

NEW JERSEY WATER SUPPLY AUTHORITY



RARITAN BASIN SYSTEM

FISCAL YEAR 2015 BUDGET

(July 1, 2014 - June 30, 2015)

Proposed
June 2, 2014

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

PROPOSED

FISCAL YEAR 2015 BUDGET
(July 1, 2014 – June 30, 2015)

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NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

PROPOSED

FISCAL YEAR 2015 BUDGET SUMMARY
(7/1/14-6/30/15)

<u>DESCRIPTION</u>	<u>ADOPTED F/Y14 BUDGET</u>	<u>PROPOSED F/Y15 BUDGET</u>
Proposed Operating Expense Budget (Schedule 3)	\$ 12,777,850	\$ 12,823,900
Proposed Capital Equipment Budget-Note 1 (Schedule 4)	61,700	247,300
Allocation of Headquarters General and Administrative Expenses to the Manasquan Water Supply System (Schedule 1)	(740,100)	(779,000)
Total Operating Expense & Capital Equipment Budgets	\$ <u>12,099,450</u>	\$ <u>12,292,200</u>
Contribution to Debt Service and Reserve Funds:		
Depreciation Reserve	0	0
Pumping Reserve	150,000	150,000
Reserve for Formal Dam Inspection	10,000	10,000
Capital Equipment Reserve	0	150,000
Debt Service Fund (NJEIFP Debt)	1,663,314	1,663,223
Capital Fund Component	1,995,977	1,995,867
Source Water Protection Component	<u>1,596,782</u>	<u>1,596,694</u>
Total Contributions to Debt Service and Reserve Funds	\$ <u>5,416,073</u>	\$ <u>5,565,784</u>
Total Proposed Budget	\$ <u>17,515,523</u>	\$ <u>17,857,984</u>
Revenues:		
Operating and Maintenance Component	10,043,797	10,832,660
NJEIFP Debt Service	1,663,314	1,663,223
Capital Fund Component	1,995,977	1,995,867
Source Water Protection Component	1,596,782	1,596,694
Funds to be Appropriated from Rate Stabilization Fund (Schedule 2)	2,108,553	1,673,240

(continued on next page)

NEW JERSEY WATER SUPPLY AUTHORITY
 RARITAN BASIN SYSTEM

PROPOSED (continued)

FISCAL YEAR 2015 BUDGET SUMMARY
 (7/1/14-6/30/15)

<u>DESCRIPTION</u>	<u>ADOPTED F/Y14 BUDGET</u>	<u>PROPOSED F/Y15 BUDGET</u>
Other Revenues (cont'd):		
Employee Housing	\$ 70,000	\$ 56,000
Receivable from State of NJ-Future Reservoir Sites	5,000	5,000
F/Y14 interest earnings were estimated at .50 percent, long-term investments were estimated at 1.15 percent.	32,100	0
F/Y15 interest earnings on funds estimated at .25 percent, long-term investments are estimated at 1.30 percent.	<u>0</u>	<u>35,300</u>
Total Revenue	\$ <u>17,515,523</u>	\$ <u>17,857,984</u>

Note 1. This amount is net of withdrawal from Depreciation Reserve.

Table 1

New Jersey Water Supply Authority
Delaware and Raritan Canal - Spruce Run/Round Valley Reservoirs System
Rate History of
Water Charges per Million Gallons of Raw Water Daily
FY2003-FY2015

<u>Effective Date</u>	<u>O&M Charge</u>	<u>1981 Bond Charge 7/1/86-10/30/06</u>	<u>1998 Bond Charge 8/1/98-11/1/13</u>	<u>NJEIFP Component 8/1/13-8/1/23</u>	<u>Capital Fund Component</u>	<u>Source Water Protection Component</u>	<u>Total Charge per MG</u>	<u>Percent Increase -Decrease</u>
July 1, 2002	105.46	31.73	49.28		13.53	5.00	\$205.00	0.00%
July 1, 2003	111.68	31.62	49.15		7.55	10.00	\$210.00	2.44%
July 1, 2004	122.75	28.31	41.71		12.23	10.00	\$215.00	2.38%
July 1, 2005	111.80	28.24	41.51		20.45	13.00	\$215.00	0.00%
July 1, 2006	133.13	19.55	41.32		21.00	13.00	\$228.00	6.05%
July 1, 2007	138.71		41.29		33.00	15.00	\$228.00	0.00%
July 1, 2008	142.34		40.66		33.00	15.00	\$231.00	1.32%
July 1, 2009	142.39		40.61		33.00	15.00	\$231.00	0.00%
July 1, 2010	142.55		40.45		33.00	15.00	\$231.00	0.00%
July 1, 2011	145.66		40.34		30.00	15.00	\$231.00	0.00%
July 1, 2012	145.84		40.16		30.00	15.00	\$231.00	0.00%
July 1, 2013	152.00		0.00	25.00	30.00	24.00	\$231.00	0.00%
July 1, 2014	167.00		0.00	25.00	30.00	24.00	\$246.00	6.49%

NEW JERSEY WATER SUPPLY AUTHORITY
**RECAP OF ALLOCATION OF HEADQUARTERS
 GENERAL AND ADMINISTRATIVE EXPENSES CHARGED
 TO MANASQUAN WATER SUPPLY SYSTEM**

FOR FISCAL YEAR 2015
 (7/1/14-6/30/15)

	<u>TOTAL HEADQUARTERS CHARGE</u>	<u>MANASQUAN RESERVOIR SYSTEM</u>	<u>MANASQUAN WTP/TS</u>
Budgeted – Appendix I, Page 6, amount to be charged to Manasquan System for F/Y15 (7/1/14-6/30/15)	\$ 781,349	\$ 678,114	\$ 103,235
F/Y13 Adjustment as per audited Expenditures:			
Budgeted as per rate schedule for F/Y13 (7/1/12-6/30/13). Amounts paid during F/Y13 to Raritan Basin System	698,107	605,871	92,236
Actual allocation based upon audited expenditures F/Y13 (7/1/12-6/30/13) Appendix II, Page 5	<u>695,956</u>	<u>604,004</u>	<u>91,952</u>
Adjustment F/Y14	\$ <u>(2,151)</u>	\$ <u>(1,867)</u>	\$ <u>(284)</u>
Net Allocation for F/Y15 Budget	\$ <u>779,198</u>	\$ <u>676,247</u>	\$ <u>102,951</u>
PROPOSED	\$ <u>779,000</u>	\$ <u>676,000</u>	\$ <u>103,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

UNANTICIPATED REVENUE

FUNDS TO BE APPROPRIATED INTO THE RATE STABILIZATION FUND FOR FISCAL YEAR 2015

			<u>AMOUNT</u>
F/Y2013 Net Year-End Balance			\$ 0
<u>OVERDRAFTS</u>	<u>INVOICE NO.</u>	<u>RECEIVED</u>	<u>AMOUNT</u>
Middlesex	305	12/07/12	\$ 45,150.61
	355	01/31/13	8,889.23
Trump National	307	12/07/12	804.27
Twp of East Brunswick	356	01/31/12	2,644.49
Roxiticus Golf Club	310	12/07/12	345.06
NJ American Water	304	11/16/12	121,358.16
Somerset County Park	306	12/07/12	230.40
Village Grande @ Bear Creek	308	11/21/12	629.58
Washington Twp MUA	309	11/28/12	<u>216.94</u>
		TOTAL	\$ 180,278.74
	Amount used in	FY2014	\$ 166,739.17
		NET	\$13,539.57
 <u>Overdrafts Not Billed, Accrued through August 31, 2013</u>			
None			0
 <u>Other Sources of Funds</u>			
	Dredging Deferral	\$1,577,600	
	98 Bonds Debt Service	82,100	
			\$1,659,700.00
		GRAND TOTAL	<u>\$1,673,240.00</u>

