

# NEW JERSEY WATER SUPPLY AUTHORITY



## MANASQUAN RESERVOIR SYSTEM

### FISCAL YEAR 2015 BUDGET

(July 1, 2014 - June 30, 2015)

Proposed  
June 2, 2014

NEW JERSEY WATER SUPPLY AUTHORITY  
MANASQUAN RESERVOIR SYSTEM

**PROPOSED**

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

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NEW JERSEY WATER SUPPLY AUTHORITY  
MANASQUAN RESERVOIR SYSTEM

**PROPOSED**

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

	<u>ADOPTED F/Y14 RESERVOIR BUDGET</u>	<u>PROPOSED F/Y15 RESERVOIR BUDGET</u>
Proposed Operating Expense Budget (Schedule 2)	\$2,338,800	\$2,519,000
Proposed Capital Equipment Budget (Schedule 13)	57,500	48,100
Allocation of Headquarters General & Administrative Expenses charged to the Manasquan Reservoir System (Schedule 5)	<u>642,400</u>	<u>676,000</u>
<b>Total Operating Expense Budget &amp; Capital Equipment Budget</b>	<b><u>\$3,038,700</u></b>	<b><u>\$3,243,100</u></b>
<b>Contributions to Debt Service and Reserve Funds:</b>		
Renewal & Replacement	120,000	120,000
Sediment Reserve	10,000	10,000
Formal Dam Inspection Reserve	3,000	3,000
High Voltage Testing Reserve	15,000	15,000
Initial Debt Service Fund (120 percent coverage)	3,648,322	3,648,325
Delayed Debt Service Fund (120 percent coverage)	1,250,439	1,250,439
NJEIFP Debt Service	183,257	183,257
Source Water Protection Program	<u>112,566</u>	<u>112,566</u>
<b>Total Contributions to Debt Service and Reserve Funds</b>	<b><u>\$5,342,584</u></b>	<b><u>\$5,342,587</u></b>
<b>Total Proposed Budget</b>	<b><u>\$8,381,284</u></b>	<b><u>\$8,585,687</u></b>
<b>Revenues:</b>		
Operating and Maintenance Component	\$2,656,153	\$2,674,311
Adjustment for F/Y13 Salary & Fringe Expenses to be paid from the WTP/TS Account	0	32,734
Adjustment for F/Y12 Salary & Fringe Expenses to be paid from the WTP/TS Account	(55,756)	0
Appropriation from General Fund (Rate Stabilization)	576,003	672,855
Debt Service (120 percent coverage)	3,648,322	3,648,325
Delayed Debt Service (120 percent coverage)	1,250,439	1,250,439
NJEIFP Debt Service	183,257	183,257
Source Water Protection Program Component	112,566	112,566
F/Y14 interest earnings were estimated at .50 percent, long-term investments were estimated at 1.15 percent.	10,300	0
F/Y15 interest earnings on funds estimated at .25 percent, long-term investments are estimated at 1.30 percent.	<u>0</u>	<u>11,200</u>
<b>Total Revenue</b>	<b><u>\$8,381,284</u></b>	<b><u>\$8,585,687</u></b>

**New Jersey Water Supply Authority  
Manasquan Reservoir Water Supply System  
Rate History of  
Water Charges per Million Gallons of Raw Water Daily  
FY1997-FY2015**

INITIAL WATER PURCHASER 16.097 mgd JULY 1, 1990  
SHORELANDS .028mgd JULY 1, 2006

Effective Date	O&M Charge	Source Water Protection	Debt Repayment 2/1/91-8/01/20	NJEIFP Debt Component	Total Charge per MG	Percent Increase (Decrease)
July 1, 1996	316.58		748.57		\$1,065.15	-3.65%
July 1, 1997	284.09		654.83		\$938.92	-11.85%
July 1, 1998	263.56		569.36		\$832.92	-11.29%
July 1, 1999	114.13		581.18		\$695.31	-16.52%
July 1, 2000	145.81		583.00		\$728.81	4.82%
July 1, 2001	212.29		585.63		\$797.92	9.48%
July 1, 2002	212.35		582.62		\$794.97	-0.37%
July 1, 2003	201.14	15.00	578.83		\$794.97	0.00%
July 1, 2004	321.69	15.00	584.95		\$921.64	15.93%
July 1, 2005	295.41	15.00	584.60		\$895.01	-2.89%
July 1, 2006	295.41	15.00	522.86		\$833.27	-6.90%
July 1, 2007	302.52	15.00	528.54		\$846.06	1.53%
July 1, 2008	302.52	15.00	566.59		\$884.11	4.50%
July 1, 2009	396.79	15.00	568.26		\$980.05	10.85%
July 1, 2010	396.79	15.00	568.69		\$980.48	0.04%
July 1, 2011	347.39	15.00	618.09	35.42	\$1,015.90	3.61%
July 1, 2012	345.95	15.00	619.53	35.42	\$1,015.90	0.00%
July 1, 2013	356.61	15.00	619.87	24.42	\$1,015.90	0.00%
July 1, 2014	356.61	15.00	619.87	24.42	\$1,015.90	0.00%

**New Jersey Water Supply Authority  
Manasquan Reservoir Water Supply System  
Rate History of  
Water Charges per Million Gallons of Raw Water Daily  
FY2002-FY2015**

