

## 2 LEGAL AND FINANCIAL REQUIREMENTS

The main supporting elements of an observer programme framework are the legal and financial requirements. Observer programmes require a minimum level of legal authority to place observers onboard foreign or domestic vessels, and financial resources for their establishment and operation.

This chapter looks at the different forms of legal power required to place observers on vessels and other legal considerations that should be taken into account for the development of a programme. It also explores the type of set-up and operational expenses that can be anticipated, gives options on possible ways to secure the financing for the programme and provides an example of the costs required for establishing a programme.

### 2.1 The legal power to place observers

#### 2.1.1 Controlled fisheries

In a fishery that is managed by controls that restrict who can have access to the fishery, how much fishing effort they can exert, or how much catch they can take, all the participating fishers hold some type of use right. These controls of 'access into' or 'harvesting from' the fishery usually provide a legal basis for placing observers onto fishing vessels that is usually quite straightforward. It is likely that one or more legal instruments support the fishery for both domestic and foreign vessels. The appropriate instrument will designate the responsibility to manage the fishery to a person or an authority in order to issue vessel licences, access rights, fishing licences or other types of use rights (permission) to take part in the fishery. It is through these legal instruments or permissions to fish that the legal power to place observers can be incorporated (for an example of possible text see Box 5).

The most common legal instruments are through:

- the **Act**
- the **Regulations**
- conditions of the **Vessel Licence**
- conditions of the **Fishing Licence**
- conditions pertaining to an **Access Agreement**
- other communication when the authority is provided for by any of the above.

#### Box 5

An example of text that may be used to provide for placing a fishery observer onto a vessel:

*"You may be required to carry onboard a designated Fishery Observer who will collect scientific, management and/or\* compliance information, and any other information at a time and in a manner as determined by the fisheries authority. During the period that the Fishery Observer is onboard you will be required to allow the Fishery Observer access to all parts of the vessel as well as to any records, documents and marine biological resources found there, to provide reasonable accommodation for the fishery observer, and to allow the use of all equipment necessary for the performance of his or her duties"*

\*Specify as appropriate

#### 2.1.2 Non-controlled fisheries

In an open access fishery it may take more time and imagination to find the legal means to secure access for observers. Where there is a future intention to restrict access, a first task of observers might be to collect the baseline data needed as a starting point for any fishery management decisions. For example, an open access fishery might only apply technical management measures, such as mesh size or minimum landing size. However, it may be necessary to reduce or remove any compliance functions on such measures in order to simplify negotiations for their operations, concentrating only on baseline and biological data.

Options for securing the acceptance of observers in non-controlled fisheries include:

- Developing a system for licensing vessels in which a licence agreement condition is included that the captain must accept an observer onto the vessel. This option may require incentives to encourage vessels to register for a licence. An example would be to limit the period that vessels can register for a licence to, say, five years, after which time no more entries into the fishery will be permitted.
- Negotiating with vessel owners (domestic or foreign) or fishing associations to encourage legal agreements to accept observers onto their vessels. Again incentives may be required, such as access to the output amalgamated statistical data.
- Direct financial payment to vessel owners or fishing associations to gain legal agreements to accept observers on their vessels.

In any discussions with vessel owners or fishing associations it will be important to stress the

purpose of the monitoring programme and to remove any fears that the programme imposes a threat to fishing activities. Feedback of information will also be important in any voluntary agreement to accept observers (see Chapter 5). The language used in an agreement of this type would be similar to that used for an access-controlled fishery. However, it may need to be less demanding in terms of requirements related to access by the observer to parts of the vessel and documents.

### 2.1.3 Regional fisheries

Regionally managed fisheries may have an agreement to provide for the acceptance of observers onto vessels fishing within the specified area of jurisdiction. This will most likely be in the form of a convention with associated arrangements or agreements dealing with issues such as nationality of observers, qualifications, powers, reporting systems and costs. Guidelines for such regional organizations are given in the UN Fish stocks Agreement (UNFSA). The number of these organizations is steadily increasing.

