886.98	\$ 250,166.57	\$ 200,097.06	\$ 24,830.34	\$ 666,980.95
45120 WATER SERVICE FEE	189,700.00	0.00			189,700.00
45120.1 UNCOLL WATER SERVICE FEE	-57,664.64	47,143.60	7,397.00	-14,312.00	-17,436.04
45121 WATER SERVICE FEE 2021		189,560.00	0.00		189,560.00
45122 WATER SERVICE FEE 2022			189,630.00	-35.00	189,595.00
45123 WATER SERVICE FEE 2023				48,739.60	48,739.60
Total 45120 WATER SERVICE FEE	\$ 132,035.36	\$ 236,703.60	\$ 197,027.00	\$ 34,392.60	\$ 600,158.56
Uncategorized Income	0.00	0.00			0.00
Total Income	\$ 323,941.34	\$ 486,874.88	\$ 397,128.10	\$ 59,222.94	\$ 1,267,167.26
Gross Profit	\$ 323,941.34	\$ 486,874.88	\$ 397,128.10	\$ 59,222.94	\$ 1,267,167.26
<b>Expenses</b>					
60007 ADMINISTRATION EXPENSES					0.00
61015 DUES AND SUBSCRIPTIONS	611.23	606.60	481.60	481.60	2,181.03
61040 PRINTING & COPYING	3,158.62	2,535.28	2,346.42		8,040.32
61045 POSTAGE	2,874.03	2,064.64	2,926.80	1,571.80	9,437.27
61066 TRAINING EXPENSE	605.32	417.00			1,022.32
Total 60007 ADMINISTRATION EXPENSES	\$ 7,249.20	\$ 5,623.52	\$ 5,754.82	\$ 2,053.40	\$ 20,680.94
61000 PROFESSIONAL SERVICES					0.00
61000.6 GM SUPPORT	17,050.46	12,000.00			29,050.46
Total 61000 PROFESSIONAL SERVICES	\$ 17,050.46	\$ 12,000.00	\$ 0.00	\$ 0.00	\$ 29,050.46
61020 UTILITIES EXPENSE					0.00
61020.1 ELECTRICITY EXPENSE	10,136.73	12,132.17	14,014.70	4,811.97	41,095.57
61020.3 WATER UTILITY EXPENSE	144.48				144.48
Total 61020 UTILITIES EXPENSE	\$ 10,281.21	\$ 12,132.17	\$ 14,014.70	\$ 4,811.97	\$ 41,240.05

