

NEW JERSEY WATER SUPPLY AUTHORITY

BASIS AND BACKGROUND STATEMENT

PROPOSED AMENDMENTS TO N.J.A.C. 7:11-4.1, ET SEQ. IN THE SCHEDULE OF RATES, CHARGES AND DEBT SERVICE ASSESSMENTS FOR THE SALE OF WATER FROM THE MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

ADJUSTMENT OF OPERATIONS AND MAINTENANCE EXPENSE COMPONENT TO REFLECT NO CHANGE IN THE OPERATIONS AND MAINTENANCE COMPONENT RATE FOR FISCAL YEAR 2027

ADJUSTMENT OF SOURCE WATER PROTECTION FUND COMPONENT TO REFLECT NO CHANGE IN COMPONENT RATE FOR FISCAL YEAR 2027

ADJUSTMENT OF DEBT SERVICE COST COMPONENTS TO REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED FOR FISCAL YEAR 2027

ADJUSTMENT OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM DEBT COMPONENT TO REFLECT BOND YEAR PAYMENTS DUE AND REQUIRED FOR FISCAL YEAR 2027

ADJUSTMENT OF CAPITAL FUND COMPONENT RATE FOR INITIAL AND DELAYED WATER PURCHASE CONTRACT CUSTOMERS TO REFLECT NO CHANGE FOR FISCAL YEAR 2027

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PART I – EXPLANATION OF PROPOSED REVISED RATE STRUCTURE

Overview of Rate Proposal for Fiscal Year 2027

(July 1, 2026 - June 30, 2027)

The New Jersey Water Supply Authority (Authority) is proposing to adjust its Schedule of Rates, Charges and Debt Service Assessments for the sale of water from the Manasquan Reservoir Water Supply System (System), to cover expenses for the Fiscal Year (FY) starting on July 1, 2026.

The Authority operates and maintains the System including the Intake Facilities located in Wall Township adjacent to Hospital Road, the Manasquan Reservoir located in Howell Township and 5 1/4 miles of 66-inch diameter pipeline which connects the Intake Facilities to the Reservoir. The Authority also operates and maintains a water treatment plant located on the same site as the Reservoir Intake Facilities and approximately 39,000 feet of transmission piping. This treatment plant/transmission system was constructed and is being operated by the Authority for the Southeast Monmouth Municipal Utilities Authority (SMMUA) on behalf of the Boroughs of Brielle, Spring Lake, Spring Lake Heights, Sea Girt and Wall Township, which have entered into agreements with SMMUA for the treatment/transmission of their portion of the supply from the System.

Summary of Proposed Adjustments

Initial Water Purchase Contracts of 15.008mgd (15.695mgd at July 1, 1990 and 14.980mgd at July 1, 2015) and Shorelands (.028mgd) delayed water contract effective July 1, 2006:

Component	Current (FY2026) Rates Per MG 7/1/2025– 6/30/2026	Proposed (FY2027) Rates Per MG 7/1/2026 – 6/30/2027
Operations & Maintenance Component	\$445.82	\$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	525.00	525.00
TOTAL RATE	\$1,010.75/mg	\$1,010.75/mg

New Jersey American Water Delayed Water Purchase Contracts Effective July 1, 2001, October 1, 2002 and January 1, 2005 (4.435 mgd):

Component	Current (FY2026) Rates Per MG 7/1/2025– 6/30/2026	Proposed (FY2027) Rates Per MG 7/1/2026 – 6/30/2027
Operations & Maintenance Component	\$445.82	\$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	200.00	200.00
Debt Service Cost Component	438.92	438.92
TOTAL RATE	\$1,124.67/mg	\$1,124.67/mg

The General Rate Schedule for Operations and Maintenance (O&M) was last adjusted effective July 1, 2025 to cover the operating expenses of the System for FY2026. The FY2026 sales base was 19.443 million gallons per day (mgd). The Authority anticipates that the applicable raw water O&M sales base for FY2027 will remain the same at 19.443 mgd. The initial sales base will remain the same at 15.008 mgd and the delayed sales base will remain at 4.435 mgd.

After the allocation of appropriate Headquarters General and Administrative costs to the System, the Authority anticipates \$3,161,701 in O&M component revenue required during FY2027 with an O&M rate component of \$445.82 per million gallons, no change from FY2026, starting on July 1, 2026 (Schedule 20, page 41). The proposed operating expense budget for FY2027 is \$33 lower than FY2026 and the proposed Capital Equipment Budget, net of depreciation reserve, is \$143,548 more than FY2026. In FY2027 there will be a \$10,000 contribution to the Sediment Reserve Fund, a \$120,000 contribution to the Renewal and Replacement Fund, a \$5,000 contribution to the Formal Dam Inspection Reserve, and a \$15,000 contribution to the High Voltage Testing Reserve Fund, the same as in FY2026. In FY2027 there will be no contribution to the Other Post-Employment Benefits Reserve and no Supplemental Renewal and Replacement Fund contribution. The OPEB Reserve is fully funded. See Budget Summary on page 19.

The Manasquan Reservoir system owes \$132,983 to the SMMUA Water Treatment Plant and Transmission System for actual FY2025 salary and fringe expenses. This amount will be applied to the CY2026 SMMUA budget (Schedule 15, pages 34-36).

Miscellaneous revenue and interest income in FY2027 is projected to increase by \$483,340 relative to FY2026, reflecting an increase in the use of year end surplus available from FY2025 (Schedule 17, page 38), offset in part by lower interest earnings (Schedule 16, page 37). Overdraft revenue of \$86,300 is available from 2025.

The System was financed with loans from the State of New Jersey and a Debt Service Assessment for contracts, effective as of July 1, 1990, was established to cover debt service payments on the initial loan of \$63,600,000 at a set interest rate of 7.15 percent and payment of the interim completion loan of \$7,416,000 at an interest rate of 7.16 percent. During FY1992 the State of New Jersey reduced the interest rate on the completion loan to 6.24 percent. During FY1997, the Authority negotiated an agreement with the State of New Jersey, which reduced the interest rate on the \$63,600,000 original State Loan Notes from 7.15 percent to 5.93 percent effective for the payments due on or after August 1998. The Debt Service component of the rate has been adjusted in the past to reflect the revised debt service schedules.

In August of 2005, the Authority refunded the current portion of the State Loan Notes and the Completion Notes at an average coupon of 4.83 percent and net present value savings of \$6.187 million. The terms of the bonds were 15 and 25 years respectively. The bond proceeds also fully funded the Debt Service Reserve Account.