An observer programme, taking into account the requirements of regional frameworks, will have benefits for the FMA, the observers, the vessel owners and the regional organization in terms of shared training and management costs, dual use of observers and easier movement of vessels between nationally and regionally managed waters. (Box 6 gives an example of text from a regional fishery organization).

#### Box 6

An example of the type of text that may be used in the convention of a regional fishery organization to include fishery observers into a more comprehensive system of observation, inspection, compliance and enforcement:

*“The system shall, inter alia, comprise the following elements....*

*...an observer programme based on common standards for the conduct of observation, including, inter alia, arrangements for the placing of observers by a Contracting Party on vessels flying the flag of another Contracting Party with the consent of that Party; an appropriate level of coverage for different sizes and types of fishing vessels and fishery research vessels; and measures for reporting by observers of information regarding apparent violations of conservation and management measures, taking into account the need to ensure the safety of observers”*

## 2.2 Other legal considerations

### 2.2.1 Observer designation

Only the designated authority (i.e. the FMA) may appoint observers. If this is not clearly stated the option is left open for other stakeholders such as vessel owners or fishing associations to choose to designate their own observers (perhaps the cook, first mate or deckhand!) in order to fulfil a legal requirement.

### 2.2.2 Observer functions

There are advantages in making observer functions part of the legal agreement that permits placing observers onto fishing vessels, including ensuring clarity of the role of observers. This reduces the possibility of conflict between the captain and observer over the observers' functions. When conflict does occur it can usually be more easily resolved if functions are listed, keeping them simple but comprehensive in scope. Box 7 gives an example of text that can be used in any legal document or information guidelines.

If it is not possible or suitable to include a list of observer functions in the legal apparatus of the programme, they should at least be available through guidelines, a letter of instruction, or an information leaflet for vessel owners, captains and fishing associations. Observers can also carry these articles with them onto vessels.

#### Box 7

Example of text that can be used to describe the function of observers:

*“Designated fishery observers shall perform the following functions during the routine activities of a fishing vessel:*

- a) to observe harvesting, handling, processing of marine biological resources and related operations and to record data concerning such operations;*
- b) to collect and record biological information and all other information related to activities governed by this Act/Regulation/Licence/ Agreement\*;*
- c) to collect samples of the marine biological resources harvested;*
- d) to report observations and information obtained in terms of this subsection.”*

*\*Specify as appropriate*

## 2.2.3 Observer safety

Safety at sea is a very real and important issue for every observer programme. Even the best-run programmes cannot avoid accidents. It is therefore important that the management authority responsible for observers either provides adequate items of safety equipment or ensures that the fishing vessel does so, and that observers are trained in their use. It is strongly recommended that if the programme does not provide the required equipment (at a minimum a life vest) then it should be defined in the legal framework of the programme that vessels must supply this equipment. Inspection and verification that safety equipment is on board might be a condition of a licence or for the start of a fishing trip.

## 2.2.4 Compliance monitoring

Management measures (technical, input or output) must be adequately described within the legal conditions governing the right to fish.

In order for observers to monitor adherence to these conditions (e.g. gear regulations, prohibited species, size regulation, etc.) the observer will record information on violations and later, if necessary, provide evidence in an associated court case. It is therefore vital that this information requirement is clearly defined and readily available to observers and vessel captains.

## 2.3 Financial requirements

At the start of a new programme or when changes or expansions are planned to a current programme, financial analysis and planning is essential, although it does not need to be complicated. It will first be necessary to estimate programme set-up costs, and then predicted annual operational costs. These costs will depend on many factors, including the type of management system being used and the scope and extent of the programme. If the programme is implemented through the government fisheries authority many potential costs may be hidden in the general budget for the organization, including office accommodation, telephone bills and personnel administration, and will not need to be budgeted for separately. Alternatively if a private or semi-private organization administers the observer programme, all costs will need to be assessed, planned for and monitored (for details on management systems refer to Chapter 3).