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM
PROPOSED OPERATING EXPENSE BUDGET FOR FISCAL YEAR 2015
AND EXPENDITURES THROUGH 3/31/14 FOR FISCAL YEAR 2014

CODE	ACCOUNT	Adopted Budget FY14	Proposed Budget FY15	Expenditures Thru 3/31/14
5110	Regular Salaries & Wages	\$5,796,250	\$5,623,200	\$3,883,610
5120	Overtime-Salaries & Wages	181,600	191,400	158,636
5150	Fringe Benefits	2,975,600	2,900,400	1,912,123
5167	Retiree Health Benefits	736,800	808,300	544,466
5168	Workers Comp (Self-Insured)	10,000	10,000	3,072
	Total Salary & Fringe Benefits	\$9,700,250	\$9,533,300	\$6,501,907
5200	On-Site Residences	84,500	80,000	65,485
5211	Heating Fuel	78,500	108,900	89,130
5220	Utilities -Electrical Service	109,000	112,500	88,712
5230	" -Gas Service & Water	6,000	4,600	4,189
5240	" -Propane	500	200	519
5250	Electricity for Pumping	92,800	85,800	59,650
5260	Vehicular Fuel	154,500	177,600	124,812
5270	Oil & Grease	6,800	6,600	4,585
5280	Tires	15,500	18,000	21,557
5290	Maintenance Supplies	196,400	205,200	100,021
5300	Maint. Supplies - Vehicular Equipment	47,000	39,000	30,720
5310	Major Special Vehicle Service & Repair	47,000	85,000	45,334
5320	Agricultural Supplies	8,000	5,500	330
5330	Maintenance of Equipment	33,100	34,600	20,207
5340	Service & Maintenance Contracts	172,900	177,800	126,356
5350	Equipment Rental	45,200	45,100	25,900
5360	Household-Safety & Protective Supplies	34,700	33,100	18,228
5370	Uniforms	7,700	6,300	2,214
5380	Special & Professional Services	489,900	492,400	229,375
5390	Protective Services	1,075,100	1,186,600	839,435
5400	Telephone	72,400	72,400	53,123
5410	Postage & Freight	13,100	13,100	2,689
5420	Data Processing	43,000	44,500	27,622
5430	Printing & Office Supplies	57,200	54,500	31,227
5440	Scientific & Photographic	800	700	0
5450	Dues & Subscriptions	25,200	39,400	30,734
5460	Advertising	2,500	3,500	5,762
5470	Travel & Subsistence	6,800	6,700	1,393
5480	Staff Training & Tuition Aid	16,100	16,300	8,868
5490	Fees & Permits	116,700	116,000	93,191
5500	In-Lieu Taxes	18,700	18,700	18,689
	TOTAL OTHER EXPENSES	\$3,077,600	\$3,290,600	\$2,170,057
	TOTALS	\$12,777,850	\$12,823,900	\$8,671,964

NEW JERSEY WATER SUPPLY AUTHORITY
 RARITAN BASIN SYSTEM
 COMPARATIVE STATEMENT F/Y2015

SCHEDULE 1A

CODE	ACCOUNT	FY'11 ACTUAL	FY'12 ACTUAL	FY'13 ACTUAL	FY'14 ADOPTED	FY'15 PROPOSED
5110	Regular Salaries & Wages	\$5,446,833	\$5,346,361	\$5,214,020	\$5,796,250	\$5,623,200
5120	Overtime-Salaries & Wages	\$234,008	\$272,296	\$211,797	\$181,600	\$191,400
5130	New positions-Salaries & Wages	\$0	\$0	\$0	\$0	\$0
5140	Seasonal Help-Salaries & Wages	\$0	\$0	\$0	\$0	\$0
5150	Fringe Benefits	\$2,407,631	\$2,464,386	\$2,634,592	\$2,975,600	\$2,900,400
5167	Retiree Health Benefits	\$463,077	\$498,080	\$619,662	\$736,800	\$808,300
5168	Workers Comp. (Self Insured)	\$1,994	\$1,253	\$3,679	\$10,000	\$10,000
	Total Salary & Fringe	\$8,553,543	\$8,582,375	\$8,683,750	\$9,700,250	\$9,533,300
	Budget Salary & Fringe	\$9,117,385	\$9,486,700	\$8,982,500		
5200	Residences	\$80,447	\$83,798	\$80,172	\$84,500	\$80,000
5211	Heating Fuel	\$79,032	\$69,128	\$112,576	\$78,500	\$108,900
5220	Utilities -Electrical Service	\$116,840	\$102,110	\$104,123	\$109,000	\$112,500
5230	-Gas Service	\$4,993	\$4,396	\$4,258	\$6,000	\$4,600
5240	-Propane	\$480	\$72	\$102	\$500	\$200
5250	Electricity for Pumping Station	\$93,313	\$89,664	\$75,400	\$92,800	\$85,800
5260	Fuel - Vehicular	\$128,372	\$195,155	\$153,547	\$154,500	\$177,600
5270	Oil & Grease	\$5,618	\$10,661	\$2,829	\$6,800	\$6,600
5280	Tires	\$13,084	\$30,894	\$14,855	\$15,500	\$18,000
5290	Maintenance Supplies	\$220,557	\$189,565	\$165,264	\$196,400	\$205,200
5300	Maint. Supplies - Vehicular	\$42,714	\$46,075	\$38,258	\$47,000	\$39,000
5310	Major Vehicle Service & Repair	\$45,884	\$81,130	\$100,424	\$47,000	\$85,000
5320	Agricultural Supplies	\$5,065	\$22,996	\$1,328	\$8,000	\$5,500
5330	Maintenance Equipment	\$24,418	\$39,122	\$14,574	\$33,100	\$34,600
5340	Serv. & Maintenance Contracts	\$156,086	\$159,703	\$179,019	\$172,900	\$177,800
5350	Equipment Rental	\$36,473	\$79,487	\$139,944	\$45,200	\$45,100
5360	Household - Safety Supplies	\$32,189	\$32,307	\$24,137	\$34,700	\$33,100
5370	Uniforms	\$7,064	\$4,385	\$5,706	\$7,700	\$6,300
5380	Special & Professional Services	\$406,602	\$487,961	\$467,728	\$489,900	\$492,400
5390	Protective Services	\$967,439	\$989,403	\$1,047,791	\$1,075,100	\$1,186,600
5400	Telephone	\$75,314	\$71,109	\$70,944	\$72,400	\$72,400
5410	Postage & Freight Out	\$10,546	\$13,736	\$9,808	\$13,100	\$13,100
5420	Data Processing	\$32,165	\$48,427	\$42,660	\$43,000	\$44,500
5430	Printing & Office Supplies	\$54,367	\$41,377	\$78,749	\$57,200	\$54,500
5440	Scientific & Photographic	\$0	\$228	\$43	\$800	\$700
5450	Dues & Subscriptions	\$19,936	\$33,674	\$34,603	\$25,200	\$39,400
5460	Advertising & Promotional	\$2,017	\$2,308	\$3,269	\$2,500	\$3,500
5470	Travel & Subsistence	\$5,774	\$3,290	\$2,035	\$6,800	\$6,700
5480	Staff Training & Tuition Aid	\$15,733	\$14,749	\$13,561	\$16,100	\$16,300
5490	Fees & Permits	\$112,319	\$112,586	\$113,468	\$116,700	\$116,000
5500	In - Lieu Taxes	\$18,689	\$18,689	\$18,689	\$18,700	\$18,700
	Total Other Expenses	\$2,813,530	\$3,078,187	\$3,119,864	\$3,077,600	\$3,290,600
	Total Operating Expenses	\$11,367,073	\$11,660,562	\$11,803,614	\$12,777,850	\$12,823,900
	Annual Increase (Decrease)	5.98%	2.58%	1.23%	8.25%	0.36%
	Budget -other expenses	3,267,300	3,104,200	3,090,900		
	ANNUAL BUDGET	\$12,384,685	\$12,590,900	\$12,073,400	\$0	\$0