On April 26, 2016, the Authority issued \$17,460,000 in Manasquan Reservoir Water Supply System Refunding Bonds, Series 2016. The proceeds, together with other monies on deposit, were used to prepay \$23,242,358 in Manasquan Reservoir Water Supply System Revenue Bonds, Series 2005 and Current Manasquan State Loan Notes and Completion Notes. The Refunding Bonds carry a bond yield of 1.59 percent and mature in incremental annual principal amounts through 2031. The debt service component of the rate represents 120 percent of the principal and interest requirements and debt service coverage must remain at 120 percent through the life of the bonds.

The current refunding resulted in a difference between the par amount of the refunding bonds and the par amount of the refunded bonds of \$5,782,358. The net premium on the refunding bonds was \$1,821,414. The economic gain was a net present value debt savings of \$2,999,861.

The Debt Service component of the rate for the Delayed Water Purchase Contracts (DWP) will be \$438.92 per million gallons, no change from FY2026. The portion of debt related to Initial Water Purchase Contracts was retired effective August 1, 2020, and the associated Debt Service component was eliminated in FY2021.

The Authority established a Source Water Protection Fund Component in FY2004 dedicating \$15.00 per million gallons to protect the quality and quantity of water in the Manasquan Water Supply System. The Authority decreased the rate component by \$5.00 per million gallons from \$15.00 to \$10.00 for this fund in FY2016. In order to cover program needs the Authority increased the rate by \$5.00 per million gallons to restore the rate to \$15.00 per million gallons in FY2018. The Authority recommends no change to the rate of \$15.00 per million gallons in FY2027.

The Authority closed on a loan from the New Jersey Environmental Infrastructure Financing Program (NJEIFP) on May 3, 2012 to finance the construction of a building structure over the Intake Pump Station and traveling water screens to protect the infrastructure from degradation by the elements. The final interest on the loan is based on 75 percent at zero interest and 25 percent market rate with coupons up to 5 percent for an effective interest rate of .8 percent over the twenty-year life of the loans. The rate component of \$24.93 per million gallons in FY2027 is required to cover debt service payments in accordance with the schedule and is no change from the FY2026 rate.

A capital fund rate component was established in the Manasquan System for Initial Water Purchase Contracts (\$525.00/mg) and Delayed Water Purchase Contracts (\$200.00/mg) in FY2021 to provide for long-term capital needs that will allow for the proper maintenance, rehabilitation and/or replacement of the system facilities. As critical structures, including dams, continue to age in the thirty-year old Manasquan System, the Authority believes it is prudent to maintain a rate component that would fund related capital needs. The Authority recommends no change to the rate of \$525.00 per million gallons for Initial Water Purchase Contract customers and \$200.00 per million gallons for Delayed Water Purchase Contract customers in FY2027.

For Initial Water Purchase Contract customers in FY2027, the base contract O&M Rate (\$445.82), Source Water Protection Program Rate (\$15.00), NJEIFP Debt Rate (\$24.93) and Capital Fund Component (\$525.00) comprise the total base contract rate for raw water of \$1,010.75 per million gallons and represent no change in the rate relative to FY2026. This base contract rate is charged to all uninterruptible service contracts executed prior to July 1, 1990 (and renewed at July 1, 2015), the commencement date of Manasquan Reservoir System operations, and one Delayed Water Purchase contract with Shorelands Water Company (subsequently acquired by New Jersey American) executed on July 1, 2006. In order for its customers to be assessed the base contract rate on the .028 mgd delayed contract, Shorelands Water Company prepaid the net present value of the difference between the initial water purchase contracts debt service schedule and the delayed water purchase contracts debt service schedule.

The total rate for Delayed Water Purchase Contract customers in FY2027 is \$1,124.67 per million gallons, representing no change relative to the FY2026 delayed water purchase rate. The O&M Component (\$445.82), the Source Water Protection Fund Component (\$15.00), the Debt Service Rate Component (\$438.92), the NJEIFP Debt Rate (\$24.93) and the Capital Fund Component (\$200.00) comprise the total rate.

Table 1 (page 15) contains a summary of the proposed base contract rate and delayed water purchase contract rate components. The proposed rates shown in Table 1 are effective July 1, 2026 through June 30, 2027. These rates are based upon the projected operating costs and reflect an estimated contracted sales base of 19.443mgd.

Table 2 (page 16) is a twenty-year history of the total initial water purchase contract annual water rate.

Table 3 (page 17) is a fifteen-year history of the combined delayed water purchase contract annual water rates.

Water use payments are to be made quarterly with due dates of October 10, 2026, January 10, 2027, April 10, 2027 and July 10, 2027.

The balance of this document contains a further discussion of the individual rate components, a Schedule of Events and detailed supporting information for the proposed rate adjustment.

Schedule of Events

A pre-public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, January 8, 2026.

A public hearing on the proposed rate adjustment is scheduled at 11:00 a.m. on Thursday, February 5, 2026. The public hearing record is estimated to close on March 16, 2026.

Further information regarding the dial-in information or location for the pre-public hearing meeting and for the public hearing will be posted on the Authority's website at <https://www.njwsa.org/public-notice.html> at least 15 days prior to the date of the meeting/hearing.

The Authority will take final action on the proposed rate adjustment at its May 4, 2026 meeting at the Authority's Administration Building in Clinton, New Jersey.

Distribution of Headquarters General and Administrative Costs and Insurance Costs to all Operating Systems

On July 1, 1990 the Authority placed the Manasquan Reservoir Water Supply System in operation to provide an untreated water supply for use throughout Monmouth County. In addition to this major System, the Authority also began operation of the Water Treatment Plant and Transmission System for the Monmouth County Improvement Authority (MCIA) on July 1, 1990. The Boroughs of Brielle, Spring Lake, Spring Lake Heights, Sea Girt and Wall Township entered into agreements with the MCIA for this treatment/transmission system, which treats and conveys their portion of the supply from the Manasquan Reservoir Water Supply System. In December 2008, the five member communities created the Southeast Monmouth Municipal Utilities Authority and in September 2009 purchased the Water Treatment Plant from the MCIA; the Authority continues to operate the Water Treatment Plant. The Authority also operates the Spruce Run/Round Valley Reservoirs Complex and the Delaware and Raritan Canal Water Supply Transmission Complex comprising the Raritan Basin System, headquartered in Clinton, New Jersey. As a result, the Authority is operating, maintaining and managing three distinct Systems each with its own budget, cost accountability and revenue stream.