**Table 3 General items (start-up and operational) for inclusion in the financial requirements of an observer programme**

Observer Equipment	Training Equipment	General
<ul style="list-style-type: none"> <li>Aprons</li> <li>Boots</li> <li>Overalls</li> <li>Waterproof clothing</li> <li>Gloves</li> <li>Clipboards</li> <li>Forms</li> <li>Identification guides</li> <li>Observer bag</li> <li>Calculators</li> <li>Record book</li> <li>Notebook computers</li> <li>Stationary</li> <li>Measuring boards</li> <li>Knives</li> <li>Sharpening stones</li> <li>Baskets</li> <li>Tape measures</li> <li>Tweezers</li> <li>Callipers</li> <li>Weighing balances</li> <li>Safety equipment</li> </ul>	<ul style="list-style-type: none"> <li>Course stationary</li> <li>Curriculum</li> <li>ID Sheets</li> <li>Instructors guides</li> <li>Manuals</li> <li>Overhead projector</li> <li>Slide projector</li> <li>Training vessel</li> </ul> <p><b>Information Technology</b></p> <ul style="list-style-type: none"> <li>Computer consumables</li> <li>Desk top computers</li> <li>Modem</li> <li>Printers</li> <li>Server and cabling</li> <li>Software</li> <li>Maintenance contract</li> </ul> <p><b>Insurances</b></p> <ul style="list-style-type: none"> <li>Professional indemnity</li> <li>Public liability</li> <li>Combined liability</li> <li>Personnel accident</li> </ul>	<ul style="list-style-type: none"> <li>Office space</li> <li>Furniture</li> <li>Office cleaning</li> <li>Office sundries</li> <li>Office bills</li> <li>Fax machine</li> <li>Photocopier</li> <li>Stationary</li> <li>Telephones</li> <li>Vehicles</li> <li>VHF/HF/satellite</li> <li>Printing costs</li> <li>Video equipment</li> <li>Camera equipment</li> <li>Auditing</li> <li>Meetings</li> </ul> <p><b>Personnel</b></p> <ul style="list-style-type: none"> <li>Staff salaries</li> <li>Staff overtime</li> <li>Observer salaries</li> <li>Observer sea-allowance</li> <li>Travel and per diems</li> </ul>

In relation to the scope of the programme, questions that will need asking include:

- How many observers are needed?
- Will the observers need training, and if so how much?
- What level of salaries will observers require?
- Will the programme process its own data, or will raw un-processed data be the programme's output?
- Are there long distances to travel to some of the ports for observer deployment?

All these questions and many more will need consideration as the plans for the programme begin to take shape.

Table 3 outlines the items for which costs may be incurred. Programmes will vary and require different items in different quantities. Estimates of equipment, personnel and other items need to be made in order to prepare a budget covering both set-up and operational costs.

### **2.3.1 Observer equipment**

This falls into four general categories: personal clothing, basic equipment, sampling equipment and safety equipment. The amount of personal clothing will depend on the prevailing conditions at sea, but an observer programme should supply a set of work clothes at least annually. Basic equipment may vary from a clipboard and pen to a portable computer. Sampling equipment will relate to the biological tasks given to an observer and can be allocated either individually or from a common pool. Experience has shown that observers tend to take better care of equipment that is allocated to them individually. In either case it is important to identify the equipment with the programme name and to number it for inventory purposes.

Safety equipment is critical and, if the vessels are not legally required to provide this, the observer programme should assume this responsibility. Items should be checked regularly and include life jackets, safety helmets and flotation/survival suits (depending on water temperature and conditions).