NEW JERSEY WATER SUPPLY AUTHORITY
 RARITAN BASIN SYSTEM
PROPOSED CAPITAL EQUIPMENT BUDGET
 FISCAL YEAR 2015

	Description	(R) Replacement (A) Addition	Year of Purchase	Dollar Value	Depreciation Reserve
INFORMATION SYSTEMS	(2) DELL DESKTOP S	(A)		2,800	
CANAL	(1) NJWA-35 PICKUP TRUCK	(R) TRN2134	2009	35,000	21,983
	(1) NJWA-61 PICKUP TRUCK	(R) TRN2001	2006	35,000	20,377
	(1) 120D EXCAVATOR W/THUMB	(A)		170,000	
AUTO SHOP - CANAL	(1) HYDRAULIC LIFT	(R)		40,000	
SECURITY	(1) NJWA-13 FORD EXPLORER	(R) TRN2140	2009	31,000	28,497
	(1) ID PRINTER W/SOFTWARE	(R) EQP2047	2007	7,500	3,116

	TOTAL COST	\$321,300	\$73,973
LESS AMOUNT CHARGED TO DEPRECIATION RESERVE		(73,973)	
	NET TOTAL	<u>\$247,327</u>	
	ESTIMATE	\$247,300	

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 25-Mar-14

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

**LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS**

FISCAL YEAR 2015

	ADOPTED <u>F/Y14</u>	PROPOSED <u>F/Y15</u>
1. Copy/Fax Machines (Dept 16).....	\$ 1,000	\$ 1,000
2. IHS – Safety Software (Dept 17).....	1,700	1,700
3. GO DADDY.COM-Remote Access Certificates (Dept 17).....	300	300
4. Verizon DSL Watershed (Dept 17).....	900	900
5. Sage MAS200 (Dept 17).....	1,600	1,600
6. Western Technologies NJ Parcel Maps (Dept 17).....	1,300	1,300
7. Sage Fixed Asset (Dept 17).....	2,500	2,500
8. PV & Associates – Winslamm (Dept 17).....	500	500
9. People Trak Annual Support Technical Difference (Dept 17).....	800	800
10. Citrix Subscription Advantage (Dept 17).....	1,000	1,000
11. OSHA Software (GAO) (Dept 17).....	100	100
12. PureHost (Web Hosting Admin) (Dept 17).....	200	200
13. Pure Host Internet Web Host Watershed (Dept 17).....	250	250
14. Symantec Anti-Virus & Maint (Clinton) (Dept 17).....	1,800	2,400
15. Sonic Wall Software (Dept 17).....	1,500	1,500
16. ESRI ArcView Maint- Watershed (Dept 17).....	5,500	5,400
17. CU Riverware Maint Agreement (Dept 17).....	3,400	3,400
18. McAfee (Anti-Spam) (Dept 17).....	1,500	1,500
19. River Morph (Dept 17).....	800	800
20. DLT Solutions Autocad (Dept 17).....	1,000	1,000
21. Fastrack SBPS Monitoring Software (Dept17).....	900	900

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NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

**LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS**

FISCAL YEAR 2015

		ADOPTED <u>F/Y14</u>	PROPOSED <u>F/Y15</u>
22.	ESRI Arcview Maintenance (Clinton) (Dept 17)	\$ 500	\$ 500
23.	Keystone Precision – GPS Software Maint (Dept 17)	800	800
24.	HAAS Systems-Security Alarm Software Maint (Dept 17)	400	400
25.	Clients First-Vipre Antivirus/Antispam (Dept 17)	250	250
26.	Cleaning Services (Dept 20)	1,200	1,200
27.	Carpet Cleaning (Dept 20)	1,500	1,500
28.	Yahoo for River Friendly (Dept 20)	100	100
29.	Refuse Collection (Dept 31)	11,900	11,900
30.	Janitorial Service (Dept 31)	15,500	15,500
31.	HVAC Service (Dept 31).....	5,500	5,500
32.	Electrician & Plumber Services (Dept 31).....	5,000	5,000
33.	Instrumentation Services (Dept 31)	4,500	4,500
34.	Entry Rugs (Dept 31).....	2,700	2,700
35.	Carpet Cleaning (Dept 31).....	2,300	2,300
36.	Generator Service (Admin Bldg) (Dept 31).....	1,200	1,200
37.	Underground Plant Location Service Notifications (Dept 31).....	1,000	1,000
38.	Crane Service and Inspection (Dept 31)	1,200	1,200
39.	Elevator Service (SBPS) (Dept 31).....	2,800	2,800
40.	Electrical Service (SBPS) (Dept 31).....	6,400	6,400
41.	Floor Cleaning Maintenance-Office (Dept 32)	2,400	2,400

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NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

**LIST OF CATEGORY 5340 ITEMS
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS**

FISCAL YEAR 2015

		ADOPTED <u>F/Y14</u>	PROPOSED <u>F/Y15</u>
42.	Janitorial Service (Dept 32)	\$ 7,300	\$ 7,300
43.	Dumpster Service Canal Office (Dept 32)	3,000	3,000
44.	Dumpster Service Route 1 (Dept 32)	23,000	28,000
45.	Dumpster Service - Extra (Dept 32)	2,000	2,000
46.	Instrumentation Testing (Dept 32)	1,000	1,000
47.	Floor Mats (Dept 32)	1,000	1,000
48.	Grass Mowing Service (Dept 32)	5,000	5,000
49.	Boiler Service (Dept 32)	300	300
50.	Wood Disposal Fees (Dept 32)	3,100	3,100
51.	Generator Service (Scudders, Perdicaris) (Dept 32)	3,000	3,000
52.	Vac Truck Service-IFW, 10 mile PS (Dept 32)	3,900	3,900
53.	Floor Mats (Dept 33)	2,300	2,300
54.	Carpet Cleaning (Dept 33)	3,100	3,100
55.	Welco Gas (Dept 33)	600	600
56.	Parts Washer & Hazardous Removal (Dept 34)	1,600	1,000
57.	Fire Extinguisher Maintenance (Dept 36)	4,400	6,000
58.	Hazardous Waste Control (Dept 36)	3,000	1,500
59.	Fire Alarm Testing (Dept 36)	8,000	8,000
60.	Vehicle Lifts Annual Testing (Dept 36)	<u>1,600</u>	<u>1,500</u>
	TOTAL	\$ <u>172,900</u>	\$ <u>177,800</u>

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

**LIST OF CATEGORY 5380 ITEMS
RECOMMENDED SPECIAL & PROFESSIONAL SERVICES**

FISCAL YEAR 2015

	ADOPTED <u>F/Y14</u>	PROPOSED <u>F/Y15</u>
1. Services - Governor's Authority Unit (Dept 10)	\$ 15,000	\$ 25,000
2. Services - AWWA Research Foundation (Dept 10)	10,000	0
3. Consultant - C.P.A. to Conduct Annual Audit (Dept 13)	60,000	60,000
4. Services - GFOA Certificate Fee (Dept 13).....	500	500
5. Annual Trustee Fee - JPMorgan Chase Bank (Dept 13).....	3,500	0
6. 125 Plan - Family Security Insurance Agency (Dept 13)	2,200	2,200
7. Services - Pre-employment Exams & Tests (Dept 14)	2,100	3,600
8. Fidelifax-Background Checks (Dept 14)	1,900	2,500
9. Medical CDL Drug Testing (Dept 14).....	1,400	1,600
10. Motor Vehicle Commission Membership (Dept 14)	200	0
11. Employee Advisory Service (Dept 14).....	2,800	2,800
12. Consultant - Risk Management To provide assistance to the Authority in the review of insurance coverage and continuation of a Comprehensive Coordinated Risk Management Program (Dept 15).....	 31,000	 33,500
13. Insurance Broker (Dept 15)	50,000	42,000
14. Risk Management (GL) (Dept 15).....	1,000	2,100
15. Services - Attorney General's Office Assistance of Deputy Attorney General concerning a wide range of legal matters (Dept 15).....	 35,000	 50,000