The Authority's headquarters staff located in Clinton provides general and administrative support services for all three Systems. These services include, but are not limited to, Financial Management, Payroll, Human Resources, Purchasing, Contract Administration, Risk Management, and overall management.

In order to equitably assess the customers of each of the three Systems, the Authority previously retained the services of an auditing firm to develop a methodology for the allocation of the Headquarters General and Administrative costs to all three operating Systems. After the close of each fiscal year, the Authority's current Auditors provide the Authority with their findings as to the adjustment, if any, of the allocation factors and the actual audited expenditures for the fiscal year.

The audit report for the immediately preceding fiscal year ending June 30 is available during November. Each September the Authority formulates the proposed budgets for the upcoming fiscal

year starting on the following July 1. The adjusted allocation factors, if any, and the audited expenditures for the previous fiscal year are used to establish a debit or credit for each of the three operating Systems. This debit or credit is applied to the budgets being prepared each September for the upcoming fiscal year starting on July 1.

An independent auditor performed the Authority's FY2025 audit. The audit included a review of the allocation factors, as well as the actual audited expenditures. The appropriate adjustments have been made to the FY2027 budget based on the FY2025 audit. A copy of the Auditor's report on the allocation of the Headquarters General and Administrative costs is included in the Appendices to the rate proposal package for each System.

Insurance costs are also allocated to each System based upon the recommendations of the Authority's Risk Management Consultant. See the rate proposal package for additional information.

Distribution of Costs Between the Manasquan Reservoir System and the Treatment Plant/Transmission System

A common staff operates the System and the Treatment Plant/Transmission System. Salaries are allocated between the two Systems based upon time records that were kept during the fiscal year ending on June 30, 2025. The percentages used to provide the basis for the salary allocation for FY2027 were established from historical time records and estimated future workload relative to both Systems. A listing of all positions and the percentage of each position's time assigned to each of the two Systems appears on Schedule 2 (page 21).

Detailed budgets have been prepared for the Manasquan Reservoir System and the Treatment Plant/Transmission System. Each System's budget has three main categories of annual operational expenses in addition to the allocation of headquarters overhead. The three categories include (a) salaries and fringe (b) direct operation and maintenance expenses and (c) general and administrative expenses. Part 2 of this document provides more information on both Systems including detailed summaries of the projected line item budget figures for General and Administrative expenses and Operations and Maintenance expenses for FY2027.

Analysis of Significant Changes in Operations and Maintenance Expenses and Sales Base - Manasquan Reservoir System

Overview of Sales Base

On July 1, 1990 the Authority placed the Manasquan Reservoir Water Supply System in operation to provide an untreated water supply for use throughout Monmouth County. Twelve of the 13 original water purchase contracts were renewed effective July 1, 2015 and expire June 30, 2040. The final customer contract, New Jersey American, consolidated the initial water purchase and delayed water purchases for a total of 12.5 mgd and has an expiration date of June 30, 2031. Of the 13 contracts, six are two-party contracts with the New Jersey Water Supply Authority. These are the five treated water customers (Wall Township and the Boroughs of Brielle, Sea Girt, Spring Lake and Spring Lake Heights) of the Southeast Monmouth Municipal Utilities Authority's water treatment plant operated by the New Jersey Water Supply Authority and the New Jersey American Contract. One is a three-party contract (Keyport Borough) among the Authority, the customer and Shorelands

Water Company (subsequently acquired by New Jersey American) for the delivery of water through Shorelands' distribution system. Six contracts (the Boroughs of Avon, Belmar, Matawan, Red Bank and Lake Como, and Shorelands (recently acquired by New Jersey American) are three-party contracts among the Authority, the customers and New Jersey American for the provision of treated water from New Jersey American. The total sales base dropped from 20.560mgd to 19.443mgd effective July 1, 2015 and remains at 19.443mgd for FY2027.

Overview of Projected Operational Expenses

The Authority's proposed FY2027 Manasquan Reservoir Total Expense budget is \$292,835 more than the current FY2026 budget. The allocation of Authority Headquarters General and Administrative Expenses in FY2027 is decreasing by \$54,000 versus FY2026. The Capital Equipment budget for FY2027 is \$143,548 more than FY2026. There will be no FY2027 contribution to the Depreciation Reserve account, Insurance Reserve, or Pumping Reserve. There will be a \$10,000 contribution to the Sediment Reserve, a \$5,000 contribution to the Formal Dam Inspection Reserve, and a \$15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year. There will be a normal contribution to the Renewal and Replacement Fund of \$120,000. There will be no contribution to the reserve for other post-employment benefits (accrued sick leave payments for retirees) which was created in FY2017. Miscellaneous revenue and interest income decreases by \$63,300. Unanticipated revenue is increasing by \$483,340. These factors contribute to a flat FY2027 O&M Component requirement relative to FY2026 (\$3,161,701 vs. \$3,161,734) (Budget Summary on page 19).

Total O&M Direct Expenses are increasing by \$346,835 from FY2026, largely due to increases in salary and fringe and insurance expenses. General and Administrative Expenses allocated to the Reservoir System are increasing by \$1,326 as compared to FY2026.

Salaries, Overtime and Benefits

Authority employees within the Communications Workers of America (CWA), the International Federation of Professional Technical Engineers (IFPTE) and the International Brotherhood of Electrical Workers (IBEW) are currently operating under a contract that expires on June 30, 2027. The FY2027 budget incorporates all union negotiated step increases in the current union contracts and includes 3.5% cost of living increases for both FY26 and FY27. The IFPTE/AFL-CIO represents the Authority's Maintenance, Craft and Security Units and the CWA represents the Authority's Administrative and Clerical, Primary Level and Higher Level Supervisors Units. The IBEW represents several management employees. Also included is a 3.5% annual cost of living increase for the one member of Authority management who is not represented by a union. The Authority is budgeting 62 percent of the salary budget for fringe benefits in FY2027, exclusive of retiree medical.

Pension expense payable to the state of New Jersey on April 1, 2026 is anticipated to be approximately \$325,000 for the Manasquan System. The Authority has budgeted \$347,800 for this line item in FY2027. Although increases have stabilized in the last three years, there is still a level of uncertainty in this expense item because the pension system remains significantly underfunded.