### **2.3.2 Training equipment**

Every observer programme will require some type of training for observers, for which training equipment will be required. The programme may be able to rent this equipment, perhaps in combination with classroom and laboratory space, or alternatively to buy it. If at-sea

training is required, consideration of the vessel type and cost of its use will be needed. Arrangements may be made through leasing, use of other MCS platforms to board fishing vessels, or by joining research vessel activities. Manuals and guides for the instructors must be considered, and these are discussed in detail in Chapter 3.

### **2.3.3 Information technology**

Planning for information technology is entirely dependent on whether the observer programme is required simply to supply raw data sheets, or to process observer data for use elsewhere. Hardware and software costs, including support and maintenance will then form important budgetary elements.

### **2.3.4 Insurances**

Observer work is dangerous and insurances are required for accidents, healthcare and repatriation. Fishing vessels may cover certain requirements for the time the observer is at sea, but this must be clarified. If the programme is run outside of the government organization, then other indemnities and liability insurances may be required.

### **2.3.5 General**

The management team of the programme will require office space, observers an area to prepare and debrief for sea-trips, and space for storing equipment. Office space may be provided through the fisheries management authority or the programme may be required to rent or buy it. In planning for office expenses maintenance of equipment (such as photocopiers or fax machines) and consumables (such as copier paper, camera film and petrol for vehicles) should be taken into account.

### **2.3.6 Personnel**

Personnel costs are mainly the salaries of staff on shore and observers, and comprise the major part of overall programme costs. Staff may be part of the FMA, with their salaries covered under a specific budget line. Alternatively, they may be employed specifically for the observer task and require salaries directly from the programme.

Observer salaries can be constructed either on a fixed rate per month basis, or on sea-day rate, or as a combination of both. Table 4 considers these options from the financial point of view. The choice of salary option will depend on the type of programme, the type of observers and the income sources. For example, if the turnover of observers is high, the sea-day rate may be

most appropriate. If observers tend to stay in the programme for many years, then either the monthly rate or combined rate would be most appropriate. If programme income is an annual

fixed amount then the monthly rate would be the easiest to manage. If the income is related directly to the number of vessel days in a fishery, then the sea-day rate would be more appropriate.

**Table 4 Comparison of financial implications for observer salaries**

	Comments	Advantages	Disadvantages
<b>Monthly rate</b>	This is a fixed rate per month with no sea allowance	<ul style="list-style-type: none"> <li>Observer can be used on shore (e.g. data processing)</li> <li>No additional salaries are required for training courses</li> <li>Observers will have financial security</li> <li>It is easy for financial planning of the programme</li> </ul>	<ul style="list-style-type: none"> <li>Observers will have no financial incentive to go to sea</li> <li>Extra space is required on shore and tasks need to be allocated and supervised</li> <li>More effort is required in personnel management of leave</li> </ul>
<b>Sea-day rate</b>	This is when observer are only paid when they are at sea	<ul style="list-style-type: none"> <li>If the income is related to vessel sea-days, programme financial planning is easy to carry out</li> <li>Observers will always be keen to go to sea</li> </ul>	<ul style="list-style-type: none"> <li>Observers will not be available for other tasks when on shore</li> <li>It leaves observers in difficult personal situations for financial planning</li> </ul>
<b>Combination rate</b>	This combines the above with a basic salary every month at a fixed (usually low) level and then an additional sea allowance for days spent at sea	<ul style="list-style-type: none"> <li>Observer can be used on shore (e.g. data processing)</li> <li>No additional salaries are required for training courses</li> <li>Observers will have some financial security</li> <li>Observers will still want to go to sea as the bulk of their salary comes from the sea allowance</li> </ul>	<ul style="list-style-type: none"> <li>Difficult to financially plan the sea allowance, if the income is <b>not</b> related to vessel sea-days</li> <li>If the income is related to vessel sea-days careful planning or another income is required to cover the basic salary element</li> <li>Extra space is required on shore and tasks need to be allocated and supervised</li> <li>More effort is required in personnel management of leave</li> </ul>

## 2.4 Income options

Programme income can come from a variety of sources, and choice of which source to use will have important implications for programme operations. For example, it will strongly affect decisions about the observer payment method.