**DELAYED WATER PURCHASER NJ-AMERICAN 1mgd JULY 1, 2001  
1.935mgd OCTOBER 1, 2002  
1.500mgd JANUARY 1, 2005**

<u>Effective Date</u>	<u>O&amp;M Charge</u>	<u>Source Water Protection</u>	<u>Debt Repayment 2/1/02-8/01/31</u>	<u>NJEIFP Debt Component</u>	<u>Total Charge per MG</u>	<u>Percent Increase (Decrease)</u>
July 1, 2001	199.88		835.62		\$1,035.50	
July 1, 2002	212.35		835.61		\$1,047.96	1.20%
July 1, 2003	201.14	15.00	849.31		\$1,065.45	1.67%
July 1, 2004	321.69	15.00	849.31		\$1,186.00	11.31%
July 1, 2005	295.41	15.00	853.85		\$1,164.26	-1.83%
July 1, 2006	295.41	15.00	763.61		\$1,074.02	-7.75%
July 1, 2007	302.52	15.00	764.44		\$1,081.96	0.74%
July 1, 2008	302.52	15.00	762.28		\$1,079.80	-0.20%
July 1, 2009	396.79	15.00	763.24		\$1,175.03	8.82%
July 1, 2010	396.79	15.00	756.19		\$1,167.98	-0.60%
July 1, 2011	347.39	15.00	770.90	35.42	\$1,168.71	0.06%
July 1, 2012	345.95	15.00	772.12	35.42	\$1,168.49	-0.02%
July 1, 2013	356.61	15.00	772.46	24.42	\$1,168.49	0.00%
July 1, 2014	356.61	15.00	772.46	24.42	\$1,168.49	0.00%

NEW JERSEY WATER SUPPLY AUTHORITY  
 MANASQUAN RESERVOIR SYSTEM  
 2005 BOND DEBT SERVICE COVERAGE  
 FISCAL YEAR 2015  
 (7/1/14-6/30/15)

	<u>Budgeted</u> <u>F/Y 2015</u>
<u>Revenues</u>	
Uninterruptible Water Sales	\$7,870,728
Interest Income/Other	<u>10,300</u>
Total Revenues	<u>\$7,881,028</u>
Prior Years Surplus	\$ <u>694,255</u>
<u>Expenses</u>	
O&M Costs	\$2,539,500
Overhead Allocation	<u>676,000</u>
Total O&M	<u>\$3,215,500</u>
Cash Available for Debt Service - A	\$5,359,783
Net Debt Service Expense - B	\$4,082,307
Debt Service Coverage Calculation - A/B	1.31
Cash After Debt Service A-B	\$1,277,476

NEW JERSEY WATER SUPPLY AUTHORITY  
MANASQUAN RESERVOIR SYSTEM

**TOTAL OPERATIONS & MAINTENANCE BUDGET**

FISCAL YEAR 2015  
(7/01/14-6/30/15)

	ADOPTED F/Y14 <u>RESERVOIR</u>	PROPOSED F/Y15 <u>RESERVOIR</u>
Salaries & Fringes (Schedule 6)	\$1,290,900	\$1,444,000
O & M Direct Expense (Schedule 3)	934,700	963,900
G & A Expenses (Schedule 4)	<u>113,185</u>	<u>111,102</u>
Total Operations & Maintenance Budget	<u>\$2,338,785</u>	<u>\$2,519,002</u>
Estimate	<u>\$2,338,800</u>	<u>\$2,519,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY  
MANASQUAN RESERVOIR SYSTEM

**PROPOSED OPERATIONS & MAINTENANCE DIRECT EXPENSE BUDGET (40)**

FISCAL YEAR 2015  
(7/01/14-6/30/15)

		<u>RESERVOIR</u>	
		<u>DIRECT</u>	
<u>CODE</u>	<u>ACCOUNT DESCRIPTION</u>	<u>ADOPTED</u> <u>F/Y14</u>	<u>PROPOSED</u> <u>F/Y15</u>
5200	On-site Residences	\$	\$
5211	Heating Fuel		
5220	Utility Electric	60,700	60,700
5230	Utility Gas Service & Water	4,600	6,500
5240	Utility Propane		
5250	Electricity for Pumping	346,900	346,900
5260	Fuel Vehicular		
5270	Oil & Grease		
5280	Tires		
5290	Maintenance Supplies	2,000	2,000
5300	Maintenance Supplies Vehicle Equip		
5310	Vehicle Service Repair-Major		
5320	Agriculture Supplies		
5330	Maintenance of Equipment	45,500	45,500
5340	Service Maintenance Contracts	21,000	(Sch 9) 21,000
5350	Equipment Rental	6,500	6,500
5360	Safety Supplies	500	500
5380	Special & Professional Services	76,000	(Sch 11) 76,000
5390	Protective Services	231,600	(Sch 14) 258,900
5400	Telephone	5,000	5,000
5410	Postage & Freight		
5420	Data Processing		
5430	Printing & Office Supplies	1,500	1,500
5440	Scientific & Photography	5,000	5,000
5450	Dues & Subscriptions		
5460	Advertising & Promotion	1,500	1,500
5470	Travel & Subsistence		
5480	Staff Training		
5490	Fees & Permits	33,600	33,600
5500	Pay In-Lieu Taxes	36,800	36,800
5510	Sediment Removal	<u>56,000</u>	<u>56,000</u>
TOTAL O & M DIRECT EXPENSE BUDGET		\$ <u>934,700</u>	\$ <u>963,900</u>



NEW JERSEY WATER SUPPLY AUTHORITY  
MANASQUAN RESERVOIR SYSTEM

**PROPOSED GENERAL & ADMINISTRATIVE EXPENSE BUDGET (60)**

FISCAL YEAR 2015  
(7/01/14-6/30/15)

