

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

City of Cedar Springs

Sewer Rate Report

JULY 2019'



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MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

City of Cedar Spring Sewer Rate Evaluation

1	Cover sheet
2	Index
3	Written Summary of Evaluation
4	Starting Sheet
5	FINAL ANALYSIS
6	Rates Summary
7	Flat Rate or Non-Metered Customers New Rate Charges
8	Summary of Meter Count
9	Current Water Rates
10	Current Water Rates
11	Number of Customers - REU's
12	Unmetered Flat Rate Customers Gallons invoiced
13	Units of Sewage Invoiced
14	Cedar Springs Revenue & Expenses
15	Cedar Springs Revenue & Expenses
16	Non Sales Income
17	Labor & Benefits
18	Operational Expenses
19	Individual Bond List
20	USDA RD Bond Reserve Multiple Loans
21	Bonds - Loans
22	Reserve Funding Current Balance
23	Confirmation of Income

Current Rate Structure

City of Cedar Springs

July 2018

The current rate structure for the City of Cedar Springs invoices on a monthly basis. They currently charge a Debt fee based on an REU factor. The REU factor is different for most business. It is based on the square footage of a building, or the number of seats in a restaurant, or the number of pumps in a gas station etc. It is subjective and can be confusing.

This rate evaluation eliminates the current "Debt charge" based on the REU factor and replaced it with a "RTS" Ready To Serve charge based on the size of the customers water meter. (for most customers)

It is believe that basing the RTS charge on the customers water meter size will result in a more fair and equitable charge for all customers and recover the cost of operating the system in a more equitable manner.

Larger water / sewer users take up capacity of the system. The system has a limited capacity (gallons) therefore if one large customer takes up the capacity of 10 residential homes they should pay a base rate equivalent to the 10 residential homes. Larger volume users also drive the size of certain components of the water / sewer system. For instance having several large buildings that house factories or schools will require larger water and sewer mains and a larger water tower to provide firefighting ability for these larger buildings etc. It is thus fair that they pay a larger portion of the debt and some fixed expenses compared to a homeowner who uses 3,000 gallons per month.

Ultimately the goal is to collect the money needed to maintain the water / sewer system in the most equitable manner possible. Insuring that everyone pays their fair share of the cost.

NOTE: FOR THOSE CUSTOMERS WHO HAVE MULTI-UNIT BUILDINGS, LIKE APARTMENTS OR A BUILDING WITH MORE THAN ONE BUSINESS BEING OPERATED IN THE SAME BUILDING EACH WITH SEPARATE RESTROOM FACILITIES ETC - THESE CUSTOMERS **WILL NOT BE CHARGED A RTS CHARGE BASED ON THE SIZE OF THE WATER METER, BUT RATHER CHARGED THE RTS FEE FOR A 5/8 INCH METER TIMES THE **NUMBER OF UNITS IN THE BUILDING****

NOTE 2: ANY WATER OR SEWER CUSTOMERS WITHOUT A WATER METER WILL BE INVOICED A RTS CHARGE FOR A 5/8 INCH METER AND THEY WILL ALSO BE INVOICED FOR 3,000 GALLONS PER MONTH. THIS SHOULD BE ESTABLISHED IN THE CITY'S WATER ORDINANCE. - CURRENTLY THESE CUSTOMERS ARE NOT CHARGED FOR ANY WATER USE.

This rate evaluation charges a cost per 1,000 gallons of water and sewer used. The rate per 1,000 gallons is the same regardless of who the customer is or how much they use. Everyone pays the same rate starting from the first gallon used.

This rate evaluation did not include a detailed Equipment Replacement Fund or Capital Improvement Plan. The current USDA loan requires \$52,000 dollars to be put into the RRI (repair replacement & improvement) fund annually. (included in this evaluation) This evaluation did establish a general CIP fund. We were able to include \$65,000 per year in the CIP fund without raising the rates. The City received the SAW grant for the evaluation of the sanitary sewer system and wastewater treatment facility. When that evaluation is complete (2019 or 2020) another rate evaluation will be done as part of the SAW grant, using the results of that evaluation. It is anticipated that this evaluation will establish a detailed equipment replacement and capital improvement program.

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

BACKGROUND INFORMATION STARTING SHEET

Please be sure to review the results of this rate evaluation with an attorney

Name of Community :	CEDAR SPRINGS SEWER
Population Served :	3500
BUDGET USED FOR YEAR OF	2019
<u>Current Rate Structure</u>	
Are bills based on 1,000 gallons units or 100 cubic feet units?	1,000
Number of Residential Customer Invoices per Year	12
What are the dates of the Fiscal Year	JULY 1ST
Year of Last Rate Increase	2016
<i>This rate evaluation was completed using the following information</i>	
System Evaluations (MDEQ etc)	
List the names of the different Entities Served - Originating Entity	CEDAR SPRINGS SEWER
2nd Entity	FLAT RATE SEWER