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NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

**LIST OF CATEGORY 5380 ITEMS
RECOMMENDED SPECIAL & PROFESSIONAL SERVICES**

FISCAL YEAR 2015

		ADOPTED F/Y14	PROPOSED F/Y15
16.	Water Monitoring Costs USGS SR @ Glen Gardner (Dept 20)	\$ 7,900	\$ 7,900
17.	Water Monitoring Costs (Dept 20)	7,100	7,100
	USGS Mulhockaway at Van Syckel		
18.	Water Monitoring Costs (Dept 20)	7,100	7,100
	USGS North Branch RR		
19.	Water Monitoring Costs (Dept 20)	40,200	40,800
	USGS Raritan River @ Manville		
20.	USGS Continuous Water Quality for D & R Canal, Landing Lane (Dept 20).....	23,500	32,000
21.	Water Monitoring USGS Lock/Wick(Dept 20)	26,300	12,600
22.	Water Monitoring USGS @ Stanton Station (Dept 20).....	7,900	7,900
23.	Water Monitoring – SBWA (Dept 20).....	1,000	2,000
24.	Water Monitoring – URWA (Dept 20).....	1,000	1,000
25.	Water Monitoring – SBMWA (Dept 20).....	1,000	1,000
26.	NJ Lab Certification for Water Sampling Analysis (Dept 20).....	800	1,000
27.	NJ Invasive Species Strike Team (Dept 20)	500	500
28.	Stroud Water Research Macroinvertebrates Analysis (Dept 20).....	10,500	5,200
29.	Services - Emergency Engineering Services (Dept 30)	2,500	2,500
30.	Underground Storage Tank-CEA Report (Dept 30)	9,000	11,000
31.	Underground Storage Tank-Groundwater Testing (Dept 30)	2,500	2,500

(continued on next page)

NEW JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

**LIST OF CATEGORY 5380 ITEMS
RECOMMENDED SPECIAL & PROFESSIONAL SERVICES**

FISCAL YEAR 2015

	ADOPTED <u>F/Y14</u>	PROPOSED <u>F/Y15</u>
32. Services - USGS Cooperative Agreement River Gauging Maintenance of Raritan Basin Stream Gauging Stations and the Delaware & Raritan Canal Gauging at Kingston per USGS/DWR/NJWSA Agreement (Dept 31)	\$ 69,000	\$ 69,000
33. Services - USGS Spruce Run Gauging Maintenance of two stations on streams feeding Spruce Run not covered under State Cooperative Agreement (Dept 31).....	18,600	18,600
34. Water Testing Water Testing and Sampling to comply with the Safe Water Drinking Act (Dept 31)	2,400	2,400
35. Services - Water Sampling and Testing as per NJDWR Requirements A) Rt 202 Stockpile Site (Dept 32).....	5,000	5,000
36. Maintenance of USGS Gauges at Washington Crossing and Perdicaris Waste Gate (Dept 32).....	12,000	12,000
37. Safety Suggestion Program, Poster and Promotional Materials, Safety Incentive Program (Dept 36)	9,700	9,700
38. Pulmonary Testing and Physicals (Dept 36).....	5,000	5,000
39. Annual Contributions to Fire Companies and Rescue Squads (Dept 36).....	1,300	1,300
40. Hepatitis Vaccinations (Dept 21).....	800	800
41. Calibration for the Pota-Count Respirator (Dept 36).....	<u>700</u>	<u>700</u>
TOTAL	\$ <u>489,900</u>	\$ <u>492,400</u>

PROJECTED FY 2015 NEW JERSEY WATER SUPPLY AUTHORITY INSURANCE PROGRAM

<u>Type of Coverage</u>	<u>Raritan Basin System</u>	<u>Manasquan Reservoir System</u>	<u>Manasquan Water Treatment Plant and Transmission System</u>	<u>Total Premium</u>
Property Limit \$150 million Deduct: \$100k all perils \$250k, dams, dikes, canal/\$1m flood	\$579,839	\$194,924	\$47,703	\$822,466
General/Products Liability Limit \$1 million Deduct: \$150k	\$95,857	\$8,962	\$1,861	\$106,680
Environmental Impairment Liability Limit \$10 million Deduct: \$100k	\$20,435	\$1,911	\$397	\$22,743
Workers' Compensation Limit \$1 million	\$179,988	\$23,136	\$24,241	\$227,343
Employer Liability Limit \$1 million	Included in Workers' Comp	Included in Workers' Comp	Included in Workers' Comp	Included in Workers' Comp
Umbrella Liability Limit \$23 million	\$250,123	\$23,385	\$4,856	\$278,364
Business Automobile Limit: \$1 million G/L, \$0 pd Deduct: \$50k, G/L	\$10,872	\$1,895	\$434	\$13,001
Public Officials Liability Limit \$5 million/\$1 million crime Deduct: \$100k/\$50k c. crime	\$48,833	\$4,568	\$4,265	\$57,664
Travel Accident Limit \$2 million	<u>\$854</u>	<u>\$80</u>	<u>\$17</u>	<u>\$951</u>
TOTAL:	<u>\$1,186,579</u>	<u>\$258,859</u>	<u>\$83,774</u>	<u>\$1,529,212</u>
ESTIMATE	\$1,186,600	\$258,900	\$83,800	\$1,529,300

JERSEY WATER SUPPLY AUTHORITY
RARITAN BASIN SYSTEM

DEFINITIONS AND EXPLANATION OF THE FISCAL YEAR 2015 OPERATING EXPENSE ACCOUNTS

ACCOUNT
CODE TITLE

5110 SALARIES AND WAGES

5120- OVERTIME
5140

5150- FRINGE BENEFITS
5168

These expense items cover the annual salaries and fringe benefits based upon the compensation schedule currently in effect.

The fringe benefit accounts specifically cover all required and approved expenses such as employer contributions for social security, public employee retirement system, unemployment and temporary disability insurance as well as the health benefits program including prescription drugs, dental and vision care programs and allowance for unused sick leave and vacation balance upon retirement and annual allowances required by union agreement.

The following is a comparison of the subject expenditures for Fiscal Year 2015.

	Adopted <u>F/Y14</u>	Proposed <u>F/Y15</u>
Budgeted Positions	99	99
Expenditures:		
Regular Salaries	\$5,796,250	\$5,623,200
Overtime	181,600	191,400
Fringe Benefits	2,975,600	2,900,400
Retiree Health Benefits	736,800	808,300
Workers Compensation (self-insured)	<u>10,000</u>	<u>10,000</u>
Total Salaries and Fringe Benefits	<u>\$9,700,250</u>	<u>\$9,533,300</u>
Anticipated Decrease for F/Y15		\$ 166,900

5200 ON-SITE RESIDENCES

This account covers the cost of maintaining On-Site Residences for Authority personnel. This account covers electrical, heating and general maintenance items. All employees in the residences are subject to an employee housing maintenance fee.

DEFINITIONS AND EXPLANATION OF THE FISCAL YEAR 2015 OPERATING EXPENSE ACCOUNTS

ACCOUNT
CODE

TITLE

5211

HEATING FUEL

This account covers the cost of heating the Administration Building, South Branch Pumping Station, Langenfelder Maintenance Barn, and Facilities Maintenance Building.