<u>CODE</u>	<u>ACCOUNT DESCRIPTION</u>	ADOPTED G & A <u>F/Y14</u>	PROPOSED G & A <u>F/Y15</u>
	Salaries & Fringe Benefits	\$2,707,350	\$2,928,150
5200	On-site Residences		
5211	Heating Fuel		
5220	Utility Electric		
5230	Utility Gas Service & Water		
5240	Utility Propane		
5250	Electricity for Pumping		
5260	Fuel Vehicular	40,300	35,000
5270	Oil & Grease	5,900	5,900
5280	Tires	5,500	6,000
5290	Maintenance Supplies	37,300	27,300
5300	Maintenance Supplies Vehicle Equip	6,500	7,100
5310	Vehicle Service Repair-Major	20,000	22,000
5320	Agriculture Supplies	5,200	5,200
5330	Maintenance of Equipment	16,000	12,000
5340	Service Maintenance Contracts	16,500 (Sch 10)	16,500
5350	Equipment Rental	3,400	3,400
5360	Safety Supplies	8,500	8,500
5380	Special & Professional Services	3,100 (Sch 12)	3,600
5390	Protective Services		
5400	Telephone	6,500	6,500
5410	Postage & Freight	1,500	1,000
5420	Data Processing	9,100	10,100
5430	Printing & Office Supplies	6,900	7,300
5440	Scientific & Photography	300	300
5450	Dues & Subscriptions	2,200	2,500
5460	Advertising & Promotion	1,500	1,500
5470	Travel & Subsistence	500	500
5480	Staff Training	11,400	11,400
5490	Fees & Permits	3,300	3,800
5500	Pay In-Lieu Taxes		
5510	Sediment Removal		
	<b>SUB-TOTAL G &amp; A EXPENSE BUDGET</b>	<b>\$ 201,400</b>	<b>\$ 197,400</b>
	<b>TOTAL G &amp; A WITH SALARIES &amp; FRINGES</b>	<b>\$ 2,908,750</b>	<b>\$ 3,125,550</b>

Allocation of Direct General & Administrative Expense Budget - See Appendix I for basis of Allocation. (Page 6, Columns 2, 3, 4 & 5)

Reservoir System	\$ 113,185	\$ 111,102
Treatment/Transmission System	\$ 88,215	\$ 86,298
Total	\$ 201,400	\$ 197,400

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

FISCAL YEAR 2015  
 (7/01/14-6/30/15)

	<u>TOTAL HEADQUARTERS CHARGE</u>	<u>MANASQUAN RESERVOIR SYSTEM</u>	<u>MANASQUAN WTP/TS</u>
Budgeted - Appendix I, Page 5, amount to be charged to Manasquan System for F/Y15 (7/01/14-6/30/15)	\$ 781,349	\$ 678,114	\$ 103,235
F/Y13 Adjustment as per audited Expenditures:			
Budgeted as per rate schedule for F/Y13 (7/01/12-6/30/13). Amounts paid during F/Y11 to Raritan Basin System	698,107	605,871	92,236
Actual allocation based upon audited expenditures F/Y13 (7/01/12-6/30/13) Appendix II, Page 5	<u>695,956</u>	<u>604,004</u>	<u>91,952</u>
Adjustments F/Y13	\$ <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>
<b>PROPOSED</b>	\$ <u>779,000</u>	\$ <u>676,000</u>	\$ <u>103,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY

MANASQUAN WATER SUPPLY SYSTEM

LABOR PROJECTION

FY15 (7/01/14- 6/30/15)

TITLES	RANGE	SALARY	FRINGE BENEFITS	OVERTIME	CLOTHING ALLOWANCE	SHIFT DIFFERENTIAL	TOTAL	ALLOCATION RESERVOIR %	AMOUNT RESERVOIR	ALLOCATION WTP/TS %	AMOUNT WTP/TS
Manager	34	110,800.00	71,060.00	0.00	0.00	0.00	181,860.00	55%	100,000.00	45%	81,860.00
Project Engineer III	23	72,800.00	46,560.00	0.00	0.00	0.00	119,360.00	50%	59,800.00	50%	59,560.00
Water Supply Tech.	14	48,200.00	31,260.00	0.00	550.00	0.00	80,010.00	58%	46,400.00	42%	33,610.00
Administrative Assistant	18	62,300.00	39,950.00	0.00	0.00	0.00	102,250.00	65%	56,300.00	45%	46,950.00
Supervisor Technical Facilities Maint	23	80,700.00	60,340.00	12,840.00	550.00	0.00	154,430.00	38%	60,200.00	81%	94,230.00
Water Supply Tech.	14	43,200.00	28,500.00	690.00	550.00	0.00	72,940.00	56%	42,300.00	42%	30,640.00
Maintenance Worker I	10	41,800.00	27,160.00	0.00	550.00	0.00	69,510.00	88%	61,900.00	11%	7,610.00
Supervisor Operations	28	85,800.00	55,020.00	0.00	0.00	0.00	140,820.00	24%	33,800.00	76%	107,020.00
Equipment Operator	12	47,600.00	31,030.00	230.00	550.00	0.00	79,410.00	80%	63,500.00	20%	15,910.00
Foreman Bldg & Grounds Maint	19	65,700.00	43,020.00	840.00	550.00	0.00	110,110.00	77%	84,700.00	23%	25,410.00
Foreman Facilities Maintenance	20	67,900.00	45,120.00	1,910.00	550.00	0.00	115,480.00	48%	53,200.00	54%	62,280.00
Facilities Mechanic (3 Positions)	18	185,900.00	123,110.00	4,420.00	1,650.00	0.00	315,080.00	47%	148,100.00	53%	166,980.00
Supervisor Plant Operator	21	72,000.00	50,290.00	5,830.00	550.00	40.00	128,710.00	35%	45,000.00	65%	83,710.00
Maintenance Worker I Operations	10	44,200.00	28,700.00	0.00	550.00	0.00	73,450.00	81%	66,800.00	9%	6,650.00
Reservoir System Operator (5 Positions)	15	255,600.00	198,790.00	49,130.00	3,300.00	1,960.00	508,780.00	96%	488,400.00	4%	20,380.00
Plant Operator (6 Positions)	18	379,100.00	264,180.00	30,110.00	2,750.00	0.00	676,150.00	6%	33,800.00	95%	642,350.00
<b>TOTAL:</b>		<b>1,663,400.00</b>	<b>1,144,100.00</b>	<b>108,000.00</b>	<b>12,650.00</b>	<b>2,000.00</b>	<b>2,928,150.00</b>		<b>1,444,000.00</b>		<b>1,484,150.00</b>