Total salary and fringe is increasing by approximately \$188,000 in FY2027 as compared to FY2026, and the portion allocated to the Reservoir System is increasing by approximately \$42,000, based on estimated work effort on each system for all positions. In FY2027, 47 percent of total salary and fringe is allocated to the Reservoir System and 53 percent to the Treatment Plant. The number of budgeted positions in FY2027 is 27, which is the same as FY2026 (Schedule 2, page 21).

Active and Retiree Health Benefits

Employees who retired with a minimum of 25 years of service prior to July 1, 1997 are entitled to paid health benefits. Those who attain 25 years on or after July 1, 1997 share some portion of post-retirement health benefit costs with the employer as determined by union contract or bargaining unit agreement. The Authority is budgeting one additional retiree in FY2027. Centers for Medicare and Medicaid Services (CMS) estimates that national health care spending will increase at an annual rate of 5.6 percent from 2023-2032. Starting with actual 2025 premiums, the Authority has budgeted a 5.6% increase for CY2026 for retirees and 5.6% for active employees. For CY2027, a 5.6% increase was assumed for both categories. The budget contains sufficient funds for 12 retired employees.

Insurance Program

The Authority is recommending a \$87,320 increase in insurance expenses for FY2027, reflecting general market conditions as assessed by the Authority's insurance broker/ risk consultant, and based on a recent recalculation of relative asset values. Broker services are remarketed every three years and the insurance program is renewed annually on March 1.

Allocation of the Primary, Umbrella and Public Officials Liability insurance costs between the three Systems is based upon proportionate water sales. The Automobile Liability cost is allocated based upon the assignment of vehicular equipment to each System. The cost of the Business Property coverage is allocated on the basis of insured values for each System and the Workers Compensation premiums are allocated on the basis of salaries for each System.

Headquarters General and Administrative Expenses

Budgeted Headquarters General and Administrative Expenses in FY2027 totals \$831,000 of which \$716,000 is charged to the Manasquan Reservoir System and \$114,000 is charged to the Manasquan Water Treatment Plant (Schedule 13, page 32). The FY2027 budget also includes the reconciliation of the FY2025 actual to budget variance in this category. Headquarters charges are driven primarily by salary and fringe.

Interest Income and Miscellaneous Revenue

The projected interest earnings on reserve funds for FY2027 are \$297,300. This reflects a decrease of \$63,300 relative to FY2026 and is based upon an interest rate of 3.5 percent for short-term investments (See Schedule 16, page 37).

Reserve Contributions

Consistent with FY2026, there will be no FY2027 contribution to the Insurance Reserve or the Pumping Reserve. During FY2027, the Authority will make no contributions from rate component sources to the Depreciation Reserve. Interest earnings from long-term investment accounts have historically been applied to the Depreciation Reserve and are serving to keep this reserve fully funded. There will be a \$10,000 contribution to the Sediment Reserve. There will be a regular \$120,000 contribution to the Renewal and Replacement Fund, a \$5,000 contribution to the Reserve for Formal Dam Inspections and a \$15,000 contribution to the Reserve for High Voltage Testing. Formal Dam Inspections and High Voltage Testing are performed every three years and rather than raising the entire amount every third year, budget stability is created by raising one third of the cost every year. There were two new reserve fund contributions in FY2017 which will not be funded in FY2027. There was a supplemental contribution of \$350,000 to the Renewal and Replacement Fund in FY2017 that is not required in FY2027. The Authority requires a minimum balance of \$2 million in the fund to cover dam emergencies, and pipeline and pump emergent repairs. Because the system is aging, there are normal maintenance expenditures included in the five-year plan that would have drawn the fund down below the \$2 million requirement without the supplemental deposit. Finally, the Authority funded a reserve for other post-employment benefits (accrued sick leave) in FY2017 to ensure that sufficient funds are available to pay out sick benefits as this number is not regularly budgeted in salary and fringe.

Review of Reserve Accounts

Depreciation Reserve Account

This reserve is intended to provide for the replacement of Authority machinery and equipment with a value of \$5,000 or more and a useful life in a range from three to ten years and to cushion the impact of replacement equipment purchases in order to provide more stable rates. Depreciation Reserve should equal accumulated depreciation for this class of assets. Long-term investment earnings have been utilized to fund the Depreciation Reserve.

Self Insurance Reserve

The Self Insurance Fund was established for the System to allow the Authority to make choices between underwritten risk and self-insurance risk in the face of increased prices in the insurance market. No contribution is being made to the fund in FY2027.

Reserve for Operations and Maintenance

A working cash reserve must be maintained 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 must equal 25 percent of the Annual O&M Budget. An initial contribution of \$125,000 was budgeted in FY1991. A contribution of \$125,000 was budgeted in FY1992. The contribution for FY1993 was \$50,000 because of the availability of additional revenue from FY1991.

An additional \$100,000 was added during FY1993 from the receipt of delinquent revenue

and resulted in full funding of this reserve. The Reserve for Operations and Maintenance Fund was fully funded as of June 30, 2016 and as a result, no contribution will be needed in FY2027.

Renewal & Replacement Reserve

The Renewal & 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 revenue after the Debt Service Reserve requirement has been accumulated. An initial deposit of \$24,287 had been made into this account from overdue revenue received during FY1993. Excess annual debt service coverage amounts were later transferred into this fund. The balance in the fund as of June 30, 2025 was approximately \$4,100,000. Excess interest earnings on the Debt Service Reserve and Debt Service Funds and excess debt service coverage revenue as well as a direct deposit of \$120,000 provide the source of funds for this reserve account.

Source Water Protection Fund Rate Component

The Authority established its Watershed Protection Unit in 1999 to implement a watershed management program for the Raritan River Basin pursuant to a Memorandum of Agreement with the New Jersey Department of Environmental Protection. Primary functions of the Unit are planning for watershed protection and development and implementation of projects that improve protection of water supply.

As an extension of that program during the period of FY2004, the Authority began the Manasquan Watershed Protection Initiative, and established the Source Water Protection Fund for the purpose of protecting the quality and quantity of water in the Manasquan Reservoir Water Supply System. The fund is used for three purposes in cooperation with State, local and nonprofit partners: (1) administrative assistance in the preservation of those properties in the Manasquan River Basin that are critical to the long-term protection of water quality and quantity in the Manasquan Reservoir Water Supply System as they may affect Authority customers; (2) improved management of land development by municipal, county, and State government to protect both water quality and flow to and within Authority facilities; and (3) remedial projects to improve water quality from existing conditions.