5220

UTILITIES - ELECTRICAL SERVICE (other than pumping)

This account covers regular electrical use at the Administration Building, South Branch Pumping Station, Langenfelder Maintenance Barn, Reservoir Towers (3) and Vaults (3), Whitehouse Station Release Works, the Raritan Basin System Canal Office, gates and telemarks and street lighting for security and safety purposes.

5230

UTILITIES - GAS SERVICE & WATER

This account covers the cost of natural gas at the Raritan Basin System Canal Office. Also covered in this account is the potable water charge at the Langenfelder Maintenance Barn, and South Branch Pumping Station.

5240

PROPANE

This account covers the cost of propane fuel at the South Branch Pumping Station.

5250

ELECTRICITY FOR PUMPING

This account covers the cost of electricity to operate pumps at the South Branch Pumping Station. Any unanticipated pumping other than normal pumping at the Ten Mile Lock Pumping Station will be charged to the Pumping Reserve.

5260

VEHICULAR FUEL

This account covers the cost of unleaded regular and diesel fuel used by the Authority's motor vehicles.

5270

OIL & GREASE

This account covers the amount of oil and grease used by the Authority's motor vehicles. Also included in this account is mineral oil and those specialty oils used in the pumps and motors at the South Branch Pumping Station and the Ten Mile Lock Pumping Station.

DEFINITIONS AND EXPLANATION OF THE FISCAL YEAR 2015 OPERATING EXPENSE ACCOUNTS

ACCOUNT
CODE

TITLE

5280

TIRES

This account covers the cost of tires used on the Authority's motor vehicles including cars, trucks, trailers, and construction equipment. Also included in this account is tire repair, tubes, etc.

5290

MAINTENANCE SUPPLIES

This account covers the entire spectrum of materials and tools used in the maintenance and repair of the Authority's assets. The types of material included in this account are kerosene, lumber, fasteners, masonry products, electrical items, fixtures, signs, posts, fencing and fencing material, road, ditch culvert and bank repair materials, small hand and power tools and welding gases.

5300

MAINTENANCE SUPPLIES - VEHICULAR EQUIPMENT

This account covers spare parts for vehicular and marine equipment, as well as small maintenance equipment, pumps, generators, chain saws, hand mowers and valve operators. Also included in this account are batteries and vehicular fluids.

5310

MAJOR - SPECIALIZED SERVICE AND REPAIR

This account is a supplement to account Code 5300 and includes those services that cannot be performed by the Authority's Auto Shop such as body and fender work, major repairs to transmissions, front-end alignments, radiator repairs and major power train overhauls.

5320

AGRICULTURE SUPPLIES

This account covers those supplies used in maintaining the appearance and control of the grounds such as grass seed, lime, fertilizers, shrubs, trees, pest and weed control and aquatic weed control.

5330

MAINTENANCE OF EQUIPMENT

This account is to cover normal repair and service to calculators, typewriters and other office machines and furniture, which are not covered under service and maintenance contracts. Also included in this account is maintenance of security clocks and radio equipment, repairs to engineering and surveying equipment, service to reservoir pumping stations, telemarks, recorders and flow meters and all spare parts needed at the pumping stations to sustain continuous and dependable operation.

DEFINITIONS AND EXPLANATION OF THE FISCAL YEAR 2015 OPERATING EXPENSE ACCOUNTS

ACCOUNT
CODE

TITLE

5340

SERVICE AND MAINTENANCE CONTRACTS

This account covers contracts used for servicing plumbing (heating and cooling), electrical equipment, elevators, shop machinery and office equipment such as the copier and computers. Also included in this account is refuse disposal and waste removal by private contractors.

5350

EQUIPMENT RENTAL

This account covers the rental of specialized construction equipment such as pumps, compressors, etc., specialized office equipment, pagers, entry rugs, and the postage machine.

5360

HOUSEHOLD, SAFETY AND PROTECTIVE SUPPLIES

This account is used to show the estimated cost of materials and supplies of a consumable nature. Covered in this account are such items as janitorial and sanitary supplies, locks and keys, lighting supplies, fire extinguishers, first aid and safety supplies, film rentals and related costs for in-house programs.

5370

UNIFORMS

This account covers uniforms and related items for Security, Auto Shop Personnel, Survey Crew and Canal Flow Controlmen.

5380

SPECIAL AND PROFESSIONAL SERVICES

This account covers the estimated cost of professional services such as attorneys, physicians, annual audit fee, Governor's Authority Unit, court reporters, temporary services, engineers, consultants, CDL testing service, employee assistance service, etc.

5390

PROTECTIVE SERVICES

This account covers the yearly cost of insurance premiums prorated to the Raritan Basin System, covering General Liability, Workmen's Compensation, Vehicular, Etc.

5400

TELEPHONE

This account covers direct telephone charges for repairs, equipment rental and related expenses.

DEFINITIONS AND EXPLANATION OF THE FISCAL YEAR 2015 OPERATING EXPENSE ACCOUNTS

ACCOUNT
CODE

TITLE

5410

POSTAGE AND FREIGHT

This account covers all postage costs including express and overnight mail. Also covered in this account are charges for incoming and outgoing freight when applicable.

5420

DATA PROCESSING

This account covers charges for production of payrolls and required reports under contract with ADP.

5430

PRINTING AND OFFICE

This account covers the cost of computer supplies, letterhead, envelopes publication costs and forms, archiving of our records, duplication product and all other stationery material and supplies necessary for the operation of the office. Items that are classified as furniture and equipment with a value of \$1,000 are not to be included in this account. Items ordered directly from a vendor or withdrawn from inventory shall be included in this account.

5440

SCIENTIFIC AND PHOTOGRAPHIC

This account covers the cost of photographic supplies, blueprinting supplies, surveying and engineering supplies, and other charts.

5450

DUES AND SUBSCRIPTIONS

This account covers the cost of subscriptions to newspapers, magazines, periodicals, reference books, other publications and membership fees in professional societies and associations.

5460

ADVERTISING

This account covers the cost of legal and classified advertising in newspapers for bids and recruiting.

5470

TRAVEL AND SUBSISTENCE

This account covers the cost of travel and subsistence expenses reimbursable to an employee or chargeable to the Authority under the provisions of, "The Regulations Governing Employee Expense Reimbursements". It includes travel expense, employee allowances, entertainment of business guests, staff and departmental meal expenses. It will also cover registration fees for attendance at meetings or conventions.

DEFINITIONS AND EXPLANATION OF THE FISCAL YEAR 2015 OPERATING EXPENSE ACCOUNTS

ACCOUNT
CODE

TITLE

5480

STAFF TRAINING AND TUITION AID

This account provides funds for employee's attendance at various technically related and approved courses, training programs, etc.

5490

FEES AND PERMITS

This account covers the estimated cost of fees for water diversion and stream encroachment permits from the Division of Water Resources and small-unclassified items such as notaries, hearing rooms and transcripts from the Department of Transportation, etc.

5500

IN-LIEU TAXES

This account covers the funds for Reservoirs and Pumping Stations in-lieu tax payment.

DESCRIPTION OF RESERVE ACCOUNTS

Major Rehabilitation Fund

The purpose of this fund is to establish reserves for the following uses: (i) to complete any project or, to the extent required, any portion of the cost of a project, (ii) for the costs of capital improvements, (iii) for the payment of extraordinary operation and maintenance costs, and (iv) for contingencies, including payments with respect to the prevention or correction of any unusual loss or damage in connection with the System or to prevent a loss of revenue therefrom, all to the extent not provided for in then current Annual budget or by reserves in the Operating Fund or from the proceeds of Bonds. Amounts in the Major Rehabilitation Fund shall not be used for the purposes specified in clauses (i) and (ii) above, unless the Authority has received a certificate from a consulting engineer in connection with the Annual Budget.

The minimum recommended balance to be maintained in this account, after October 1988, is 1.4 million.

