

2. During 2020 and into 2021, staff focused heavily on reducing the amount of non-revenue water and consequently have reduced the water costs significantly from 2020 to 2021. In October 2020, the year to date water costs were \$460,581.55 and in 2021, the year to date water costs were \$413,740.83. Year to date water sales through October 2020 were \$1,239,319 and through October 2021 \$1,233,311, a difference of \$6,008. Non-revenue water reduction efforts are continuous and we anticipate being significantly under budget for 2021.

During 2019 and 2020, the Association covered planning and design fees associated with the Contract 14 Distribution System Improvements Project. The project expenses stopped in early 2021. The costs will be reimbursed once the RD funding is available. The project was advertised in February 2021 and no bids were received. The project was advertised a second time in April/May 2021 where two bids were received, one for \$900,000 over the engineer's estimate and the other was \$550,000 over the engineer's estimate. While working to secure the additional funding, the contractor's supplier pulled the price guarantee and also could not guarantee the availability of the pipe. We will be bidding out the project again as soon as we can, once it appears that supply and pricing have become more favorable.

In March of 2021, the Association refinanced all but one of the RD notes with KRWFC resulting in annual savings. The Debt service Comparison is in the Loan Assistance Agreement.

On July 1, 2021, the management fee with the Mercer County Sanitation District was increased from \$35,000 to \$40,000 annually.

From 2020 to 2021, we've had staffing changes with the retirement of an office staff member and the addition of her replacement. We've also had changes in the maintenance staff and added an additional staff member to accommodate the work load. The new staff members are entry level positions. With the all of the changes, we are running close to the 2020 salary total.