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

CALCULATED RESULTS OF WATER RATE ANALYSIS					2019
CEDAR SPRINGS SEWER	ANNUAL BUDGET	BASE RATE FIXED EXPENSES	COST PER 5/8 METER	CONSUMPTION	VOLUME COST PER UNIT
LABOR & BENEFITS	\$143,040	\$28,608	\$1.37	\$114,432	\$1.38
OPERATION & MAINTENANCE EXPENSES	\$355,250	\$53,288	\$2.55	\$301,963	\$3.65
INFRASTRUCTURE ALTERNATIVES	\$112,045	\$22,409	\$1.07	\$89,636	\$1.08
		\$0	\$0.00	\$0	\$0.00
SUBTOTAL OPERATIONAL EXPENSES	\$610,335	\$104,305	\$4.98	\$506,031	\$6.12
USDA 2015 LOAN	\$89,503	\$89,503	\$4.28	\$0	\$0.00
2015 BONDS	\$186,156	\$186,156	\$8.89	\$0	\$0.00
2015 USDA SEWER LOAN RRI	\$52,000	\$52,000	\$2.48	\$0	\$0.00
2015 USDA SEWER LOAN BOND RESERVE	\$9,700	\$9,700	\$0.46	\$0	\$0.00
SUBTOTAL LOANS	\$337,359	\$337,359	\$16.12	\$0	\$0.00
CAPITAL IMPROVEMENT PROJECTS	\$76,531	\$0	\$0.00	\$76,531	\$0.93
CAPITAL IMPROVEMENT PROJECTS	\$27,630	\$27,630	\$1.32	\$0	\$0.00
SUBTOTAL RESERVES	\$104,160	\$27,630	\$1.32	\$76,531	\$0.93
ADOPTED BUDGET	\$1,051,854	\$469,293	\$22.42	\$582,561	\$7.05
CALCULATED RATE PER 5/8 METER	PER	MONTH	\$22.42	1,000 GAL.	\$7.05
ANNUAL EQUIVALENT REU'S 20,934	CURRENT RATES		\$21.35	\$6.71	
ANTICIPATED GALLONS INVOICED 82,685,561	INCREASE OF		\$1.07	\$0.34	
INVOICES PER YEAR 12	PERCENT INCREASE		5.0%	5.0%	
TOTAL NUMBER OF CUSTOMERS / METERS 1,412	FLAT RATE SEWER		\$22.42	\$7.05	
ANTICIPATED EQUIVALENT GALLONS / UNITS 82,686					
IS BASE RATE PER REU, - OR PER METER SIZE? CEDAR SPRINGS SEWER - METER SIZE - JULY 18 2019.xlsm	METER SIZE	\$1.00 INCREASE GENERATES	\$20,934	\$82,686	

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

2019

CEDAR SPRINGS SEWER

CEDAR SPRINGS SEWER					
PER 1,000 GAL.	\$7.05		\$6.71		\$0.34
	NEW		CURRENT		DIFFERENCE PER MONTH
METER SIZE	BASE RATE PER MONTH	METER RATIO FACTOR BEING USED	BASE RATE PER MONTH	CURRENT / OLD METER RATIO	
5/8	\$22.42	1.00	\$21.35	1.00	\$1.07
3/4	\$32.28	1.44			
1	\$57.39	2.56			
1 1/2	\$129.12	5.76			
2	\$229.56	10.24			
3	\$516.50	23.04			
4	\$918.22	40.96			
6	\$2,066.00	92.16			

These are the rates calculated for each meter size for each entity served. Also for the cost per unit of water sold for each entity.

CEDAR SPRINGS SEWER			
<u>NON METERED</u> CUSTOMERS - OR FLATE RATE CHARGES			
	NEW CALCULATED	CURRENT	DIFFERENCE
BASE RATE PER REU (HOME) PER BILLING PERIOD	\$22.42	\$21.35	\$1.07
COST PER UNIT OF WATER	\$7.05	\$6.71	\$0.34
<i>GALLONS OF SEWAGE INCLUDED WITH MINIMUM BILL</i>	3,000		
COST FOR WATER	\$21.14	\$0.00	\$21.14
BASE RATE COST PER MONTH	\$43.55	\$21.35	\$22.20
DIFFERENCE	\$22.20		

ANY WATER OR SEWER CUSTOMERS WITHOUT A WATER METER WILL BE INVOICED A RTS CHARGE FOR A 5/8 INCH METER AND THEY WILL ALSO BE INVOICED FOR 3,000 GALLONS PER MONTH. THIS SHOULD BE ESTABLISHED IN THE CITY'S WATER ORDINANCE. - CURRENTLY THESE CUSTOMERS ARE NOT CHARGED FOR ANY WATER USE.

**MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM**

NUMBER OF METERS AND THE NUMBER OF UNITS						
Total System Meters		"APARTMENT METERS" - WHICH ARE SUBTRACTED FROM TOTAL METER COUNT				
METER SIZE	# OF METERS	METER SIZE	# OF METERS	AFTER SUBTRACTING OUT APARTMENT METERS	NUMBER OF APT UNITS / REU'S ADDED	NUMBER OF METERS & APARTMENT UNITS USED FOR RATE EVALUATION
5/8"	873	5/8"	42	831	512	1343
3/4"	17	3/4"	6	11		11
1"	22	1"	2	20		20
1.5 INCH	17	1.5 INCH	6	11		11
2 INCH	16	2 INCH	3	13		13
3 INCH	3	4 IN	1	2		2
4 IN	2			2		2
6 IN	1		1	0		0
TOTALS	951		61	890		1402

The apartment meters are subtracted out of the total meter count and then the number of units/ reu's are added to the 5/8" meter total