TOTAL = 27 Positions

NOTE: A. PERCENTAGES ARE FROM THE AVERAGE OF FISCAL YEARS 2010 THROUGH 2013 BASED ON ACTUAL TIME RECORDS.  
 B. PLANT OPERATOR TIME STUDY PERCENTAGES WERE ADJUSTED TO ACCOUNT FOR THE VALUE OF THE SHIFT DIFFERENTIAL PROVIDED TO THE RESERVOIR

NEW JERSEY WATER SUPPLY AUTHORITY  
 MANASQUAN RESERVOIR SYSTEM  
 DIRECT EXPENSE BUDGET (40)

**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
5200	ON-SITE RESIDENCE			
5211	HEATING FUEL			
5220	UTILITIES-ELECTRICAL SERVICE	60,700	60,700	64,506
5230	UTILITIES-GAS SERVICE & WATER	4,600	6,500	4,276
5240	UTILITIES-PROPANE			
5250	ELECTRICITY FOR PUMPING	346,900	346,900	217,286
5260	VEHICULAR FUEL			
5270	OIL & GREASE			
5280	TIRES			
5290	MAINTENANCE SUPPLIES	2,000	2,000	114
5300	MAINT. SUPPLIES-VEHICULAR EQUIPMENT			
5310	MAJOR SPECIAL VEHICLE SERVICE & REPAIR			
5320	AGRICULTURAL SUPPLIES			
5330	MAINTENANCE OF EQUIPMENT	45,500	45,500	13,241
5340	SERVICE & MAINTENANCE CONTRACTS	21,000	21,000	28,127
5350	EQUIPMENT RENTAL	6,500	6,500	1,264
5360	HOUSEHOLD-SAFETY & PROTECTIVE SUPPLIES	500	500	
5370	UNIFORMS			
5380	SPECIAL & PROFESSIONAL SERVICES	76,000	76,000	37,924
5390	INSURANCE	231,600	258,900	184,962
5400	TELEPHONE	5,000	5,000	4,515
5410	POSTAGE & FREIGHT			
5420	DATA PROCESSING			
5430	PRINTING & OFFICE SUPPLIES	1,500	1,500	498
5440	SCIENTIFIC & PHOTOGRAPHIC	5,000	5,000	1,667
5450	DUES & SUBSCRIPTIONS			
5460	ADVERTISING	1,500	1,500	321
5470	TRAVEL & SUBSISTENCE			
5480	STAFF TRAINING & TUITION AID			
5490	FEES & PERMITS	33,600	33,600	31,255
5500	IN-LIEU TAXES	36,800	36,800	36,756
5510	SEDIMENT REMOVAL	56,000	56,000	36,102
	<b>TOTALS</b>	<b>\$934,700</b>	<b>\$963,900</b>	<b>\$662,814</b>

NEW JERSEY WATER SUPPLY AUTHORITY  
MANASQUAN RESERVOIR SYSTEM  
GENERAL & ADMINISTRATIVE EXPENSE BUDGET (60)