61031 BUSINESS INSURANCE EXPENSE	31,012.80	37,702.10	43,317.37	22,736.79	134,769.06
61050 SUPPLIES					0.00
61050.1 OFFICE SUPPLIES	9.73				9.73
61050.4 CHEMICAL SUPPLIES	28,533.02	24,293.64	31,889.60		84,716.26
62046 SMALL TOOLS & EQUIPMENT	439.96	352.40	72.84	15.00	880.20
Total 61050 SUPPLIES	<b>\$ 28,982.71</b>	<b>\$ 24,646.04</b>	<b>\$ 31,962.44</b>	<b>\$ 15.00</b>	<b>\$ 85,606.19</b>
61055 PAYROLL EXPENSE	31,912.21	33,908.30	27,929.42	18,858.70	112,608.63
61025 EMPLOYEE BENEFITS	5,729.19	4,986.00	4,211.03	2,781.19	17,707.41
61056 PAYROLL TAXES	6,240.27	5,794.47	4,098.74	2,338.86	18,472.34
Total 61055 PAYROLL EXPENSE	<b>\$ 43,881.67</b>	<b>\$ 44,688.77</b>	<b>\$ 36,239.19</b>	<b>\$ 23,978.75</b>	<b>\$ 148,788.38</b>
61090 ALLOCATED EXPENSES	104,466.56	134,715.06	144,807.87	53,969.93	437,959.42
62020 REPAIRS, MAINTENANCE, & GROUNDS					0.00
62020.1 GROUNDS EXPENSE	6.46	2,177.06	1,257.66		3,441.18
62020.3 WATER SYSTEM	4,496.95	10,540.38	6,373.06	5,203.41	26,613.80
62020.7 EQUIPMENT	1,135.30	2,716.88	1,454.23		5,306.41
Total 62020 REPAIRS, MAINTENANCE, & GROUNDS	<b>\$ 5,638.71</b>	<b>\$ 15,434.32</b>	<b>\$ 9,084.95</b>	<b>\$ 5,203.41</b>	<b>\$ 35,361.39</b>
66040 BUSINESS TAXES	27,503.08	5,968.48	4,082.69		37,554.25
62026 LICENSES AND FEES	1,656.90	2,024.30	2,970.80	2,051.80	8,703.80
Total 66040 BUSINESS TAXES	<b>\$ 29,159.98</b>	<b>\$ 7,992.78</b>	<b>\$ 7,053.49</b>	<b>\$ 2,051.80</b>	<b>\$ 46,258.05</b>
66050 REGULATORY COMPLIANCE					0.00
61000.9 WATER MANAGEMENT	13,710.40	16,317.35	16,945.10	9,097.35	56,070.20
Total 66050 REGULATORY COMPLIANCE	<b>\$ 13,710.40</b>	<b>\$ 16,317.35</b>	<b>\$ 16,945.10</b>	<b>\$ 9,097.35</b>	<b>\$ 56,070.20</b>
66060 CCRs & MANDATES					0.00
61000.2 ACCOUNTING EXPENSE (CPA)	35,480.00	26,400.00	26,400.00	15,000.00	103,280.00
63020 SECURITY SYSTEM		443.68			443.68
Total 66060 CCRs & MANDATES	<b>\$ 35,480.00</b>	<b>\$ 26,843.68</b>	<b>\$ 26,400.00</b>	<b>\$ 15,000.00</b>	<b>\$ 103,723.68</b>
Total Expenses	<b>\$ 326,913.70</b>	<b>\$ 338,095.79</b>	<b>\$ 335,579.93</b>	<b>\$ 138,918.40</b>	<b>\$ 1,139,507.82</b>
Net Operating Income	<b>-\$ 2,972.36</b>	<b>\$ 148,779.09</b>	<b>\$ 61,548.17</b>	<b>-\$ 79,695.46</b>	<b>\$ 127,659.44</b>
Net Income	<b>-\$ 2,972.36</b>	<b>\$ 148,779.09</b>	<b>\$ 61,548.17</b>	<b>-\$ 79,695.46</b>	<b>\$ 127,659.44</b>