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

CEDAR SPRINGS SEWER CURRENT RATE CHARGES				
Customers Are Invoiced MONTHLY PER				
RATE CLASS 1				
CEDAR SPRINGS SEWER				
TYPE OF WATER UNITS	1,000 GALLONS	THIS REPORT ESTABLISHES A RTS CHARGE BASED ON THE SIZE OF THE CUSTOMER'S WATER METER.- CURRENTLY THE RTS CHARGE IS BASED ON AN REU FACTOR THAT VARIES FOR EVERY BUSINESS. - VERY CONFUSING AND HAS NOT BEEN UPDATED IN RECENT YEARS.		
COST PER WATER UNIT	\$6.71			
INVOICES PER YEAR	12			
METER SIZE INCHES	RTS CHARGE PER METER SIZE	NUMBER OF METERS	INVOICE FREQUENCY	ANNUAL INCOME
5/8	\$21.35	1343	12	\$344,077
3/4	\$21.35	11	12	\$2,818
1	\$21.35	20	12	\$5,124
1 1/2	\$21.35	11	12	\$2,818
2	\$21.35	13	12	\$3,331
3	\$21.35	2	12	\$512
4	\$21.35	2	12	\$512
6	\$21.35	0	12	\$0
TOTALS		1402		\$359,192

Current Rate Charges

956 NUMBER OF ACCOUNTS - WHICH EQUAL 2091 REU'S - THE 21.35 IS LISTED ON THE CUSTOMERS BILL AS DEBT CHARGE. BUT THE REVENUE IS USED AS NEEDED

NEW RATE EVALUATION

THIS WATER RATE ANALYSIS WILL DO THE FOLLOWING
USE THE CUSTOMERS METER SIZE TO DETERMINE THE READY TO SERVE CHARGE PER MONTH INSTEAD OF ASSIGNING AN REU FACTOR PER CUSTOMER.

NOTE: FOR THOSE CUSTOMERS WHO HAVE MULTI-UNIT BUILDINGS, LIKE APARTMENTS OR A BUILDING WITH MORE THAN ONE BUSINESS BEING OPERATED IN THE SAME BUILDING EACH WITH SEPERATE RESTROOM FACILITIES ETC - THESE CUSTOMERS **WILL NOT** BE CHARGED A RTS CHARGE BASED ON THE SIZE OF THE WATER METER, BUT RATHER ON THE **NUMBER OF UNITS IN THE BUILDING**

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

RATE CLASS 2					
FLAT RATE SEWER					
TYPE OF WATER UNITS	1,000 GALLONS	Ratio Entity # 2 vs. 1	10 ACCOUNTS THAT HAVE SEWER SERVICE BUT DO NOT HAVE WATER SERVICE. - THESE CUSTOMERS WILL BE INVOICED THE SAME "RTS" CHARGE AS A 5/8 INCH METERED CUSTOMER. - THEY WILL ALSO BE INVOICED FOR 3,000 GALLONS PER MONTH		
COST PER WATER UNIT	\$6.71	1.00			
INVOICES PER YEAR	12				
METER SIZE INCHES	RTS CHARGE PER METER SIZE	Ratio Entity # 2 vs. 1	NUMBER OF METERS	INVOICE FREQUENCY	ANNUAL INCOME
5/8	\$21.35	1.00	10	12	\$2,562
3/4				12	\$0
1			12	\$0	
1 1/2			12	\$0	
2			12	\$0	
3			12	\$0	
4			12	\$0	
6			12	\$0	
			10		\$2,562

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

2019	RATE CLASS 1	RATE CLASS 2				
	CEDAR SPRINGS SEWER	FLAT RATE SEWER				
METER SIZE INCHES	NUMBER OF METERS	NUMBER OF METERS	TOTAL NUMBER OF REU'S	CALCULATED METER EQUIVALENT	EQUIVALENT REU'S PER BILLING CYCLE	ANNUAL EQUIVALENT REU'S (UNITS)
5/8	1343	10	1353	1.00	1,353	16,236
3/4	11	0	11	1.44	16	190
1	20	0	20	2.56	51	614
1 1/2	11	0	11	5.76	63	760
2	13	0	13	10.24	133	1,597
3	2	0	2	23.04	46	553
4	2	0	2	40.96	82	983
6	0	0	0	92.16		
TOTAL	1402	10	1412		1,745	
TOTAL <u>EQUIVALENT</u> ANNUAL REU'S						20,934
PERCENT REDUCTION						0.00%
REU REDUCTION PER BILLING CYCLE						0.0
ANNUAL <u>EQUIVALENT</u> REU'S USED FOR RATE EVALUATION						20,934

The table above establishes the REU ratio or the calculated meter equivalent ratio for each size water meter.
BASED ON THE REQUEST OF THE WATER SYSTEM - THE REU RATIO USED FOR THIS EVALUATION IS BASED ON THE SQUARE INCHES OF THE LINE SIZE.