**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	\$1,607,750	\$1,678,050	\$1,185,152
5120	OVERTIME-SALARIES & WAGES	89,900	106,000	69,937
5150	FRINGE BENEFITS	878,800	937,600	609,447
5160	RETIREE HEALTH BENEFITS	125,900	201,500	75,093
5168	WORKERS' COMP. (SELF INSURED)	5,000	5,000	368
	TOTAL SALARY, OVERTIME & FRINGE BENEFITS	\$2,707,350	\$2,928,150	\$1,939,997
5201	ON-SITE RESIDENCE (WINDELER HOUSE)			
5210	HEATING FUEL			
5220	UTILITIES-ELECTRICAL SERVICE			
5230	UTILITIES-GAS SERVICE & WATER			
5240	UTILITIES-PROPANE			
5250	ELECTRICITY FOR PUMPING			
5260	VEHICULAR FUEL	40,300	35,000	24,571
5270	OIL & GREASE	5,900	5,900	
5280	TIRES	5,500	6,000	2,295
5290	MAINTENANCE SUPPLIES	27,300	27,300	11,898
5300	MAINT. SUPPLIES-VEHICULAR EQUIPMENT	6,500	7,100	1,357
5310	MAJOR SPECIAL VEHICLE SERVICE & REPAIR	20,000	22,000	21,726
5320	AGRICULTURAL SUPPLIES	5,200	5,200	2,755
5330	MAINTENANCE OF EQUIPMENT	16,000	12,000	1,889
5340	SERVICE & MAINTENANCE CONTRACTS	16,500	16,500	5,730
5350	EQUIPMENT RENTAL	3,400	3,400	1,500
5360	HOUSEHOLD-SAFETY & PROTECTIVE SUPPLIES	8,500	8,500	3,217
5370	UNIFORMS			
5380	SPECIAL & PROFESSIONAL SERVICES	3,100	3,600	1,459
5390	INSURANCE			
5400	TELEPHONE	6,500	6,500	4,129
5410	POSTAGE & FREIGHT	1,500	1,000	187
5420	DATA PROCESSING	9,100	10,100	6,532
5430	PRINTING & OFFICE SUPPLIES	6,900	7,300	2,935
5440	SCIENTIFIC & PHOTOGRAPHIC	300	300	
5450	DUES & SUBSCRIPTIONS	2,200	2,500	229
5460	ADVERTISING	1,500	1,500	108
5470	TRAVEL & SUBSISTENCE	500	500	348
5480	STAFF TRAINING & TUITION AID	11,400	11,400	3,179
5490	FEES & PERMITS	3,300	3,800	6,975
5500	IN-LIEU TAXES			
5510	SEDIMENT REMOVAL			
	SUB TOTALS	\$201,400	\$197,400	\$103,019
	<b>TOTALS</b>	<b>\$2,908,750</b>	<b>\$3,125,550</b>	<b>\$2,043,016</b>

NEW JERSEY WATER SUPPLY AUTHORITY  
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**LIST OF CATEGORY 5340 ITEMS  
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS  
FOR RESERVOIR (40)**

FISCAL YEAR 2015

		ADOPTED F/Y14	PROPOSED F/Y15
1.	HVAC/Dehumidifier Service .....	\$ 500	\$ 500
2.	Electrical Service Contract .....	0	0
3.	Instrumentation & Control System Service/Upgrade .....	2,000	2,000
4.	Electrical Upgrade & Repair .....	4,000	4,000
5.	Overhead Crane Service & Inspection .....	1,000	1,000
6.	Fire & Intrusion Alarm Service .....	1,500	1,500
7.	Potable Well/Septic Service .....	500	500
8.	Fertilization - Dam/Dike .....	2,000	2,000
9.	Dam/Dike – Roadway Crack Sealing.....	1,500	1,500
10.	Dam/Dike – Wood Debris Removal.....	2,500	2,500
11.	Intake Facilities – Access Roadway Repairs.....	2,500	2,500
12.	Roofing Systems – Maintenance & Repair .....	<u>3,000</u>	<u>3,000</u>
	Total Service & Maintenance Contracts	\$ <u>21,000</u>	\$ <u>21,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY  
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**LIST OF CATEGORY 5340 ITEMS  
RECOMMENDED SERVICE & MAINTENANCE CONTRACTS  
FOR G & A (60)**

FISCAL YEAR 2015

		ADOPTED <u>F/Y14</u>	PROPOSED <u>F/Y15</u>
1.	Refuse & Waste Disposal .....	\$ 2,200	\$ 2,200
2.	Office Equipment/Computers .....	2,100	2,100
3.	Waste Oil Disposal .....	1,600	1,600
4.	Fire Extinguisher Service .....	1,100	1,100
5.	UST Monitors Service .....	1,000	1,000
6.	Building Maintenance .....	1,000	1,000
7.	Internet Service.....	3,000	3,000
8.	Janitorial Service .....	3,100	3,100
9.	Vehicle Lift.....	400	400
10.	Generator Service & Maintenance .....	<u>1,000</u>	<u>1,000</u>
Total Service & Maintenance Contracts		\$ <u>16,500</u>	\$ <u>16,500</u>

NEW JERSEY WATER SUPPLY AUTHORITY  
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**LIST OF CATEGORY 5380 ITEMS  
RECOMMENDED SPECIAL & PROFESSIONAL SERVICES  
FOR RESERVOIR (40)**

FISCAL YEAR 2015

	ADOPTED <u>F/Y14</u>	PROPOSED <u>F/Y15</u>
1. Laboratory Services - Water Quality Sampling .....	\$ 2,000	\$ 2,000
2. Consultants Services .....	7,000	7,000
3. Services - USGS Cooperative Agreement - Allenwood.....	30,800	30,800
4. Annual Trustee Fund – The Bank of New York .....	9,500	9,500
5. Dam Management - Surveying .....	2,500	2,500
6. Wetland Monitoring .....	1,200	1,200
7. Lake Management Consultants .....	19,500	19,500
8. Engineering Services .....	2,500	2,500
9. Financial Advisory Services .....	<u>1,000</u>	<u>1,000</u>
Total Special & Professional Services	\$ <u>76,000</u>	\$ <u>76,000</u>



NEW JERSEY WATER SUPPLY AUTHORITY  
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

LIST OF CATEGORY 5380 ITEMS  
 RECOMMENDED SPECIAL & PROFESSIONAL SERVICES  
 FOR G & A (60)

FISCAL YEAR 2015

	ADOPTED <u>F/Y14</u>	PROPOSED <u>F/Y15</u>
1. Pulmonary Testing .....	\$ 1,500	\$ 1,500
2. CDL Medical Testing .....	500	500
3. EAS Service .....	700	1,200
4. Pre-Employment Physicals.....	<u>400</u>	<u>400</u>
Total Special & Professional Services	\$ <u>3,100</u>	\$ <u>3,600</u>