Whenever possible, the Authority will seek to obtain funding from other sources to augment or match its expenditures from the Source Water Protection Fund. The balance in the Source Water Protection Fund at June 30, 2025 was approximately \$837,000. Because of overall rate considerations in prior years, the Authority reduced the Source Water Protection Fund Component from \$15.00 per million gallons to \$10.00 per million gallons in FY2016 and FY2017 and reinstated the rate to \$15.00 per million gallons in FY2018 to ensure adequate funding for these initiatives. The Authority proposes no change to the rate in FY2027.

Optional Water Use Schedule

The Authority continues allowing the use of an Optional Water Use Schedule. When the total of all uninterruptible supply contract diversions is equal to or less than 25mgd, the Purchaser may operate pursuant to an optional water use schedule wherein the Purchaser may divert up to 20

percent in excess of the total contracted amount for any given month.

Overdraft Service

The Authority continues to charge an Overdraft Service Rate by recognizing that daily overdraft service rates apply to all uninterruptible service contract customers, and by recognizing that the daily overdraft service rate is a multiple of the initial water purchase rate.

Other Rule Amendments

There are no other rule amendments for FY2027.

PART II – DETAILED SUPPORTING INFORMATION

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 1 - Summary of Proposed Fiscal Year 2027 Adjustments

BASED ON PRESENT USAGE

The rates, charges and debt service assessments listed below shall be paid for raw water allocated by contract from the Manasquan Reservoir System for the **base contracts effective as of July 1, 2015 (14.980mgd), and Shorelands (.028mgd) delayed water contract effective July 1, 2006:**

I. July 1, 2026 to June 30, 2027

Component	Current (FY2026) Rates Per MG 7/1/2025– 6/30/2026	Proposed (FY2027) Rates Per MG 7/1/2026 – 6/30/2027
Operations & Maintenance Component	\$445.82	\$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	525.00	525.00
TOTAL RATE	\$1,010.75/mg	\$1,010.75/mg

The rates, charges and debt service assessments listed below shall be paid for raw water allocated by contract from the Manasquan Reservoir System for all **New Jersey American Water delayed water purchase contracts effective: July 1, 2001 (1mgd), October 1, 2002 (1.935mgd), January 1, 2005 (1.500mgd):**

II. July 1, 2026 to June 30, 2027

Component	Current (FY2026) Rates Per MG 7/1/2025– 6/30/2026	Proposed (FY2027) Rates Per MG 7/1/2026 – 6/30/2027
Operations & Maintenance Component	\$445.82	\$445.82
Source Water Protection Fund Component	15.00	15.00
NJEIFP Debt Component	24.93	24.93
Capital Fund Component	200.00	200.00
Debt Service Cost Component	438.92	438.92
TOTAL RATE	\$1,124.67/mg	\$1,124.67/mg

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**Table 2 - Rate History of Water Charges per Million Gallons of Raw Water - Initial
FY2007-FY2027**

Initial Water Purchaser 14.980 mgd July 1, 2015
Shorelands .028 mgd July 1, 2006

Effective Date	O&M Charge	Source Water Protection	Debt Repayment 2/1/91-8/01/20	NJEFP Debt Component	Capital Fund Component	Total Charge per MG	Percent Increase (Decrease)
July 1, 2006	295.41	15	522.86			\$833.27	-6.90%
July 1, 2007	302.52	15	528.54			\$846.06	1.53%
July 1, 2008	302.52	15	566.59			\$884.11	4.50%
July 1, 2009	396.79	15	568.26			\$980.05	10.85%
July 1, 2010	396.79	15	568.69			\$980.48	0.04%
July 1, 2011	347.39	15	618.09	35.42		\$1,015.90	3.61%
July 1, 2012	345.95	15	619.53	35.42		\$1,015.90	0.00%
July 1, 2013	356.61	15	619.87	24.42		\$1,015.90	0.00%
July 1, 2014	356.61	15	619.87	24.42		\$1,015.90	0.00%
July 1, 2015	386.00	10.00	636.61	24.79		\$1,057.40	4.09%
July 1, 2016	432.87	10.00	636.61	25.10		\$1,104.58	4.46%
July 1, 2017	432.87	15.00	570.55	24.93		\$1,043.35	-5.54%
July 1, 2018	432.87	15.00	570.55	24.93		\$1,043.35	0.00%
July 1, 2019	432.87	15.00	570.55	24.93		\$1,043.35	0.00%
July 1, 2020	445.82	15.00	0.00	24.93	525.00	\$1,010.75	-3.12%
July 1, 2021	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%
July 1, 2022	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%
July 1, 2023	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%
July 1, 2024	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%
July 1, 2025	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%
July 1, 2026	445.82	15.00	0.00	24.93	525.00	\$1,010.75	0.00%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Table 3 - Rate History of Water Charges per Million Gallons of Raw Water - Delayed
FY2007-FY2027

Delayed Water Purchaser NJ-American 1 mgd July 1, 2001
1.935 mgd October 1, 2002
1.500 mgd January 1, 2005

<u>Effective Date</u>	<u>O&M Charge</u>	<u>Source Water Protection</u>	<u>Debt Repayment 2/1/02-8/01/31</u>	<u>NJEIFP Debt Component</u>	<u>Capital Fund Component</u>	<u>Total Charge per MG</u>	<u>Percent Increase (Decrease)</u>
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%
July 1, 2015	386.00	10.00	770.07	24.79		\$1,190.86	1.91%
July 1, 2016	432.87	10.00	770.07	25.10		\$1,238.04	3.96%
July 1, 2017	432.87	15.00	664.96	24.93		\$1,137.76	-8.10%
July 1, 2018	432.87	15.00	664.96	24.93		\$1,137.76	0.00%
July 1, 2019	432.87	15.00	664.96	24.93		\$1,137.76	0.00%
July 1, 2020	445.82	15.00	438.92	24.93	200.00	\$1,124.67	-1.15%
July 1, 2021	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2022	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2023	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2024	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2025	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%
July 1, 2026	445.82	15.00	438.92	24.93	200.00	\$1,124.67	0.00%

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule Of Events

(NJAC 7:11-2.1 et. seq.)

To become effective July 1, 2026

2025

- SEPTEMBER 27 Advise Water Users of informal meeting.
- OCTOBER 23 Informal meeting with Water Users – 10:00 AM.
- NOVEMBER 3 Board reviews and approves proposed Rates.
- DECEMBER 16 Mail Official Notice to water customers, Rate Payer Advocate, interested parties and advertise in newspapers.