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

CEDAR SPRINGS SEWER	
<u>UN-METERED</u> SEWER ONLY CUSTOMERS	
CALCULATING GALLONS TO ADD TO "GALLONS SOLD"	
NUMBER OF UN-METERED CUSTOMERS	10
AVERAGE GALLONS USED PER CUSTOMER PER BILL	3,000
BILLING PERIODS PER YEAR	12
GALLONS PER YEAR ATTRIBUTED TO UNMETERED CUSTOMERS	360,000
<i>THIS FIGURE SHOULD BE ADDED TO THE ANNUAL GALLONS INVOICED</i>	
NOTES	

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

CEDAR SPRINGS SEWER	2019				UNITS OF WATER OR SEWAGE INVOICED TO CUSTOMERS					THE PROGRAM USES THE LOWEST YEAR
	USAGE REPORTED IN 2015/2016	USAGE REPORTED IN 2016/2017	2017/2018	2018/2019	AVERAGE	MAX. YEAR	MIN. YEAR	PERCENT DIFFERENCE FROM MAX. TO MIN. YEAR	ANTICIPATED PERCENT REDUCTION NEXT YEAR	
CEDAR SPRINGS SEWER	84,355,000	82,189,000	80,771,000	87,002,000	83,579,250	87,002,000	80,771,000	7%	1.5%	82,325,561
FLAT RATE SEWER	360,000	360,000	360,000	360,000	360,000	360,000	360,000	0%		360,000
TOTALS	84,715,000	82,549,000	81,131,000	87,362,000	83,939,250	87,362,000	81,131,000	4%		82,685,561
GALLONS OF REDUCTION										(1,554,561)
GALLONS USED FOR EVALUATION										82,685,561

The Volumes listed above are only those gallons that are a revenue source.
The gallons listed above do not include any water NOT invoiced for winter "Let Runs"
The gallons listed above were generated by the City. The City takes full responsibility for the accuracy of these numbers.

MICHIGAN RURAL WATER ASSOCIATION RATE EVALUATION PROGRAM

06/21/2018

REVENUE AND EXPENDITURE REPORT Month Ended: June

GL NUMBER	DESCRIPTION	BALANCE AS OF 06/30/2019	BALANCE AS OF 06/30/2018	BALANCE AS OF 06/30/2017	BALANCE AS OF 06/30/2016
Fund 590 - Sewer Fund					
Revenues					
Dept 000.000					
590-000.000-415.000	Bond Payment-Debt Service	295,600.00	278,373.73	275,759.35	247,392.40
590-000.000-418.000	PENALTY INCOME	5,400.00	5,265.90	0.00	0.00
590-000.000-474.100	Meter Installation	12,000.00	35,195.00	17,060.20	10,113.48
590-000.000-474.400	Miscellaneous	0.00	721.85	1,378.87	15.00
590-000.000-480.000	Sewer Billings	748,100.00	748,137.12	801,684.30	605,696.46
590-000.000-540.001	SAW GRANT	0.00	51,029.90	155,966.99	0.00
590-000.000-637.000	INSURANCE DIVIDEND	0.00	1,482.39	0.00	0.00
590-000.000-664.000	Interest Earned	1,500.00	1,594.71	897.59	938.56
590-000.000-677.000	Reimbursements	0.00	355.99	0.00	6,013.54
Total Dept 000.000		1,062,600.00	1,122,156.59	1,252,747.30	870,169.44
TOTAL REVENUES		1,062,600.00	1,122,156.59	1,252,747.30	870,169.44
Expenditures					
Dept 540.000 - Collection Systems					
590-540.000-702.000	WAGES - FULL TIME EMPLOYEES	25,300.00	24,694.82	25,839.21	25,892.55
590-540.000-710.000	Overtime Wages	0.00	1,716.66	451.11	902.99
590-540.000-715.000	Employee Benefits/Uniforms Exp	800.00	792.62	712.11	1,003.61
590-540.000-716.000	Medical/Dental/Vision/Life Insurance	5,420.00	2,509.32	2,402.65	3,884.23
590-540.000-720.000	Power-Lift Stations	15,000.00	13,467.71	14,481.49	14,505.73
590-540.000-722.000	Operation Supplies Expense	500.00	0.00	335.39	65.81
590-540.000-725.000	Unemployment Empl Benefit Exp	0.00	1.52	3.58	6.06
590-540.000-727.000	Office Supplies Expense	150.00	392.66	16.00	56.00
590-540.000-731.200	Maintenance-Lift Stations	8,000.00	3,390.61	5,715.10	9,454.05
590-540.000-773.000	Maintenance Main Lines	30,000.00	142,006.00	5,677.80	13,136.76
590-540.000-801.000	Professional Service Expense	3,000.00	16,904.35	3,024.00	3,144.67
590-540.000-801.001	SAW GRANT	0.00	65,222.52	35,071.99	0.00
590-540.000-865.000	ALLOWANCE FOR BAD DEBT	3,000.00	0.00	140.12	0.00
590-540.000-910.000	Insurance & Bonds Expense	0.00	0.00	1,000.00	707.37
590-540.000-912.000	Life Insur Employee Benefit Ex	0.00	177.78	304.17	375.08
590-540.000-917.000	Workmens Compensation Expense	1,400.00	1,239.90	570.00	613.00
590-540.000-918.000	Pension Expense	2,200.00	2,533.78	1,897.82	1,932.93
590-540.000-918.999	Pension Expense - GASB 68	0.00	0.00	28,399.00	22,123.00
590-540.000-919.000	Social Security Expense	1,940.00	2,138.88	1,951.00	1,946.61
590-540.000-921.000	Gas Utility Expense	1,400.00	1,344.60	1,742.99	1,250.52
590-540.000-924.000	Telephone Expense	3,000.00	7,507.99	6,279.62	6,781.17
590-540.000-928.000	USDA - Contractors Expense	0.00	0.00	0.39	0.00
590-540.000-928.100	USDA - Engineering Expense	0.00	0.00	773.00	0.00
590-540.000-930.300	Education/Training Expense	500.00	485.00	0.00	0.00
590-540.000-940.000	Equipment Rental Expense	7,000.00	4,921.52	5,070.19	6,158.39
590-540.000-943.000	Miscellaneous Expense	0.00	61.35	(1,350.00)	0.00
Total Dept 540.000 - Collection Systems		108,610.00	291,509.59	140,508.73	113,940.53

**MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM**

Dept 545.000 - Sewage Treatment Plant

590-545.000-702.000	WAGES - FULL TIME EMPLOYEES	8,050.00	63,877.07	12,873.08	14,363.08
590-545.000-703.000	Administrative Salaries Expens	63,000.00	2,768.31	56,227.71	54,889.08
590-545.000-710.000	Overtime Wages	0.00	0.00	0.00	174.80
590-545.000-715.000	Employee Benefits/Uniforms Exp	0.00	14.56	56.19	0.00
590-545.000-716.000	Medical/Dental/Vision/Life Insurance	25,880.00	15,266.69	8,902.65	9,320.27
590-545.000-717.000	Health Insurance Buyout	0.00	0.00	0.00	429.17
590-545.000-722.000	Operation Supplies Expense	500.00	971.71	489.88	1,404.43
590-545.000-725.000	Unemployment Empl Benefit Exp	0.00	7.60	12.56	5.35
590-545.000-726.100	Equipment Purchase	5,000.00	0.00	0.00	5,043.99
590-545.000-727.000	Office Supplies Expense	1,000.00	1,015.18	675.02	560.11
590-545.000-770.000	Engineering	0.00	445.96	0.00	0.00
590-545.000-770.100	Lab Testing Expense	6,000.00	4,289.64	6,023.77	5,968.44
590-545.000-770.200	Plant Maintenance Expense	25,000.00	13,237.35	37,847.12	37,313.64
590-545.000-770.300	Chemicals Expense	15,000.00	10,242.37	8,983.05	10,739.17
590-545.000-771.000	Sludge Disposal	40,000.00	24,048.53	26,247.38	27,138.32
590-545.000-772.000	ANNUAL PERMIT FEES	5,150.00	0.00	4,774.09	1,206.49
590-545.000-801.000	Professional Service Expense	4,800.00	10,036.74	4,581.00	7,146.83
590-545.000-817.000	Groundwater Monitoring-Lagoons	5,000.00	3,027.30	4,738.50	3,441.10
590-545.000-818.000	Contracted Services Expense	3,000.00	2,960.00	4,034.76	0.00
590-545.000-819.000	Sampling & Analysis-WWTP	8,500.00	8,415.18	7,362.80	8,724.18
590-545.000-821.000	Infrastructure Alternatives	112,045.00	112,365.27	105,205.92	105,205.92
590-545.000-905.000	Computer Maintenance Expense	2,000.00	1,350.00	1,887.63	1,295.08
590-545.000-910.000	Insurance & Bonds Expense	10,000.00	21,013.00	8,043.00	10,637.06
590-545.000-912.000	Life Insur Employee Benefit Ex	0.00	533.82	552.87	802.29
590-545.000-918.000	Pension Expense	4,140.00	3,959.00	3,357.00	4,962.70
590-545.000-919.000	Social Security Expense	5,400.00	5,117.34	5,057.34	4,814.78
590-545.000-921.000	Gas Utility Expense	11,000.00	9,550.69	12,027.76	10,554.05
590-545.000-922.000	Water Utility Expense	40,000.00	38,802.21	39,027.26	36,887.90
590-545.000-924.000	Telephone Expense	1,500.00	1,727.53	2,303.77	1,331.78
590-545.000-926.000	Electric Expense	62,000.00	56,904.48	59,081.26	60,022.82
590-545.000-943.000	Miscellaneous Expense	0.00	0.00	103.60	0.00
590-545.000-955.000	Bank Fees	0.00	0.00	223.35	159.31
590-545.000-956.200	Membership & Dues Expense	1,100.00	1,737.50	943.75	704.67
590-545.000-965.600	Bond Principle Pmt	133,000.00			
590-545.000-965.800	Bond Interest Pmt	142,960.00			
COMBINED PRINCIPAL & INTEREST BOTH LOANS			275,000.00	275,000.00	275,000.00
590-545.000-977.200	Gasoline & Oil Expense	2,000.00	1,070.55	978.00	1,251.18
590-545.000-978.000	Postage Expense	2,000.00	2,058.89	2,071.48	2,064.98
Total Dept 545.000 - Sewage Treatment Plant		745,025.00	691,814.47	699,693.55	703,562.97

TOTAL EXPENDITURES

853,635.00 983,324.06 840,202.28 817,503.50

Fund 590 - Sewer Fund:

TOTAL REVENUES	1,062,600.00	1,122,156.59	1,252,747.30	870,169.44
TOTAL EXPENDITURES	853,635.00	983,324.06	840,202.28	817,503.50
SUB-NET OF REVENUES & EXPENDITURES	(28,995.00)	(27,986.02)	(27,986.02)	(27,986.02)

590-545.000-970.000	Capital Expense	98,000.00	52,258.35	0.00	44,788.38
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NET OF REVENUES & EXPENDITURES **(126,995.00)** **(80,244.37)** **(27,986.02)** **(72,774.40)**