**Manasquan Water Supply System  
PROPOSED CAPITAL EQUIPMENT BUDGET  
Fiscal Year 2015**

Description	(A)Addition (R)Replacement	Year of Purchase Vehicle/Equipment	Dollar Value	%	Manasquan Reservoir	Manasquan WTP/TS	Reservoir Depreciation Reserve	WTP/TS Depreciation Reserve
(1) NJWA-57 F250 UTILTIY TRUCK	(R) TRN439	2006	32,000	99/5	30,400	1,600	19,844	1,044
(1) NJWA-56 PICKUP	(R) TRN413	2004	28,000	25/75	7,000	21,000	3,648	10,945
(4) REPLACE 4 WALL HEATER/AC UNITS ADMIN BLDG	(R)		12,000	100/0	12,000	0		
(1) FRONT MOUNT MOWER	(R) EQP424		26,000	100/0	26,000	0	15,523	
(3) 1720E LOW RANGE TURBIDIMETERS 6010101	(A)		6,000	0/100	0	6,000		
(1) TRUCK MOUNTED 50 GAL TANK ELECTRIC SPRAYER	(A)		3,500	80/20	2,800	700		
(1) LABORATORY DR3900 SPECTROMETER	(R)		4,000	0/100	0	4,000		
(1) BUBLER SYSTEM FOR RIVER LEVEL @ INTAKE BLDG	(R)		8,000	100/0	8,000	0		
(1) LADDER AND PIPE RACK FOR VEHICLE 28	(A)		2,000	45/55	900	1,100		
TOTAL			121,500					

*Per Resolution #861, dated 7/12/93 Asset Definition minimum is \$1,000.	0
Less Amount charged to Reservoir Depreciation Reserve	39,015
Less Amount charged to WTP/TS Depreciation Reserve	11,989

Total                      48,085              22,411

Estimate                          \$48,100                      \$22,400

PROJECTED FY 2015 NEW JERSEY WATER SUPPLY AUTHORITY INSURANCE PROGRAM

Type of Coverage	Raritan Basin System	Manasquan Reservoir System	Manasquan Water Treatment Plant and Transmission System	Total Premium
<b>Property</b> Limit \$150 million Deduct: \$100k all perils \$250k, dams, dikes, canal/\$1m flood	\$579,839	\$194,924	\$47,703	\$822,466
<b>General/Products Liability</b> Limit \$1 million Deduct: \$150k	\$95,857	\$8,962	\$1,861	\$106,680
<b>Environmental Impairment Liability</b> Limit \$10 million Deduct: \$100k	\$20,435	\$1,911	\$397	\$22,743
<b>Workers' Compensation</b> Limit \$1 million	\$179,966	\$23,136	\$24,241	\$227,343
<b>Employer Liability</b> Limit \$1 million	Included In Workers' Comp	Included In Workers' Comp	Included In Workers' Comp	Included In Workers' Comp
<b>Umbrella Liability</b> Limit \$23 million	\$250,123	\$23,385	\$4,856	\$278,364
<b>Business Automobile</b> Limit: \$1 million G/L, \$0 pd Deduct: \$50k, G/L	\$10,672	\$1,895	\$434	\$13,001
<b>Public Officials Liability</b> Limit \$5 million/\$1million crime Deduct: \$100k/\$50k c. crime	\$48,833	\$4,566	\$4,265	\$57,664
<b>Travel Accident</b> Limit \$2 million	<u>\$854</u>	<u>\$80</u>	<u>\$17</u>	<u>\$951</u>
<b>TOTAL:</b>	<u>\$1,186,579</u>	<u>\$258,859</u>	<u>\$83,774</u>	<u>\$1,529,212</u>
<b>ESTIMATE</b>	<b>\$1,186,600</b>	<b>\$258,900</b>	<b>\$83,800</b>	<b>\$1,529,300</b>

**DEFINITIONS AND EXPLANATION OF THE FISCAL YEAR 2015 OPERATING EXPENSE ACCOUNTS**

**ACCOUNT  
CODE**

**TITLE**

5220

**UTILITIES - ELECTRICAL SERVICE (OTHER THAN PUMPING)**

This account covers facilities electrical usage at the Administration Building, Reservoir Pump Station, Flow Meter/Valve Chamber, Inlet/Outlet Tower, On-Site Residences, and access roadway lighting for security and safety purposes.

5230

**NATURAL GAS**

This account covers the cost of heating portions of the Administration Building.

5240

**PROPANE**

This account covers the cost of propane fuel.

5250

**ELECTRICITY FOR PUMPING**

This account covers the cost of electricity to operate pumps at the Intake Pump Station and Reservoir Pump Station.

5260

**VEHICULAR FUEL**

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

5270

**OIL AND GREASE**

This account covers the amount of oil and grease used by the Authority's motor vehicles and equipment. Also included in this account is mineral oil and those specialty oils used in the pumps and motors at the Intake Pump Station, Reservoir Pump Station, Flow Meter/Valve Chamber, Inlet/Outlet Tower and Water Treatment Plant.

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, paint and related products, plumbing, (heating and cooling) products, insulation products, electrical items, lighting supplies, fixtures, signs, posts, fencing and fencing material, road, ditch, culvert and bank repair materials, emergency response supplies, small hand and power tools and welding gases.

DEFINITIONS AND EXPLANATION OF THE FISCAL YEAR 2015 OPERATING EXPENSE ACCOUNTS

ACCOUNT  
CODE

TITLE

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 VEHICLE SERVICE AND REPAIR

This account is a supplement to account code 5300 and includes those services requiring vendors specializing in items such as body and fender work, major repairs to transmissions, front end alignments, radiator repairs and major power train overhauls. This account also includes vehicle and equipment preventive maintenance labor costs as performed by Raritan Basin System personnel or by a vendor.