2026

- JANUARY 5 Publication in the New Jersey Register.
- 8 Pre-Public Hearing – 10:00 AM (within 45 days of Official Notice).
Deadline for responses to inquiries received prior to pre-public hearing..
- FEBRUARY 2 Deadline for receipt of comments to be addressed at Public Hearing
(15 days after pre-public hearing)
- 5 Public Hearing (Microsoft Teams) – 10:00 AM
Deadline for responses to inquiries received between pre-public and public hearing.
- 23 Written responses to questions raised at Hearing (within 10 business days of the public hearing).
- MARCH 6 NJ Register Comment Period Ends.
- 16 Public Hearing record closes (25 business days after Public Hearing).
- MAY 4 Board approval of FY2027 Rates & Budgets
- JULY 1 Effective date.

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Proposed Fiscal Year 2027 Budget Summary

(07/01/26-06/30/27)

	ADOPTED F/Y2026 <u>Reservoir Budget</u>	PROPOSED F/Y2027 <u>Reservoir Budget</u>
Proposed Operating Expense Budget (Schedule 1)	\$ 3,201,042	\$3,547,877
Allocation of Headquarters General & Administrative Expenses to the Manasquan Reservoir System (Schedule 13)	<u>\$ 770,000</u>	<u>\$ 716,000</u>
Proposed Total Expense Budget	\$ 3,971,042	\$ 4,263,877
Proposed Capital Equipment Budget (Schedule 14)	\$ 44,353	\$ 187,901
Contribution to Reserve Funds		
- Sediment Reserve	\$ 10,000	\$ 10,000
- Formal Dam Inspection Reserve	\$ 5,000	\$ 5,000
- Renewal & Replacement Fund	\$ 120,000	\$ 120,000
- High Voltage Testing Reserve	\$ 15,000	\$ 15,000
- Other Post Employment Benefits Reserve	\$ -	\$ -
- Supplemental Renewal & Replacement	\$ -	\$ -
Adjustment for F/Y25 Salary and Fringe Expenses to be paid (from)/to WTP/TS Account		\$ 132,983
Adjustment for F/Y24 Salary and Fringe Expenses to be paid (from)/to WTP/TS Account	<u>\$ 149,359</u>	<u>\$ -</u>
Total Budget Requirements	<u>\$ 4,314,754</u>	<u>\$ 4,734,761</u>
Interest Earnings on Funds (Schedule 16)	\$ (360,600)	\$ (297,300)
Unanticipated Revenue (Schedule 17)	<u>\$ (792,420)</u>	<u>\$ (1,275,760)</u>
Total Miscellaneous Revenue & Interest Income	<u>\$ (1,153,020)</u>	<u>\$ (1,573,060)</u>
Net Amount to be paid for O & M Component	<u>\$ 3,161,734</u>	<u>\$ 3,161,701</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 1 - Total Operations & Maintenance Budget
Fiscal Year 2027

	F/Y2023 Reservoir Actual	F/Y2024 Reservoir Actual	F/Y2025 Reservoir Actual	F/Y2026 Reservoir Adopted	F/Y2027 Reservoir Proposed
Salaries & Fringe Benefits (Schedule 2)	964,772	1,400,617	1,675,205	\$1,807,504	\$1,849,813
O & M Direct Expense (Schedule 3)	1,164,569	972,509	1,279,640	1,254,158	1,557,358
G&A Expenses (Schedule 5)	<u>108,584</u>	<u>116,831</u>	<u>95,398</u>	<u>139,380</u>	<u>140,706</u>
Total Operations & Maintenance Budget	\$2,237,925	2,489,957	3,050,244	\$3,201,042	\$3,547,877

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 2 - Labor Projection
Fiscal Year 2027 (7/01/26-6/30/27)

<u>TITLES</u>	SALARY	FRINGE	CLOTHING	SHIFT	TOTAL	ALLOCATION	AMOUNT	ALLOCATION	AMOUNT	
		BENEFITS	OVERTIME	ALLOWANCE		DIFFERENTIAL	RESERVOIR	RESERVOIR	WTP/TS	WTP/TS
						%		%		
Director	162,000	116,470	-	-	-	278,470	50%	139,235	50%	139,235
Project Engineer III	89,700	64,489	-	-	-	154,189	50%	77,095	50%	77,094
Water Supply Tech.	81,000	58,630	-	550	-	140,180	62%	86,912	38%	53,268
Administrative Assistant	84,800	60,966	-	-	-	145,766	47%	68,510	53%	77,256
Supervisor Technical Facilities Maint	106,800	79,723	3,540	550	-	190,613	43%	81,964	57%	108,649
Sr. Water Supply Tech.	93,000	67,643	537	550	-	161,730	35%	56,606	65%	105,124
Maintenance Worker I	57,900	42,022	-	550	-	100,472	93%	93,439	7%	7,033
Supervisor Operations	130,400	93,750	-	-	-	224,150	25%	56,038	75%	168,112
Equipment Operator	58,900	42,741	-	550	-	102,191	94%	96,060	6%	6,131
Foreman Bldg & Grounds Maint	93,000	67,643	537	550	-	161,730	85%	137,471	15%	24,259
Foreman Facilities Maintenance	89,400	68,369	5,146	550	-	163,465	47%	76,829	53%	86,636
Facilities Mechanic (3 Positions)	205,500	151,625	3,750	1,650	-	362,525	45%	163,137	55%	199,388
Supervisor Plant Operator	84,600	64,882	5,097	550	-	155,129	37%	57,398	63%	97,731
Equipment Operator	54,000	39,218	-	550	-	93,768	92%	86,267	8%	7,501
Reservoir Sys Oper./Asst RSO (5 Positions)	305,800	248,086	36,521	2,750	-	593,157	95%	563,500	5%	29,657
Plant Operator (6 Positions)	477,100	391,143	60,754	3,300	2,900	935,197	1%	9,352	99%	925,845
TOTAL: (rounded)	2,173,900	1,657,400	115,880	12,650	2,900	3,962,730		1,849,813		2,112,920

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 3 - Reservoir System Operations and Maintenance Direct Expense Budget

Proposed F/Y 2027, Adopted F/Y 2026, and Actual F/Y 2021-2025

Cost Center: Reservoir Direct

(40)