Depreciation

This reserve is intended to provide for the renewal and replacement of Authority machinery and equipment with a value of \$1,000 or more and a useful life in a range from three to ten years. The annual contribution to this reserve fund is predicated on the actual and/or estimated cost of communication, automotive, heavy construction, transportation, shop and office equipment depreciated over their estimated useful lives of three to ten years, depending upon the nature of the equipment. Depreciation has been determined for each such asset currently in use, as well as for the current Fiscal Year additions and/or renewals.

Pumping Reserve

This reserve is in addition to the annual electrical costs for pumping provided for under the operating cost category. The operating costs for pumping are related specifically to an annual short-term operation of each of the ten major pumps at the South Branch Pumping Station and related electrical equipment and mechanical components. This is considered to be a minimum requirement for the effective preventive maintenance needs of this large facility. The preventative maintenance program must assure the useful life of the equipment, and further insure that the equipment be operable when it is needed for long-term use.

However, it is also considered a prudent step to maintain a pumping reserve to deal with extraordinary electrical expenditures, which will be required whenever a drought period occurs in the normal water cycle.

Operating Fund (O & M Reserve)

In order for the Authority to operate successfully and maintain its financial integrity and ability to attract future investors, reasonable working cash reserves must be established which are consistent with the regular operating costs plus possible extraordinary requirements. It is a requirement of the Bond Resolution that the Authority maintain a level in this reserve equivalent to three months of operating costs. (See Resolution No. 416, Sec. 505 - Adopted 11/17/88)

Self-Insurance Reserve

This Reserve is used to cover any excess liability payments above the Self-Insurance Retainer.

Reserve for Formal Dam Inspection

This reserve, created in FY12, will receive annual contributions equal to one third the cost of the formal dam inspection which occurs every three years. The intention is to level the expenditure and eliminate the spike in expense that would otherwise occur every three years.

NEW JERSEY WATER SUPPLY AUTHORITY
FORECASTED COST ALLOCATION SCHEDULES
YEAR ENDING JUNE 30, 2015

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Commissioners of
New Jersey Water Supply Authority

At your request, we have performed certain agreed-upon procedures, as enumerated below, with respect to the accompanying forecasted cost allocation schedules of the New Jersey Water Supply Authority (the "Authority") for the fiscal year ending June 30, 2015. These procedures, which were agreed to by the Commissioners and Authority management, were performed solely to assist you in evaluating the forecasted cost allocation schedules in connection with the setting of water rates for each of the three operating systems (Raritan, Manasquan Reservoir and Manasquan Treatment Plant/Transmission). The Authority's management is responsible for the schedules. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Authority's management. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose:

1. We were provided with the fiscal year 2015 budgeted expenses for each of the three operating systems by the Authority's chief financial officer, who advised us that the fiscal year 2015 budgeted expenses are based upon preliminary budgets that are subject to approval by the Authority's Commissioners. We performed no procedures in regard to these fiscal year 2015 budgeted expenses.
2. We recalculated the allocated costs on the schedules.
3. We compared the methodologies used for cost allocation on the forecasted schedules to the methodologies used in the Authority's cost allocation schedules for the year ended June 30, 2013, and found them to be consistent.

• AN INDEPENDENTLY OWNED MEMBER,
MCGGLADREY ALLIANCE

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REPORT OF INDEPENDENT ACCOUNTANTS (CONTINUED)

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying forecasted cost allocation schedules. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

This report is intended solely for the information and use of the Commissioners and management of the Authority and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Mercedon, PC
Certified Public Accountants
October 7, 2013

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED COST CENTER EXPENSE RECLASSIFICATION
 YEAR ENDING JUNE 30, 2015

DEPT. #	DEPT./COST CENTER	COST CENTER COSTS	RECLASSIFICATIONS									REVISED COST CENTER COSTS
			1	2	3	4	5	6	7	8	9	
		\$ -	HEATING/ELECTRIC	VEHICULAR FUEL	PROFESSIONAL FEES	INSURANCE	TELEPHONE	PERMITS	WORKERS' COMP.	IN LIEU TAXES	CHIEF ENGINEER SALARY & FRINGE	\$ -
	BUILDING HQ	\$ -	\$130,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TELEPHONE HQ					72,400						72,400
36	SAFETY	205,700			(5,000)							200,700
37	SECURITY	883,150										883,150
14	HUMAN RESOURCES	422,500			(4,400)				(10,000)			408,100
16	PURCHASING	576,900		(177,600)			(72,400)	(16,000)				310,900
17	INFORMATION SYSTEMS	143,300										143,300
15	CONTRACTS & RISK MGMT.	1,719,900			(33,600)	(1,246,800)		(86,100)		(18,700)		334,200
13	FINANCIAL MGMT.	943,600			(2,200)							941,400
34	AUTO SHOP	209,300		177,600				16,000				402,900
35	AUTO SHOP-CANAL	203,800										203,800
10	EXEC OFFICE	247,400	4,757									252,157
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (PARITAN SYSTEM)	7,329,150	(134,857)		45,100	1,246,800		86,100	10,000	18,700	(14,281)	8,586,712
		12,884,100	0	0	0	0	0	0	0	0	(14,281)	12,869,819
40-60	MANASQUAN SYSTEM	5,142,250									14,281	5,156,531
		\$18,026,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,026,350

See accompanying notes to Financial Schedules

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED SYSTEM-WIDE ALLOCATED COSTS
 YEAR ENDING JUNE 30, 2015

ALLOCATION BASIS

DEPT. #	DEPT./COST CENTER	REVISED COST CENTER COSTS	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	100 % PARTIAL O&M	# OF EMPLOYEES	# OF P.O.s	# OF COMPUTERS	MGD CONTRACTS	O&M BUDGET	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE	ALLOCATED COST CENTER COSTS
	BUILDING HQ	\$130,100	(\$130,100)												
	TELEPHONE HQ	\$72,400	0	(\$72,400)											
36	SAFETY	\$200,700	976	796	(\$202,472)										
37	SECURITY	\$983,150	4,958	3,182	17,030	(\$906,350)									
14	HUMAN RESOURCES	\$408,100	6,018	3,182	5,677	0	(\$422,977)								
16	PURCHASING	\$310,900	6,640	2,387	3,785	0	8,905	(\$332,517)							
17	INFORMATION SYSTEMS	\$143,300	1,385	796	1,892	0	4,452	6,005	(\$157,830)						
15	CONTRACTS & RISK MGMT.	\$384,200	4,323	1,591	3,785	0	8,905	8,685	5,350	(\$386,659)					
13	FINANCIAL MGMT.	\$941,400	12,586	5,569	13,246	0	31,167	10,401	24,076	0	(\$1,038,455)				
34	AUTO SHOP	\$402,900	20,514	1,591	1,892	0	4,452	13,189	5,350	0	28,663	(\$478,541)			
35	AUTO SHOP-CANAL	\$203,600	0	1,591	1,892	0	4,452	11,473	2,675	0	14,494	0	0	(\$240,377)	
10	EXEC OFFICE	\$252,157	17,456	5,569	1,892	0	4,452	3,002	5,350	0	17,953	0	0	(\$307,811)	
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	\$8,586,712	55,194	46,146	102,182	908,360	240,430	154,943	85,603	329,656	610,659	478,541	240,377	263,948	\$12,102,751
40-60	MANASQUAN SYSTEM	\$5,156,531	0	0	49,159	0	115,752	124,919	29,426	37,183	356,716	0	0	43,863	5,923,599
		\$18,026,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,026,350

See accompanying notes to Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED COST ALLOCATION FACTORS
 YEAR ENDING JUNE 30, 2015