### 2.4.1 Government

Government, either directly or through the FMA, can fund or partially fund an observer programme. Money from central government funds can be channelled into the programme either through the provision of personnel and equipment or as a lump sum.

### 2.4.2 Industry

The user-pays principle, adopted in many countries for natural resource use, has resulted in increased funding contributions to observer programmes by the fishing industry. This may be the best solution when the fishery is well managed. However, many fisheries are in financial and biological crisis. These may be the most in need of observer programmes, but are often the ones that can least afford to support them. Sometimes a balance is needed. One way to do this is not to make the industry payment directly linked to the observer

programme, but rather to relate it to another variable, such as from:

- A direct levy or payment linked to the use right (vessel licence, access right, etc.).
- Part of a payment made to a fishing association for membership.
- Access agreements with foreign vessels or nations.
- A levy against the number of sea-days.

In some arrangements where contributions are made after fishing has taken place, observer programmes can be burdened with bad debt, which can have disastrous effects, especially if the payment of salaries is directly linked to this income. It is therefore important to develop proper procedures for advance payments, or for legal redress in default of payments within the legal framework of the programme or through the FMA. Establishing a reserve fund or alternative income method may be important for situations when debts affect the cash flow of the programme, or when reliance is not on one income source only.

### 2.4.3 Regional organizations

If the observer programme is partially or fully supporting a regional fishery organization then

the responsibility for payment will normally fall to the flag state of the vessel or to the fisheries management organization managing the fishery. The programme will then be able either to exist within the organization or be contracted to perform specified tasks and paid accordingly.

#### 2.4.4 Cooperating partners

In developing countries cooperating partners (donor agencies) may be able to provide financial or technical assistance to a country for developing or sustaining an observer programme. This type of co-operation and support is strongly supported through international agreements such as the UNFSA<sup>8</sup> (article 25, 3(c)).

Financial assistance given by a cooperating partner is usually time-bound, and the programme must therefore be sure to plan for withdrawal of the assistance. Chapter 6 discusses in brief detail how to prepare projects for obtaining such assistance.

#### 2.4.5 Insufficient financial resources

Insufficient money may be due to cash flow problems or to general lack of funds, or both. To avoid cash flow problems, efforts should be made to obtain payments for observer programme services (say, from fishing companies) in advance. A reserve fund can also be created to cover difficult times. The type of income the programme receives may contribute to financial instability. For example, if income is related to the number of vessel days, when there are few vessels operating the income flow may be severely reduced.

If the problem is related to a general lack of funds to maintain the programme at the planned level, then options to reduce the costs might include: reducing coverage of the fishery in terms of observer days or number of ports sampled; reducing support costs in terms of administration and back-up (but not safety); or limiting other functions of the programme, e.g. provision of raw data sets as output instead of a completed database.

*There is a growing reliance on industry funding of observer programmes, and in many cases this is the best solution, especially when the fishery is well managed. However, many fisheries over the world are in financial and biological crisis, and those that require observer programmes the most are often the ones that can least afford to support them.*



Foreign vessels could pay for observer programme services either directly or through associated levies and fees (S.L. Davies).

<sup>8</sup> Ibid. Footnote 4.

## 2.5 Example - A financial plan for establishing an observer programme

The following hypothetical case estimates a financial plan for the first three years of a new observer programme.

### Baseline data:

Four fisheries; 10 ports, but sampling only feasible from four ports. Numbers of vessels, species, fishing gear and general fishery operating characteristics is known.

### Sampling strategy:

A pilot strategy for one year is developed based on the baseline information survey. The strategy includes the use of observers in all four fisheries and includes sampling from four ports; not all fisheries operate from each port. The sampling effort will be divided equally between the 12 fishery/post combinations (sampling points) indicated in Table 5. An average of 750 days of sampling will take place on each sampling point in the first year. Observers are estimated to work an average of 150 days per year at sea and on land to enter their data into a database.