see Allocated Exp PL

Monday, Jul 10, 2023 05:13:28 PM GMT-7 - Accrual Basis

# Clearwood Community Association

## ALLOCATED EXPENSES DETAIL

**~50% OF THE FOLLOWING WAS ALLOCATED TO WATER SYSTEM**

January 2020 - June 2023

	Jan - Dec 2020	Jan - Dec 2021	Jan - Dec 2022	Jan - Jun, 2023	Total
Income					
Total Income					\$ 0.00
Gross Profit	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Expenses					
60007 ADMINISTRATION EXPENSES					0.00
61007 BOARD EXPENSE	312.68	77.00		320.00	709.68
61012 CONTINGENCY/MISCELLANEOUS	2,165.65	303.34			2,468.99
61012.1 GM CONTINGENCY	144.52	2,805.44	3,686.56	97.11	6,733.63
61015 DUES AND SUBSCRIPTIONS	11,520.07	11,553.40	12,158.04	6,641.55	41,873.06
61040 PRINTING & COPYING	1,344.63	2,721.12	2,529.75	696.60	7,292.10
61066 TRAINING EXPENSE	836.11		347.00		1,183.11
61070 MILEAGE REIMBURSEMENT	46.92				46.92
65016 LEASE/RENT EXPENSE	5,467.99	4,935.52	3,717.27	1,362.90	15,483.68
Total 60007 ADMINISTRATION EXPENSES	\$ 21,838.57	\$ 22,395.82	\$ 22,438.62	\$ 9,118.16	\$ 75,791.17
61000 PROFESSIONAL SERVICES					0.00
61011 COMPUTER SUPPORT SERVICES	12,829.59	11,547.93	10,386.32	5,196.96	39,960.80
Total 61000 PROFESSIONAL SERVICES	\$ 12,829.59	\$ 11,547.93	\$ 10,386.32	\$ 5,196.96	\$ 39,960.80
61006 BANK FEES	664.21	450.74	718.00	591.00	2,423.95
61004 CREDIT CARD FEE EXPENSE	10,831.11	15,751.83	20,277.80	12,222.34	59,083.08
Total 61006 BANK FEES	\$ 11,495.32	\$ 16,202.57	\$ 20,995.80	\$ 12,813.34	\$ 61,507.03
61020 UTILITIES EXPENSE					0.00
61020.2 TELEPHONE/INTERNET EXPENSE	8,933.64	9,462.60	10,698.65	6,959.55	36,054.44
Total 61020 UTILITIES EXPENSE	\$ 8,933.64	\$ 9,462.60	\$ 10,698.65	\$ 6,959.55	\$ 36,054.44
61050 SUPPLIES					0.00
61050.1 OFFICE SUPPLIES	6,808.92	5,047.81	6,267.63	2,988.23	21,112.59
Total 61050 SUPPLIES	\$ 6,808.92	\$ 5,047.81	\$ 6,267.63	\$ 2,988.23	\$ 21,112.59
61055 PAYROLL EXPENSE	116,788.27	155,648.36	166,216.83	85,363.24	524,016.70
61025 EMPLOYEE BENEFITS	5,360.38	5,724.93	6,056.15	3,849.99	20,991.45
61056 PAYROLL TAXES	11,336.16	21,387.40	14,998.08	8,436.74	56,158.38
Total 61055 PAYROLL EXPENSE	\$ 133,484.81	\$ 182,760.69	\$ 187,271.06	\$ 97,649.97	\$ 601,166.53
66050 REGULATORY COMPLIANCE					0.00
61000.1 AUDITING EXPENSE	1,657.50	18,537.50	24,838.59	2,550.00	47,583.59
61000.5 HR EXPENSE	5,657.95	6,317.50	7,300.45	4,582.26	23,858.16
Total 66050 REGULATORY COMPLIANCE	\$ 7,315.45	\$ 24,855.00	\$ 32,139.04	\$ 7,132.26	\$ 71,441.75
Total Expenses	\$ 202,706.30	\$ 272,272.42	\$ 290,197.12	\$ 141,858.47	\$ 907,034.31
Net Operating Income	-\$ 202,706.30	-\$ 272,272.42	-\$ 290,197.12	-\$ 141,858.47	-\$ 907,034.31
Net Income	-\$ 202,706.30	-\$ 272,272.42	-\$ 290,197.12	-\$ 141,858.47	-\$ 907,034.31
	101,353.15	136,136.21	145,098.56		

Monday, Jul 10, 2023 05:54:49 PM GMT-7 - Accrual Basis

From Jennifer Spidle, 50% of Admin Payroll Expense for 2024 = \$130,509

08/07/2023

2024 Budget      50% Allocation  
to Water System-  
2024 Budget

61007 BOARD EXPENSE	1,250	625
61012 CONTINGENCY/MISCELLANEOUS	-	-
61012.1 GM CONTINGENCY	5,300	2,650
61015 DUES AND SUBSCRIPTIONS	14,118	7,059
61040 PRINTING & COPYING	2,866	1,433
65016 LEASE/RENT EXPENSE	4,940	2,470
61011 COMPUTER SUPPORT SERVICES	12,289	6,145
61006 BANK FEES	1,000	500
61004 CREDIT CARD FEE EXPENSE	17,200	8,600
61020.2 TELEPHONE/INTERNET EXPENSE	13,602	6,801
61050.1 OFFICE SUPPLIES	6,587	3,294
61055 PAYROLL EXPENSE		see salaries & wages
61025 EMPLOYEE BENEFITS		see salaries & wages
61056 PAYROLL TAXES		see salaries & wages
61000.1 AUDITING EXPENSE	15,000	7,500
Total		47,076