REQUIRED STATISTICS

ALLOCATION OF: ALLOCATION BASIS:	BUILDING HQ SQ. FT. #	TELEPHONES # OF TELEPHONES	SAFETY # OF EMPLOYEES	HUMAN RESOURCES # OF EMPLOYEES	PURCHASING # OF P.O.'S	INFORMATION SYSTEMS # OF COMPUTERS	CONTRACTS & RISK MGMT MSD CONTRACTS	FINANCE O&M FUNCTIONAL COST	AUTO SHOP # OF VEHICLES	AUTO SHOP CANAL # OF VEHICLES	EXEC. OFF TIME ESTIMATE
DEPT. #	DEPT. COST CENTER										
36	BUILDING HQ										
	TELEPHONE HQ										
	SAFETY	110	1								
37	SECURITY	563	4	9							
14	HUMAN RESOURCES	676	4	3							
16	PURCHASING	746	3	2	2						
17	INFORMATION SYSTEMS	156	1	1	1	56					
15	CONTRACTS & RISK MGMT.	487	2	2	2	81	2				
13	FINANCIAL MGMT.	1,419	7	7	7	97	9	0			
34	AUTO SHOP	2,311	2	1	1	123	2	0	\$402,900		
35	AUTO SHOP-CANAL	0	2	1	1	107	1	0	203,800		
10	EXEC OFFICE	1,967	7	1	1	28	2	0	252,157	0	
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	6,218	58	54	54	1,445	32	182	8,586,712	43	85.75
40-60	MANASQUAN SYSTEM			26	26	1,165	11	21	5,196,531		14.25
		14,657	91	107	95	3,102	59	203	\$14,602,100	43	100 %

See accompanying notes to Financial Schedules

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF FORECASTED MANASQUAN SYSTEM ALLOCATED COSTS
 YEAR ENDING JUNE 30, 2015

COSTS	ALLOCATION BASIS					ALLOCATED COSTS
	1 TIME STUDY	2 \$ VALUE OF VEHICLES	3 \$ VALUE OF EQUIPMENT	4 TIME STUDY	5 VALUE OF WATER CONTRACTS	
GENERAL & ADMINISTRATIVE						
SALARIES & FRINGES	\$2,928,150					
VEHICLE RELATED	76,000	<u>(\$76,000)</u>				
MAINT. SUPPLIES & RELATED	72,900		<u>(\$72,900)</u>			
OFFICE & MISC.	48,500			<u>(\$48,500)</u>		
H.Q. OVERHEAD	781,349				<u>(\$781,349)</u>	
RESERVOIR	936,600	52,683	34,985	23,434	678,114	\$3,140,616
TREAT./TRANS.	1,080,100	23,317	37,915	25,066	103,235	2,782,983
	<u>\$5,923,599</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,923,599</u>

See accompanying notes to Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDING JUNE 30, 2015

A. GENERAL

The New Jersey Water Supply Authority as part of its annual budget and rate making process performs a two step cost allocation calculation. During the first step, the Authority forecasts its actual expenses by Cost Center. For purposes of this calculation the Authority uses the following Cost Centers:

- Building Headquarters
- Telephone Headquarters
- Safety
- Security
- Human Resources
- Purchasing
- Information Systems
- Contracts & Risk Management
- Financial Management
- Auto Shop
- Auto Shop - Canal
- Executive Office
- Engineering, Watershed Management, Operations and Maintenance (Raritan System)
- Manasquan System

In deriving expenses by Cost Center several expense reclassifications are made on the Schedule of Forecasted Cost Center Expense Reclassification as follows:

1. Heating and electricity expenses related to Building Headquarters ("HQ") and Executive Office are reclassified from Engineering and Operations & Maintenance ("O & M").
2. Vehicular fuel expense related to Auto Shop is reclassified from Purchasing.
3. Professional fees related to O & M are reclassified from the various departments to which they have been charged.
4. Insurance premium expense related to the Raritan System is reclassified from Contracts and Risk Management.
5. Telephone expense is reclassified from Purchasing to a separate Telephone HQ Cost Center.
6. Permit expense related to the Raritan System is reclassified from Contracts and Risk Management and Purchasing.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDING JUNE 30, 2015

7. Workers' compensation expense related to the Raritan System is reclassified from Contracts and Risk Management.
8. In-lieu taxes related to the Raritan System are reclassified from Contracts and Risk Management.
9. Chief Engineer Salary & Fringe Expenses related to the Manasquan System are reclassified from the Engineering Department.

The second step entails a step-down allocation of eleven of the Authority's Cost Centers to the Raritan and Manasquan System Cost Centers. In making this step-down allocation the Authority

1. Building HQ is allocated to each of the Cost Centers based on the amount of space utilized.
2. Telephone HQ is allocated to each of the Cost Centers based on the number of telephones utilized.
3. Safety is allocated to each of the Cost Centers based on the number of employees.
4. Security is allocated entirely to the Raritan System.
5. Human Resources is allocated to each of the Cost Centers based on the number of employees.
6. Purchasing is allocated to each of the respective Cost Centers based on the number of purchase orders issued.
7. Information Systems is allocated to each of the Cost Centers based on the number of computer workstations.
8. Contracts and Risk Management is allocated to each of the Cost Centers based on the number of employees.
9. Financial Management is allocated based on a percentage of the four remaining Cost Centers' budgets.
10. Auto Shop and Auto Shop-Canal are allocated based on the number of vehicles used.
11. Executive Office is allocated based on the amount of executive time utilized in managing each of the systems.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDING JUNE 30, 2015

B. MANASQUAN SYSTEM ALLOCATED COST

The Manasquan Water Supply System's direct and allocated costs are then allocated between the Reservoir System and the Water Treatment Plant/Transmission System. In making this allocation the Authority adds to each System's direct expenses, the indirect costs allocated as follows:

1. Salaries and Fringe Benefits are allocated based on actual time studies performed by each employee throughout Fiscal Year 2013.
2. Vehicle related expenses are allocated based on the dollar value of vehicles held by each System.
3. Maintenance Supplies and related expenses are allocated based on the dollar value of capital equipment held by each System.
4. Office and miscellaneous expenses are allocated based on the time studies performed by each employee throughout Fiscal Year 2013.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.

NEW JERSEY WATER SUPPLY AUTHORITY
COST ALLOCATION SCHEDULES
YEAR ENDED JUNE 30, 2013

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Commissioners of
New Jersey Water Supply Authority

We have examined the financial schedules of New Jersey Water Supply Authority (the "Authority") for the year ended June 30, 2013, listed in the foregoing table of contents. The Authority's management is responsible for the financial schedules. Our responsibility is to express an opinion on the conformity of the financial schedules with the cost allocation criteria set forth in Note A.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial schedules referred to above present the Authority's allocation of costs to the Raritan and Manasquan Systems in conformity with the cost allocation criteria set forth in Note A.

This report is intended for the information and use of the Commissioners and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Mercadien, P.C.
Certified Public Accountants

October 7, 2013

- AN INDEPENDENTLY OWNED MEMBER,
MCGLEADREY ALLIANCE
- AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
- NEW YORK SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
- PENNSYLVANIA INSTITUTE OF
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NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF SYSTEM-WIDE ALLOCATED COSTS
 YEAR ENDED JUNE 30, 2013