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 covers normal repair and service to calculators, typewriters and other office machines and furniture which are not covered under service and maintenance of radio equipment. Also included in this account is maintenance of radio equipment, building maintenance, repairs to engineering and surveying equipment, service to system components of Intake and Reservoir Pumping Stations, Flow Meter/Valve Chamber, Inlet/Outlet Tower, confined space entry equipment, telemarks, recorders and flow meters and all spare parts needed at the reservoir system facilities to sustain continuous and dependable operations.

5340 SERVICE AND MAINTENANCE CONTRACTS

This account covers the contracts used for servicing plumbing (heating and cooling), electrical and instrumentation equipment, fire and intrusion alarms, appliances, exterminators, overhead cranes, well and septic systems, UST monitoring system, embankment fertilization, 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, the postage machine, the parts washer, and gas cylinders.

DEFINITIONS AND EXPLANATION OF THE FISCAL YEAR 2015 OPERATING EXPENSE ACCOUNTS

ACCOUNT  
CODE

TITLE

5360

HOUSEHOLD, SAFETY AND PROTECTIVE SUPPLIES

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

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, laboratory services, gaging station agreement, CSL testing service, employee assistance services, etc.

5390

PROTECTIVE SERVICES

This account covers the yearly cost of insurance premiums prorated to the Manasquan Reservoir System, covering General Liability, Workmen's Compensation, Vehicular, etc.

5400

TELEPHONE

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

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

**DEFINITIONS AND EXPLANATION OF THE FISCAL YEAR 2015 OPERATING EXPENSE ACCOUNTS**

**ACCOUNT  
CODE**

**TITLE**

5440

**SCIENTIFIC AND PHOTOGRAPHIC**

This account covers the cost of video and photographic supplies, blueprinting supplies, laboratory supplies, surveying and engineering supplies and recording charts and pens.

5450

**DUES AND SUBSCRIPTION**

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, recruiting, and public notifications.

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 expenses, employee allowances, entertainment of business guests, staff and departmental meal expenses.

5480

**STAFF TRAINING AND TUITION AID**

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

5490

**FEES AND PERMITS**

This account covers the estimated cost of fees for UST registration, physical connection, water diversion and stream encroachment permits from the NJDEP and small unclassified items such as notaries, hearing rooms and transcripts, easement renewals, vehicle and equipment registrations, etc.

5500

**IN-LIEU TAXES**

This account covers the funds for Reservoir and Intake Facilities in-lieu tax payment.

5510

**SEDIMENT REMOVAL**

This account covers the yearly costs associated with residuals handling, removal, moisture reduction and ultimate disposal as it pertains to river sediment.

## DESCRIPTION OF RESERVE ACCOUNTS

### Self Insurance Reserve (Liability)

This reserve is used to cover any excess liability payment above the Self-Insurance Retainer. Therefore, a Self-Insurance Fund was established and fully funded at \$250,000.

### Depreciation Reserve Account

This reserve is intended to provide for the 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 useful lives of three to ten years, depending upon the nature of this equipment. Depreciation has been determined for each such asset. These funds are needed to cushion the impact of replacement equipment purchases in order to provide more stable rates.

### Reserve for Operations and Maintenance

A working cash reserve must be established at a level which reflects the amount of the regular annual operating costs plus an allowance for possible extraordinary requirements. The level of this reserve shall not exceed 25 percent of the amount appropriated by the Annual Budget for Operations and Maintenance Expenses for the current fiscal year.

### Renewal and Replacement Reserve

The Renewal and Replacement Reserve is to be used for costs of Capital Improvements including repairs to facilities not covered by insurance and payment of extraordinary O & M costs. As per the terms of the project financing this Reserve is to be funded by the excess Debt Service Coverage revenues after 50 percent of the Debt Service Reserve amount has been accumulated.

### Sediment Reserve

This reserve account is intended to provide in case extraordinary expenses are encountered with the sediment removal process from within the Intake Pumping Station. The reserve account may also be used to offset costs of future sediment removal projects from the Manasquan River or the sediment intake pool. The reserve account also provides funds that may be necessary to landfill the sediments if quality testing demonstrates some problem material. The reserve account has been determined to be held at a level near \$100,000.

### 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.

*Amercadian, 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									\$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.	1,719,300			(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 % 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	\$130,100	(\$130,100)												
	TELEPHONE HQ	\$72,400	0	(\$72,400)											
36	SAFETY	\$200,700	976	796	(\$202,472)										
37	SECURITY	\$883,150	4,998	3,182	17,030	(\$908,360)									
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	(\$332,617)							
17	INFORMATION SYSTEMS	\$143,300	1,385	796	1,892	0	4,452	6,005	(\$157,830)						
15	CONTRACTS & RISK MGMT.	\$334,200	4,323	1,591	3,785	0	8,905	8,685	5,360	(\$366,659)					
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	26,653	0	(\$478,541)		
35	AUTO SHOP-CANAL	\$203,800	0	1,591	1,892	0	4,452	11,473	2,675	0	14,494	0	(\$240,377)		
10	EXEC OFFICE	\$252,157	17,456	5,569	1,892	0	4,452	3,002	5,350	0	17,933	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	86,603	329,656	610,659	478,541	240,377	263,948	\$12,102,751
40-80	MANASQUAN SYSTEM	\$5,166,531	0	0	49,198	0	115,762	124,919	29,426	37,183	366,716	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