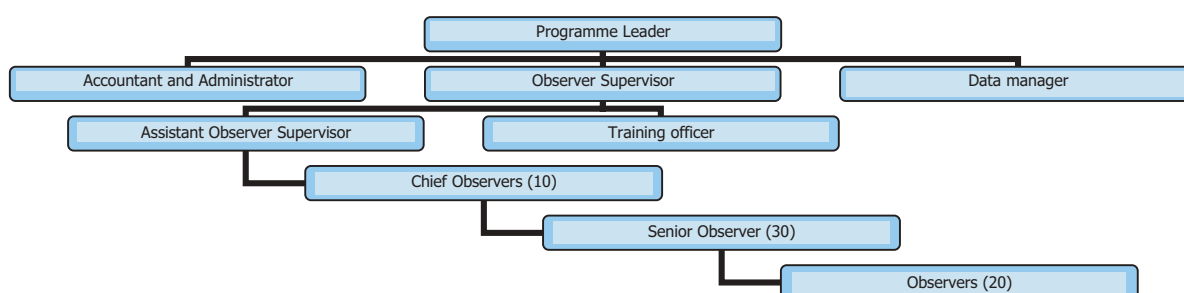
**Table 5 Sampling strategy**

Sampling port	1	2	3	4
Fishery 1	✓	✓	✓	
Fishery 2	✓	✓	✓	✓
Fishery 3		✓	✓	✓
Fishery 4			✓	✓

### Staff development and training strategy:

The proposed observer programme structure includes 6 shore staff and 60 observers, the observers will all start at grade zero (training observers) and then take training courses to gain the grades of chief observer (10 positions), senior observer (30 positions) and observers (20 positions) as shown in Figure 2. The training courses will be held as given in Table 6 for year one and two. Each course can take 10 observers and for planning purposes all observers are assumed to pass, yielding the distribution of positions shown in Table 7.

**Figure 2 Proposed structure of the observer programme**



**Table 6 Training courses - years one and two**

Year	Grade zero	Grade one	Grade two
1	6 courses	2 courses	
2		2 courses	1 course

**Table 7 Observers at the start of each year**

Year	Training observers	Observers	Senior observers	Chief observers
1	60			
2		40	20	
3		20	30	10

Figure 3 shows a spreadsheet breakdown of costs to the programme for the first 3 years. This type of simple financial planning will assist any programme in getting started.