ALLOCATION BASIS

DEPT. #	DEPT./COST CENTER	REVISED COST CENTER COSTS	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	100% RARITAN O&M	# OF EMPLOYEES	# OF P.O.s	# OF COMPUTERS	MGD CONTRACTS	O&M BUDGET	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE	ALLOCATED COST CENTER COSTS
	BUILDING HQ	\$86,051	(\$86,051)												
	TELEPHONE HQ	\$70,923	0	(\$70,923)											
36	SAFETY	\$169,110	646	779	(\$170,535)										
37	SECURITY	\$975,479	3,305	3,117	14,344	(\$896,245)									
14	HUMAN RESOURCES	\$370,289	3,981	3,117	4,781	0	(\$382,168)								
16	PURCHASING	\$276,888	4,392	2,338	3,188	0	8,046	(\$294,862)							
17	INFORMATION SYSTEMS	\$148,926	916	779	1,594	0	4,023	5,323	(\$161,561)						
15	CONTRACTS & RISK MGMT.	\$298,085	2,859	1,559	3,188	0	8,046	7,859	5,477	(\$326,913)					
13	FINANCIAL MGMT	\$849,532	8,331	5,456	11,156	0	28,160	9,220	24,645	0	(\$936,500)				
34	AUTO SHOP	\$361,319	13,568	1,559	1,594	0	4,023	11,692	5,477	0	26,202	(\$425,434)			
35	AUTO SHOP-CANAL	\$195,904	0	1,559	1,594	0	4,023	10,171	2,738	0	14,206	0	(\$220,195)		
10	EXEC OFFICE	\$243,476	11,546	5,456	1,594	0	4,023	2,862	5,477	0	17,656	0	0	(\$291,890)	
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	\$7,694,740	36,507	45,204	86,064	895,245	217,231	137,356	87,625	293,735	557,959	425,434	230,195	250,298	\$10,958,631
40-60	MANASQUAN SYSTEM	\$4,418,793	0	0	41,438	0	104,593	110,739	30,122	33,178	320,437	0	0	41,594	5,100,894
		\$16,059,525	(\$0)	(\$0)	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$16,059,525

See accompanying notes Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF COST ALLOCATION FACTORS
 YEAR ENDED JUNE 30, 2013

REQUIRED STATISTICS

ALLOCATION OF: ALLOCATION BASIS:	BUILDING HQ SQ. FT. #	TELEPHONES # OF TELEPHONES	SAFETY # OF EMPLOYEES	HUMAN RESOURCES # OF EMPLOYEES	PURCHASING # OF P.O.'S	INFORMATION SYSTEMS # OF COMPUTERS	RISK MGMT MGD CONTRACTS	FINANCE O&M FUNCTIONAL COST	AUTO SHOP # OF VEHICLES	AUTO SHOP CANAL # OF VEHICLES	EXEC. OFF TIME ESTIMATE
DEPT. #											
DEPT. COST CENTER											
BUILDING HQ											
TELEPHONE HQ											
36 SAFETY	110	1									
37 SECURITY	563	4	9								
14 HUMAN RESOURCES	678	4	3								
16 PURCHASING	748	3	2	2							
17 INFORMATION SYSTEMS	156	1	1	1	56						
15 CONTRACTS & RISK MGMT.	487	2	2	2	81	2					
13 FINANCIAL MGMT	1,419	7	7	7	97	9	0				
34 AUTO SHOP	2,311	2	1	1	123	2	0	\$361,319			
35 AUTO SHOP-CANAL	0	2	1	1	107	1	0	\$195,904			
10 EXEC OFFICE	1,967	7	1	1	28	2	0	243,476	0		
20 30 31 32 33 WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	6,218	58	54	54	1,445	32	182	7,694,740	43	43	85.75
40-60 MANASQUAN SYSTEM			26	26	1,165	11	21	4,419,793			14.25
	14,567	91	107	95	3,102	59	203	\$12,914,232	43	43	100 %

See accompanying notes Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
 SCHEDULE OF MANASQUAN SYSTEM ALLOCATED COSTS
 YEAR ENDED JUNE 30, 2013

COSTS	ALLOCATION BASIS					ALLOCATED COSTS
	1 TIME STUDY	2 \$ VALUE OF VEHICLES	3 \$ VALUE OF EQUIPMENT	4 TIME STUDY	5 VALUE OF WATER CONTRACTS	
<u>GENERAL & ADMINISTRATIVE</u>						
SALARIES & FRINGES	\$2,512,544	<u>(\$2,512,544)</u>				
VEHICLE RELATED	78,255	<u>(\$78,255)</u>				
MAINT. SUPPLIES & RELATED	43,376		<u>(\$43,376)</u>			
OFFICE & MISC.	31,786			<u>(\$31,786)</u>		
H.Q. OVERHEAD	695,956				<u>(\$695,956)</u>	
RESERVOIR	812,505	53,597	21,319	14,818	604,004	\$2,712,130
TREAT./TRANS.	926,473	24,658	22,057	16,968	91,952	2,388,765
	<u>\$5,100,895</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$0)</u>	<u>\$5,100,895</u>

See accompanying notes Financial Schedules.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDED JUNE 30, 2013

A. GENERAL

The New Jersey Water Supply Authority as part of its annual budget and rate making process performs a two step cost allocation calculation. During the first step, the Authority calculates its actual expenses by Cost Center. For purposes of this calculation the Authority uses the following Cost Centers:

- Building Headquarters
- Telephone Headquarters
- Safety
- Security
- Human Resources
- Purchasing
- Information Systems
- Risk Management
- Financial Management & Administration
- Auto Shop
- Auto Shop - Canal
- Executive Office
- Engineering, Watershed Management, Operations and Maintenance (Raritan System)
- Manasquan System

In deriving expenses by Cost Center several expense reclassifications are made on the Schedule of Cost Center Expense Reclassification as follows:

1. Heating and electricity expenses related to Building Headquarters ("HQ") and Executive Office are reclassified from Engineering & Operations and Maintenance ("O&M").
2. Vehicular fuel expense related to Auto Shop is reclassified from Purchasing.
3. Professional fees related to O & M are reclassified from the various departments to which they have been charged.
4. Insurance premium expense related to the Raritan System is reclassified from Risk Management.
5. Telephone expense is reclassified from Purchasing to a separate Telephone HQ Cost Center.
6. Permit expense related to the Raritan System is reclassified from Risk Management and Purchasing.
7. Workers' compensation expense related to the Raritan System is reclassified from Risk Management.
8. In-lieu taxes related to the Raritan System are reclassified from Risk Management.
9. Chief Engineer Salary & Fringe Expenses related to the Manasquan System are reclassified from the Engineering Department.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDED JUNE 30, 2013

The second step entails a step-down allocation of eleven of the Authority's Cost Centers to the Raritan and Manasquan System Cost Centers. In making this step-down allocation the Authority allocates cost as follows:

1. Building HQ is allocated to each of the cost centers based on the amount of space utilized.
2. Telephone HQ is allocated to each of the cost centers based on the number of telephones utilized.
3. Safety is allocated to each of the Cost Centers based on the number of employees.
4. Security is allocated entirely to the Raritan System.
5. Human Resources is allocated to each of the Cost Centers based on the number of employees,
6. Purchasing is allocated to each of the respective Cost Centers based on the number of purchase orders issued.
7. Information Systems is allocated to each of the Cost Centers based on the number of computers.
8. Risk Management is allocated to each of the Cost Centers based on the number of employees.
9. Financial Management is allocated based on a percentage of the four remaining Cost Centers' budgets.
10. Auto Shop and Auto Shop-Canal is allocated based on the number of vehicles used.
11. Executive Office is allocated based on the amount of executive time utilized in managing each of the systems.

NEW JERSEY WATER SUPPLY AUTHORITY
NOTES TO SCHEDULES
YEAR ENDED JUNE 30, 2013

B. MANASQUAN SYSTEM ALLOCATED COST

The Manasquan Water Supply System's direct and allocated costs are then allocated between the Reservoir System and the Water Treatment Plant/Transmission System. In making this allocation the Authority adds to each System's direct expenses, the indirect costs allocated as follows:

1. Salaries and Fringe Benefits are allocated based on actual time studies performed by each employee throughout Fiscal Year 2013.
2. Vehicle related expenses are allocated based on the dollar value of vehicles held by each System.
3. Maintenance Supplies and related expenses are allocated based on the dollar value of capital equipment held by each System.
4. Office and miscellaneous expenses are allocated based on the time studies performed by each employee throughout Fiscal Year 2013.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.