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

CEDAR SPRINGS SEWER			
NON-SALES INCOME			
NON-SALES INCOME	2017	2018	2019
PENALTY INCOME	\$ 5,266	\$ -	\$ -
Meter Installation	\$ 35,195	\$ 17,060	\$ 10,113
Miscellaneous	\$ 722	\$ 1,379	\$ 15
SAW GRANT	\$ 51,030	\$ 155,967	\$ -
INSURANCE DIVIDEND	\$ 1,482	\$ -	\$ -
Interest Earned	\$ 1,595	\$ 898	\$ 939
Reimbursements	\$ 356	\$ -	\$ 6,014
TOTAL INCOME (NON SALES)	\$ 95,646	\$ 175,304	\$ 17,081
Portion of (Non Sales) Revenue <u>Guaranteed</u> :			50%
Percent Applied Towards Fixed Rate RTS Charge - PERCENT applied per REU			50%
ANNUAL DOLLARS APPLIED TOWARDS FIXED BUDGET - BASE RATE - RTS			\$ -
ANNUAL DOLLARS APPLIED TOWARDS VARIABLE BUDGET - PER UNIT			\$ -

**MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM**

LABOR & BENEFITS		PROPOSED BUDGET FOR NEXT FISCAL YEAR		ACTUALS EXPENSES FROM PREVIOUS YEARS (COMPARISON PURPOSES ONLY)	
CEDAR SPRINGS SEWER					
		2018/2019			
2019	RATE BUDGET	YEAR OF	YEAR OF	YEAR OF	
COLLECTION SYSTEM	ANNUAL BUDGETED	2017/2018	2016/2017	2015/2016	
WAGES - FULL TIME EMPLOYEES	\$25,600	\$24,695	\$25,839	\$25,893	
Overtime Wages	\$0	\$1,717	\$451	\$903	
Employee Benefits/Uniforms Exp	\$800	\$793	\$712	\$1,004	
Medical/Dental/Vision/Life Insurance	\$3,480	\$2,509	\$2,403	\$3,884	
Unemployment Empl Benefit Exp	\$0	\$2	\$4	\$6	
Life Insur Employee Benefit Ex	\$0	\$178	\$304	\$375	
Workmens Compensation Expense	\$100	\$1,240	\$570	\$613	
Pension Expense	\$2,300	\$2,534	\$1,898	\$1,933	
Pension Expense - GASB 68	\$0	\$0	\$28,399	\$22,123	
Social Security Expense	\$1,960	\$2,139	\$1,951	\$1,947	
COLLECTION SYSTEM	\$34,240	\$35,805	\$62,531	\$58,680	
TREATMENT FACILITY					
WAGES - FULL TIME EMPLOYEES	\$72,890	\$63,877	\$12,873	\$14,363	
Administrative Salaries Expens	\$0	\$2,768	\$56,228	\$54,889	
Overtime Wages	\$0	\$0	\$0	\$175	
Employee Benefits/Uniforms Exp	\$100	\$15	\$56	\$0	
Medical/Dental/Vision/Life Insurance	\$25,870	\$15,267	\$8,903	\$9,320	
Health Insurance Buyout	\$0	\$0	\$0	\$429	
Unemployment Empl Benefit Exp	\$0	\$8	\$13	\$5	
Life Insur Employee Benefit Ex	\$0	\$534	\$553	\$802	
Pension Expense	\$4,140	\$3,959	\$3,357	\$4,963	
Social Security Expense	\$5,800	\$5,117	\$5,057	\$4,815	
TREATMENT FACILITY	\$108,800	\$91,544	\$87,039	\$89,762	
SUB-TOTAL EXPENSES	\$143,040	\$127,350	\$149,570	\$148,442	
Additional Cost of Inflation Increase	0.00%				
LABOR & BENEFITS	\$143,040				
ARE EMPLOYEES MAKING A LIVABLE WAGE AND RECEIVING INCREASES ANNUALLY?					

**MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM**

OPERATION & MAINTENANCE EXPENSES	PROPOSED BUDGET FOR NEXT FISCAL YEAR	ACTUALS EXPENSES FROM PREVIOUS YEARS (COMPARISON PURPOSES ONLY)		
2019	2018/2019			
CEDAR SPRINGS SEWER COLLECTION SYSTEM	RATE BUDGET ANNUAL BUDGETED	YEAR OF 2017/2018	YEAR OF 2016/2017	YEAR OF 2015/2016
Power-Lift Stations	\$16,000	\$13,468	\$14,481	\$14,506
Operation Supplies Expense	\$500	\$0	\$335	\$66
Office Supplies Expense	\$150	\$393	\$16	\$56
Maintenance-Lift Stations	\$14,000	\$3,391	\$5,715	\$9,454
Maintenance Main Lines	\$30,000	\$142,006	\$5,678	\$13,137
Professional Service Expense	\$3,000	\$16,904	\$3,024	\$3,145
SAW GRANT	\$0	\$65,223	\$35,072	\$0
ALLOWANCE FOR BAD DEBT	\$3,000	\$0	\$140	\$0
Insurance & Bonds Expense	\$0	\$0	\$1,000	\$707
Gas Utility Expense	\$1,500	\$1,345	\$1,743	\$1,251
Telephone Expense	\$3,000	\$7,508	\$6,280	\$6,781
USDA - Contractors Expense	\$0	\$0	\$0	\$0
USDA - Engineering Expense	\$2,000	\$0	\$773	\$0
Education/Training Expense	\$500	\$485	\$0	\$0
Equipment Rental Expense	\$6,000	\$4,922	\$5,070	\$6,158
Miscellaneous Expense	\$0	\$61	(\$1,350)	\$0
COLLECTION SYSTEM	\$79,650	\$255,704	\$77,978	\$55,260
TREATMENT PLANT				
Operation Supplies Expense	\$500	\$972	\$490	\$1,404
Equipment Purchase	\$5,000	\$0	\$0	\$5,044
Office Supplies Expense	\$1,000	\$1,015	\$675	\$560
Engineering	\$0	\$446	\$0	\$0
Lab Testing Expense	\$6,000	\$4,290	\$6,024	\$5,968
Plant Maintenance Expense	\$25,000	\$13,237	\$37,847	\$37,314
Chemicals Expense	\$15,000	\$10,242	\$8,983	\$10,739
Sludge Disposal	\$40,000	\$24,049	\$26,247	\$27,138
ANNUAL PERMIT FEES	\$4,000	\$0	\$4,774	\$1,206
Professional Service Expense	\$3,500	\$10,037	\$4,581	\$7,147
Groundwater Monitoring-Lagoons	\$7,000	\$3,027	\$4,739	\$3,441
Contracted Services Expense	\$2,000	\$2,960	\$4,035	\$0
Sampling & Analysis-WWTP	\$8,500	\$8,415	\$7,363	\$8,724
Computer Maintenance Expense	\$2,000	\$1,350	\$1,888	\$1,295
Insurance & Bonds Expense	\$13,000	\$21,013	\$8,043	\$10,637
Gas Utility Expense	\$11,000	\$9,551	\$12,028	\$10,554
Water Utility Expense	\$60,000	\$38,802	\$39,027	\$36,888
Telephone Expense	\$1,500	\$1,728	\$2,304	\$1,332
Electric Expense	\$65,000	\$56,904	\$59,081	\$60,023
Miscellaneous Expense	\$0	\$0	\$104	\$0
Bank Fees	\$0	\$0	\$223	\$159
Membership & Dues Expense	\$1,100	\$1,738	\$944	\$705
Gasoline & Oil Expense	\$2,000	\$1,071	\$978	\$1,251
Postage Expense	\$2,500	\$2,059	\$2,071	\$2,065
TREATMENT PLANT	\$275,600	\$212,905	\$232,448	\$233,596
SUBTOTAL OPERATIONAL EXPENSES	\$355,250	\$468,609	\$310,426	\$288,856
CONTINGENCY	\$0			
SUBTOTAL	\$355,250			
COST OF INFLATION INCREASE	0.00%			
OPERATION & MAINTENANCE EXPENSES	\$355,250			

**MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM**

CEDAR SPRINGS SEWER		
2019		
BOND INSTALLMENT ANNUAL PAYMENT SCHEDULE		
NAME OF LOAN	USDA 2015 LOAN	2015 BONDS
PAID BY RATES OR OTHER ?	RATES	RATES
DATE OF ISSUE	2015	2015
DATE OF MATURITY	2055	2055
IS THERE A RESERVE REQUIREMENT		
WHAT IS THE REQUIRED ANNUAL RESERVE \$\$		
CURRENT BALANCE IN THE REQUIRED RESERVE		
DATE OF - PRINCIPAL & INTEREST PAYMENT		
\$ AMOUNT OF THIS INTEREST PAYMENT		
\$ AMOUNT OF PRINCIPAL THIS PAYMENT		
DATE OF - INTEREST PAYMENT		
\$ AMOUNT OF THIS INTEREST PAYMENT		
LIST THE COMBINED ANNUAL <u>PRINCIPAL & INTEREST</u> PAYMENTS HERE	ANNUAL PAYMENTS NEEDED FROM RATE CHARGES	ANNUAL PAYMENTS NEEDED FROM RATE CHARGES
	USDA 2015 LOAN	2015 BONDS
2019	\$89,503	\$186,156
2020	\$89,623	\$184,656
2021	\$8,971	\$182,906
2022	\$89,780	\$186,056
2023	\$89,818	\$183,956
2024	\$89,828	\$183,970
2025	\$89,810	\$185,945
2026	\$89,765	\$182,495
2027	\$89,693	\$182,495
2028	\$89,593	\$182,495
2029	\$89,465	\$182,495
2030	PAID OFF 2055	PAID OFF 2055
2031		
PAID OFF IN YEAR OF	2055	2055

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

USDA RURAL DEVELOPMENT RESERVE REQUIREMENT		
CEDAR SPRINGS SEWER		
USDA RURAL DEVELOPMENT BOND RESERVE		
LOAN / BOND NAME:	2015 USDA SEWER LOAN	
ANNUAL BOND RESERVE PAYMENT	\$9,700	
LOAN ORIGINATION YEAR	2015	
ENDING YEAR FOR BOND RESERVE CONTRIBUTION	2025	
STARTING BALANCE BOND RESERVE ACCOUNT	0	
SAVINGS INTEREST RATE		
BOND RESERVE ACCOUNT GOAL	\$97,000	
ANNUAL RRI RESERVE PAYMENT	\$52,000	
ENDING YEAR FOR RRI RESERVE PAYMENT	2055	
STARTING YEAR	ANNUAL PAYMENT	END OF YEAR BALANCE
2015	\$9,700	\$9,700
2016	\$9,700	\$19,400
2017	\$9,700	\$29,100
2018	\$9,700	\$38,800
2019	\$9,700	\$48,500
2020	\$9,700	\$58,200
2021	\$9,700	\$67,900
2022	\$9,700	\$77,600
2023	\$9,700	\$87,300
2024	\$9,700	\$97,000
2025	\$9,700	\$106,700
BOND RESERVE	\$9,700	
REPAIR REPLACEMENT & IMPROVEMENT	\$52,000	
TOTAL FOR BUDGET	\$61,700	
<p style="font-size: small;">The "Bond Reserve Account" Annual Payment is dictated in the original loan agreement with Rural Development. It is usually set to accumulate one full year's loan payment over a ten year period. <u>Once the bond reserve account reaches one full annual loan payment (principal & interest), the annual bond reserve payment is typically added to the RRI annual payment. Check the Loan Agreement for details.</u></p>		
TOTAL BOND RESERVE	\$9,700	
TOTAL RRI RESERVE	\$52,000	
TOTAL RESERVE	\$61,700	
THESE RESERVE AMOUNTS ARE AUTOMATICALLY ADDED INTO THE EQUIPMENT REPLACEMENT FUND PAGE		