MANASQUAN WATER SUPPLY SYSTEM

RESERVOIR SYSTEM

O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '21 ACTUAL	FY '22 ACTUAL	FY '23 ACTUAL	FY '24 ACTUAL	FY '25 ACTUAL	FY '26 ADOPTED	FY '27 PROPOSED
5110	Regular Salaries & Wages							
5120	Overtime-Salaries & Wages							
5130	New positions-Salaries & Wages							
5140	Seasonal Help-Salaries & Wages							
5150	Fringe Benefits							
5160	Retiree Health Benefits							
	Total Salary, Wages & Fringe					0	0	0
5200	Residences					844	0	0
5210	Heating Fuel	805	0	900		115,153	2,000	2,000
5220	Utilities -Electrical Service	76,270	80,402	94,912	117,603	14,429	105,600	122,100
5230	-Gas Service	7,664	10,528	10,677	10,166	0	12,450	12,450
5240	-Propane					425,302	0	0
5250	Electricity for Pumping Station	239,940	250,569	393,169	256,039	0	331,500	348,000
5260	Fuel - Vehicular					0	0	0
5270	Oil & Grease					0	0	0
5280	Tires					3,106	0	0
5290	Maintenance Supplies	9,198	13,306	11,072	7,620	0	12,400	14,400
5300	Maint. Supplies - Vehicular					3,105	0	0
5310	Major Vehicle Service & Repair					0	0	0
5320	Agricultural Supplies					27,468	0	0
5330	Maintenance Equipment	40,500	41,535	55,755	61,303	24,583	56,700	60,000
5340	Serv. & Maintenance Contracts	5,742	27,789	8,994	106,228	1,444	46,650	52,050
5350	Equipment Rental	8,970	2,514	4,730	1,335	369	6,500	7,800
5360	Household - Safety Supplies	3,373	2,441	1,065	2,013	0	1,000	2,160
5370	Uniforms					66,746	0	0
5380	Special & Professional Services	80,245	119,466	59,241	46,036	506,496	66,850	232,490
5390	Protective Services	292,378	319,005	372,502	452,892	3,518	520,000	607,320
5400	Telephone	10,244	12,270	13,959	3,093	0	3,908	3,908
5410	Postage & Freight Out					0	0	0
5420	Data Processing					1,265	0	0
5430	Printing & Office Supplies	566	1,232	4,402	3,406	6,359	2,960	4,040
5440	Scientific & Photographic	781	3,028	147	8,930	0	6,140	6,140
5450	Dues & Subscriptions					317	0	0
5460	Advertising & Promotional	704	442	881	789	141	2,200	2,200
5470	Travel & Subsistence		59		88	2,711	0	0
5480	Staff Training & Tuition Aid	255		202		39,528	0	0
5490	Fees & Permits	31,840	33,260	36,166	37,800	36,756	39,000	42,000
5500	In - Lieu Taxes	36,756	36,756	36,756	36,756	0	38,300	38,300
5510	Sediment Removal		60,932	59,040		0	0	0
5520	Chemicals					0	0	0
5525	Carbon Filter Replacement					0	0	0
	Total Other Expenses	\$846,229	\$1,015,532	\$1,164,569	\$1,152,097	\$1,279,640	\$1,254,158	\$1,557,358
	Total Operating Expenses	\$846,229	\$1,015,532	\$1,164,569	\$1,152,097	\$1,279,640	\$1,254,158	\$1,557,358
	ANNUAL BUDGET	\$1,005,936	\$1,116,400	\$1,157,613	\$1,179,949	\$1,293,484	\$1,254,158	\$1,557,358

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**Schedule 4 - Treatment Plant/Transmission System Operations and Maintenance Direct
Expense Budget**

Proposed F/Y 2027, Adopted F/Y 2026, and Actual F/Y 2021-2025

Cost Center: Treat/Trans Direct
(50)

MANASQUAN WATER SUPPLY SYSTEM
WATER TREATMENT PLANT/TRANSMISSION SYSTEM
O & M DIRECT EXPENSE BUDGET

CODE	ACCOUNT	FY '21 ACTUAL	FY '22 ACTUAL	FY '23 ACTUAL	FY '24 ACTUAL	FY '25 ACTUAL	FY '26 ADOPTED	FY '27 PROPOSED
5110	Regular Salaries & Wages							
5120	Overtime-Salaries & Wages							
5130	New positions-Salaries & Wages							
5140	Seasonal Help-Salaries & Wages							
5150	Fringe Benefits							
5160	Retiree Health Benefits							
	Total Salary, Wages & Fringe							
5200	Residences				0	0		0
5210	Heating Fuel	6,691	3,868	906	940	7,779	5,000	5,000
5220	Utilities -Electrical Service	260,159	301,059	371,127	381,735	384,551	390,000	412,800
5230	-Gas Service	24,304	37,514	28,361	23,960	38,677	29,600	29,600
5240	-Propane				0	0	0	0
5250	Electricity for Pumping Station				0	0	0	0
5260	Fuel - Vehicular				0	0	0	0
5270	Oil & Grease	0	0	294	1,053	1,751	2,000	2,000
5280	Tires				0	0	0	0
5290	Maintenance Supplies	10,506	8,054	9,079	3,511	3,516	7,700	7,700
5300	Maint. Supplies - Vehicular				0	0	0	0
5310	Major Vehicle Service & Repair				0	0	0	0
5320	Agricultural Supplies		723		0	0	0	0
5330	Maintenance Equipment	49,941	100,640	92,771	181,764	105,482	124,300	136,300
5340	Serv. & Maintenance Contracts	18,958	43,963	41,540	53,280	37,552	37,240	46,980
5350	Equipment Rental	1,417	1,409	447	78	1,689	3,200	3,200
5360	Household - Safety Supplies	3,925	1,948	1,995	4,952	2,507	2,000	2,000
5370	Uniforms				0	0	0	0
5380	Special & Professional Services	28,170	22,713	34,496	31,864	61,106	33,200	35,000
5390	Protective Services	93,722	108,664	121,516	148,391	162,859	175,000	196,242
5400	Telephone	511	505	412	379	376	1,200	1,200
5410	Postage & Freight Out	103		7	81	0	300	300
5420	Data Processing				0	0	0	0
5430	Printing & Office Supplies	4,964	3,973	6,679	5,346	3,560	9,800	9,800
5440	Scientific & Photographic	9,491	13,741	13,982	17,290	16,501	15,000	15,000
5450	Dues & Subscriptions				0	0	0	0
5460	Advertising & Promotional	1,038	319	1,121	668	2,864	1,000	1,000
5470	Travel & Subsistence		70	190	53	209	0	0
5480	Staff Training & Tuition Aid	355	621	352	255	414	1,320	3,360
5490	Fees & Permits	5,390	6,240	4,240	11,470	5,557	8,040	8,040
5500	In - Lieu Taxes	140	140	140	140	140	400	400
5510	Residual Removal	0	46,157	30,515	4,844	5,970	16,000	16,000
5520	Water Treatment Chemicals	143,893	123,107	187,692	206,952	189,401	240,000	240,000
5525	GAC Replacement	50,000	65,962	0	157,167	247,703	95,000	240,000
5528	Reimb of O&M Capital Expenditures	9,279	5,544	18,738	62,726			
	Total Other Expenses	\$722,957	\$896,933	\$966,601	\$1,298,900	\$1,280,166	\$1,197,300	\$1,411,922
	Total Operating Expenses	\$722,957	\$896,933	\$966,601	\$1,298,900	\$1,280,166	\$1,197,300	\$1,411,922
	ANNUAL BUDGET	\$864,000	\$909,916	\$891,139	\$978,080	\$1,183,925	\$1,197,300	\$1,411,922