**Figure 3 Three-year financial plan for the hypothetical observer programme**

Heading	Item	Number set-up	Number 1st Year	Number 2nd Year	Number 3rd Year	Cost per item	1st Year	2nd Year	3rd Year
Observer Equipment	Overalls	60	0	60	60	100	6,000	6,000	6,000
	Waterproof clothing	60	0	0	0	200	12,000	0	0
	Gloves	60	0	60	60	10	600	600	600
	Clipboards	60	0	0	0	10	600	0	0
	Forms	60	0	60	60	50	3,000	3,000	3,000
	Calculators	60	0	0	0	20	1,200	0	0
	Record book	60	0	0	0	30	1,800	0	0
	Stationary	60	0	60	60	50	3,000	3,000	3,000
	Measuring boards	60	0	0	0	150	9,000	0	0
	Knives	60	0	0	0	60	3,600	0	0
	Sharpening stones	60	0	0	0	30	1,800	0	0
	Baskets	60	0	0	0	50	3,000	0	0
	Weighing balances	60	0	0	0	150	9,000	0	0
	Safety equipment	60	0	0	0	500	30,000	0	0
<b>TOTAL</b>							<b>84,600</b>	<b>12,600</b>	<b>12,600</b>
Training Equipment	Course stationary		8	3		300	2,400	900	0
	ID Sheets	70				30	2,100	0	0
	Instructors guides	10				50	500	0	0
	Manuals	70				30	2,100	0	0
	Overhead projector	1				250	250	0	0
	Slide projector	1				400	400	0	0
<b>TOTAL</b>							<b>7,750</b>	<b>900</b>	<b>0</b>
Information Technology	Computer consumables		1	1	1	3,000	3,000	3,000	3,000
	Desk top computers	8				10,000	80,000	0	0
	Modem	2				2,000	4,000	0	0
	Printers	3				1,000	3,000	0	0
	Database development	1				50,000	50,000	0	0
	Software	4				2,000	8,000	0	0
	Maintenance contract		1	1	1	10,000	10,000	10,000	10,000
<b>TOTAL</b>							<b>158,000</b>	<b>13,000</b>	<b>13,000</b>
Insurances	Professional Indemnity		1	1	1	10,000	10,000	10,000	10,000
	Public liability		1	1	1	10,000	10,000	10,000	10,000
	Personnel Accident		67	67	67	300	20,100	20,100	20,100
<b>TOTAL</b>							<b>40,100</b>	<b>40,100</b>	<b>40,100</b>
General	Office space (rent)		1	1	1	120,000	120,000	120,000	120,000
	Furniture	1				50,000	50,000	0	0
	Office cleaning		1	1	1	1,000	1,000	1,000	1,000
	Office sundries		1	1	1	1,000	1,000	1,000	1,000
	Office bills		1	1	1	4,000	4,000	4,000	4,000
	Fax machine	1				300	300	0	0
	Photocopier (rent)		1	1	1	2,000	2,000	2,000	2,000
	Stationary		1	1	1	3,000	3,000	3,000	3,000
	Telephones	4				200	800	0	0
	Vehicles	2				100,000	200,000	0	0
	VHF/HF/satellite	2				500	1,000	0	0
	Printing costs		1	1	1	1,000	1,000	1,000	1,000
	Auditing		1	1	1	2,000	2,000	2,000	2,000
	Meetings	2	2	2	1	500	2,000	1,000	500
<b>TOTAL</b>							<b>388,100</b>	<b>135,000</b>	<b>134,500</b>
Personnel	Programme leader		1	1	1	100,000	100,000	100,000	100,000
	Accountant		1	1	1	60,000	60,000	60,000	60,000
	Observer supervisor		1	1	1	60,000	60,000	60,000	60,000
	Data manager		1	1	1	60,000	60,000	60,000	60,000
	Assistant supervisor		1	1	1	40,000	40,000	40,000	40,000
	Training officer		1	1	1	40,000	40,000	40,000	40,000
	Chief observer -salary				10	15,000	0	0	150,000
	Chief observer -sea-day				1,500	50	0	0	75,000
	Senior observer -salary			20	30	10,000	0	200,000	300,000
	Senior observer -sea-day			3,000	4,500	50	0	150,000	225,000
	Observer -salary			40	20	8,000	0	320,000	160,000
	Observer -sea-day			6,000	3,000	50	0	300,000	150,000
	Training observer -salary		60			6,000	360,000	0	0
	Training observer -sea-day		9,000			50	450,000	0	0
<b>TOTAL</b>							<b>1,170,000</b>	<b>1,330,000</b>	<b>1,420,000</b>
<b>GRAND TOTAL EXPENDITURE</b>							<b>1,848,550</b>	<b>1,531,600</b>	<b>1,620,200</b>
<b>INCOME</b>	Set-up grant from Fisheries Authority						500,000		
	Donor grant						500,000		
	Estimated income industry fees						1,500,000	1,500,000	1,500,000
	Contribution by Fisheries Authority							200,000	200,000
<b>TOTAL INCOME</b>							<b>2,500,000</b>	<b>1,700,000</b>	<b>1,700,000</b>
<b>DEFICIT OR SURPLUS</b>							<b>651,450</b>	<b>168,400</b>	<b>79,800</b>
<b>FUND ACCRUAL</b>							<b>651,450</b>	<b>819,850</b>	<b>899,650</b>