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

CEDAR SPRINGS SEWER	
LOANS, BONDS, INTEREST, ANNUAL PAYMENT	
USDA 2015 LOAN	\$89,503
2015 BONDS	\$186,156
\$0	\$0
\$0	\$0
TOTAL ANNUAL PAYMENTS \$ 275,659.00	
No Tax revenue or special assessment revenue is applied to these payments	
TOTAL DEBT - NEW & CURRENT	<u>\$275,659</u>

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

CEDAR SPRINGS SEWER
RESERVE FUNDING CURRENT BALANCE

BALANCES WERE OBTAINED ON DATE **June 25 2018**

CASH ON HAND FOR ANNUAL EXPENSES

Name of Account / Description	Purpose	Balance
CHECKING ACCOUNT		\$ 760,000
	Total Balance	\$ 760,000

GENERAL RESERVE ACCOUNTS

Name of Account / Description	Purpose	Balance
CD		\$ 404,000
	Total Balance	\$ 404,000

RESTRICTED MONEY - RESTRICTED RESERVE ACCOUNTS

Name of Account / Description	Purpose	Balance
BOND PAYMENT ACCOUNT	LOAN PAYMENT	\$ 54,000
SEWER DEBT SERVICE		
	Total Balance	\$ 54,000

GENERAL CHECKING \$760,000

GENERAL RESERVE \$404,000

TOTAL AVAILABLE \$1,164,000

APPLIED TO RESERVE ACCOUNTS

ASSET REPLACEMENT # 1 \$250,000
CAPITAL IMPROVEMENT \$0

TOTAL APPLIED TO RESERVE ACCOUNTS **\$250,000**

LEFT FOR CHECKING \$914,000

MICHIGAN RURAL WATER ASSOCIATION
RATE EVALUATION PROGRAM

CONFIRMATION OF INCOME - BASED ON CALCULATED RATES

CEDAR SPRINGS SEWER			
	CEDAR SPRINGS SEWER	FLAT RATE SEWER	REVENUE
	New Cost per Unit of Water Sold		NEW RATES
\$ PER 1,000 GAL.	\$7.05	\$7.05	
UNITS Sold	82,326	360	82,686
Income	\$580,025	\$2,536	\$582,561
NON SALES INCOME APPLIED TO VARIABLE BUDGET			\$0
TOTAL ANTICIPATED REVENUE PER UNIT SALES			\$582,561
METER SIZE	NEW BASE RATE PER MONTH		
5/8	\$22.42	\$22.42	
NO. CUSTOMERS	1,343	10	
ANNUAL INVOICES	16,116	120	
ANNUAL INCOME	\$361,280.43	\$2,690.10	\$363,971
3/4	\$32.28	\$32.28	
NO. CUSTOMERS	11	0	
ANNUAL INVOICES	132	0	
ANNUAL INCOME	\$4,261.12	\$0.00	\$4,261
1	\$57.39	\$57.39	
NO. CUSTOMERS	20	0	
ANNUAL INVOICES	240	0	
ANNUAL INCOME	\$13,773.31	\$0.00	\$13,773
1 1/2	\$129.12	\$129.12	
NO. CUSTOMERS	11	0	
ANNUAL INVOICES	132	0	
ANNUAL INCOME	\$17,044.47	\$0.00	\$17,044
2	\$229.56	\$229.56	
NO. CUSTOMERS	13	0	
ANNUAL INVOICES	156	0	
ANNUAL INCOME	\$35,810.61	\$0.00	\$35,811
3	\$516.50	\$516.50	
NO. CUSTOMERS	2	0	
ANNUAL INVOICES	24	0	
ANNUAL INCOME	\$12,395.98	\$0.00	\$12,396
4	\$918.22	\$918.22	
NO. CUSTOMERS	2	0	
ANNUAL INVOICES	24	0	
ANNUAL INCOME	\$22,037.30	\$0.00	\$22,037
6	\$2,066.00	\$2,066.00	
NO. CUSTOMERS	0	0	
ANNUAL INVOICES	0	0	
ANNUAL INCOME	\$0.00	\$0.00	\$0
Fixed Income			\$469,293
NON SALES INCOME APPLIED TO FIXED BUDGET			\$0
TOTAL COMBINED CUSTOMER INCOME = BASE RATE + VOLUME INCOME			\$1,051,854
TOTAL COMBINED CUSTOMER INCOME			\$1,051,854
Budget Goal			\$1,051,854
Difference			\$0