DEPT. #	ALLOCATION OF: ALLOCATION BASIS:	BUILDING HQ SQT. #	TELEPHONES # OF TELEPHONES	SAFETY # OF EMPLOYEES	HUMAN RESOURCES # OF EMPLOYEES	PURCHASING P.O.'S # OF P.O.'S	INFORMATION SYSTEMS # OF COMPUTERS	CONTRACTS & RISK MGMT MGD CONTRACTS	FINANCE OSM FUNCTIONAL COST	AUTO SHOP # OF VEHICLES	AUTO SHOP CANAL # OF VEHICLES	EXEC. OFF TIME ESTIMATE
36	BUILDING HQ											
	TELEPHONE HQ											
	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	\$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 (PARTIAL SYSTEM)	6,218	58	54	54	1,445	32	182	8,586,712	43	43	85.75
40-60	MANASQUAN SYSTEM			26	26	1,165	11	21	5,166,531			14.25
		14,657	91	107	95	3,102	59	203	\$14,602,100	43	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,

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NEW JERSEY WATER SUPPLY AUTHORITY  
 SCHEDULE OF COST CENTER EXPENSE RECLASSIFICATION  
 YEAR ENDED JUNE 30, 2013

DEPT. #	DEPT./COST CENTER	COST CENTER COSTS	RECLASSIFICATIONS									REVISED COST CENTER COSTS	
			1 HEATING/ ELECTRIC	2 VEHICULAR FUEL	3 PROFESSIONAL FEES	4 INSURANCE	5 TELEPHONE	6 PERMITS	7 WORKERS' COMP.	8 IN LIEU TAXES	9 CHIEF ENGINEER SALARY & FRINGE		
	BUILDING HQ		\$86,051										86,051
	TELEPHONE HQ							\$70,923					70,923
36	SAFETY	169,110											169,110
37	SECURITY	875,479											875,479
14	HUMAN RESOURCES	376,501			(\$2,633)						(\$3,679)		370,289
16	PURCHASING	518,233		(\$153,547)				(70,923)					276,868
17	INFORMATION SYSTEMS	148,926											148,926
15	CONTRACTS & RISK MGMT.	1,512,333			(37,425)	(\$1,073,502)					(84,631)		296,065
13	FINANCIAL MGMT	854,904			(5,372)								849,532
34	AUTO SHOP	190,907		153,547						16,865			361,319
35	AUTO SHOP-CANAL	195,904											195,904
10	EXEC OFFICE	239,981	3,485										243,476
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (PARITAN SYSTEM)	8,572,209	(89,546)		45,330	1,073,502				84,631	3,679	18,689	7,694,740
		11,654,687	0	0	0	0	0	0	0	0	0	0	11,640,732
40-60	MANASQUAN SYSTEM	4,404,938											4,418,793
		\$16,059,625	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,059,625

See accompanying notes to Financial Schedules.

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	BUDGET	O&M BUDGET	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE	ALLOCATED COST CENTER COSTS
	BUILDING HQ	\$86,051														
	TELEPHONE HQ	\$70,923	0													
36	SAFETY	\$169,110	646	779												
37	SECURITY	\$975,479	3,305	3,117	14,344											
14	HUMAN RESOURCES	\$370,289	3,981	3,117	4,781											
16	PURCHASING	\$276,898	4,392	2,338	3,188											
17	INFORMATION SYSTEMS	\$148,526	916	779	1,594											
15	CONTRACTS & RISK MGMT.	\$298,085	2,859	1,559	3,188											
13	FINANCIAL MGMT.	\$849,532	8,331	5,456	11,156											
34	AUTO SHOP	\$361,319	13,588	1,559	1,594											
35	AUTO SHOP-CANAL	\$195,904	0	1,559	1,594											
10	EXEC OFFICE	\$243,476	11,546	5,456	1,594											
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	\$7,694,740	36,507	45,204	86,064	856,245	217,231	137,356	87,625	293,735	557,999	425,434	230,195	250,296		\$10,958,631
40-60	MANASQUAN SYSTEM	\$4,418,793	0	0	41,438	0	104,953	110,739	90,122	33,178	320,457	0	0	0	41,594	5,100,894
		\$16,059,525														\$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:	BUILDING HQ	TELEPHONES	SAFETY	HUMAN RESOURCES	PURCHASING	INFORMATION SYSTEMS	RISK MGMT	FINANCE O&M	AUTO SHOP	AUTO SHOP	EXEC. OFF
ALLOCATION BASIS:	SQ. FT. #	# OF TELEPHONES	# OF EMPLOYEES	# OF EMPLOYEES	# OF P.O.'S	# OF COMPUTERS	MGD CONTRACTS	FUNCTIONAL COST	# OF VEHICLES	# OF VEHICLES	TIME ESTIMATE
DEPT. #	DEPT./COST CENTER										
	BUILDING HQ										
	TELEPHONE HQ										
36	SAFETY	110	1								
37	SECURITY	563	4	9							
14	HUMAN RESOURCES	676	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	\$185,904		
10	EXEC OFFICE	1,967	7	1	1	28	2	0	243,476	0	
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (PARITAN SYSTEM)	6,218	66	54	54	1,445	32	182	7,694,740	43	85.75
40-60	MANASQUAN SYSTEM			26	26	1,165	11	21	4,418,793	43	14.25
		14,657	91	107	95	3,102	59	203	\$12,914,232	43	100.00

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 &amp; 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			14,818	604,004	\$2,712,130
TREAT./TRANS.	926,473			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.