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 5 - Reservoir System General and Administrative Operations and Maintenance

Direct Expense Budget

Proposed F/Y 2027, Adopted F/Y 2026, and Actual F/Y 2021-2025

Cost Center: G & A

(60)

MANASQUAN WATER SUPPLY SYSTEM
GENERAL & ADMINISTRATIVE
EXPENSE BUDGET

CODE	ACCOUNT	FY '21 ACTUAL	FY '22 ACTUAL	FY '23 ACTUAL	FY '24 ACTUAL	FY '25 ACTUAL	FY '26 ADOPTED	FY '27 PROPOSED
5110	Regular Salaries & Wages	\$1,699,456	\$1,715,778	\$1,713,663	\$1,855,166	1,880,713	2,147,250	2,189,450
5120	Overtime-Salaries & Wages	64,694	85,409	91,909	81,907	95,637	115,600	115,882
5130	New positions-Salaries & Wages							
5140	Seasonal Help-Salaries & Wages							
5150	Fringe Benefits	250,181	879,808	264,014	818,191	1,086,267	1,254,050	1,365,500
5160	Retiree Health Benefits	(106,171)	174,262	195,430	195,430	243,669	252,950	286,900
5168	Workers Comp. (Self-Insured)	0	823	1,692	160		5,000	5,000
	Total Salary, Wages & Fringe	\$1,908,160	\$2,856,080	\$2,266,708	\$2,950,854	\$3,306,285	\$3,774,850	\$3,962,732
	Budget - salary and fringe							
5200	Residences					0	0	0
5210	Heating Fuel					0	0	0
5220	Utilities -Electrical Service					0	0	0
5230	-Gas Service					0	0	0
5240	-Propane					0	0	0
5250	Electricity for Pumping Station					0	0	0
5260	Fuel - Vehicular	15,990	29,005	27,497	31,570	24,469	33,600	39,960
5270	Oil & Grease	1,596	8,207	8,390	2,186	11,390	8,300	8,300
5280	Tires	3,233	4,962	9,609	5,553	4,437	12,000	12,000
5290	Maintenance Supplies	10,186	12,697	24,306	19,227	16,891	27,300	27,300
5300	Maint. Supplies - Vehicular	16,194	9,124	9,746	18,793	10,032	14,000	14,000
5310	Major Vehicle Service & Repair	45,738	20,267	25,508	32,859	17,609	35,000	35,000
5320	Agricultural Supplies	6,161	3,999	5,577	4,806	4,446	8,100	8,100
5330	Maintenance Equipment	3,641	5,383	4,539	2,526	9,017	7,100	7,100
5340	Serv. & Maintenance Contracts	16,414	25,296	22,922	20,093	16,209	25,300	25,300
5350	Equipment Rental	2,365	2,550	2,594	2,596	2,600	3,300	4,500
5360	Household - Safety Supplies	9,399	12,394	9,646	14,109	15,890	13,700	13,700
5370	Uniforms					0	0	0
5380	Special & Professional Services	8,361	7,138	8,092	5,257	1,983	10,000	10,000
5390	Protective Services					0	0	0
5400	Telephone	6,152	6,116	6,091	4,878	5,163	4,560	4,560
5410	Postage & Freight Out	685	1,435	4,090	3,704	3,653	1,200	1,200
5420	Data Processing	2,575	3,099	2,715	2,863	2,825	3,600	3,600
5430	Printing & Office Supplies	2,380	4,717	2,316	9,658	5,084	5,960	8,360
5440	Scientific & Photographic	0	0	0	0	0	300	300
5450	Dues & Subscriptions	504	302	615	90	370	3,000	3,000
5460	Advertising & Promotional	74	697	0	906	1,473	2,000	2,000
5470	Travel & Subsistence	336	152	130		176	1,000	1,000
5480	Staff Training & Tuition Aid	3,559	4,260	2,904	7,963	3,291	8,400	8,400
5490	Fees & Permits	3,089	2,241	3,322	3,890	2,844	6,500	6,500
5500	In - Lieu Taxes					0	0	0
5510	Residual Removal					0	0	0
5520	Water Treatment Chemicals					0	0	0
5525	GAC Replacement					0	0	0
	Total Other Expenses	\$158,632	\$164,042	\$180,609	\$193,527	\$159,851	\$234,220	\$244,180
	Total Operating Expenses	\$2,066,792	\$3,020,122	\$2,447,317	\$3,144,381	\$3,466,136	\$4,009,070	\$4,206,912
	Reservoir System	\$96,524	\$96,876	\$108,463	\$116,830	\$95,398	\$139,380	\$140,706
	Treatment/Transmission System	\$62,108	\$67,166	\$72,146	\$76,697	\$64,452	\$94,840	\$103,474
		\$158,632	\$164,042	\$180,609	\$193,527	\$159,851	\$234,220	\$244,180

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 6 - List of Category 5340 Items Recommended Service & Maintenance Contracts

For Reservoir (40)

Fiscal Year 2027

		<u>Adopted</u> <u>F/Y26</u>	<u>Proposed</u> <u>F/Y27</u>
1	HVAC/Dehumidifier Service	\$ 500	\$ 500
2	Instrumentation & Control System Service/Upgrade	3,000	4,800
3	Electrical Upgrade & Repair	14,000	15,600
4	Overhead Crane Service & Inspection	3,000	3,000
5	Fire & Intrusion Alarm Service	1,500	1,500
6	Potable Well/Septic Service	1,500	1,500
7	Fertilization-Dam Dike	3,750	3,750
8	Underground Fuel Tank Testing & Repair	2,000	2,000
9	Roadway Crack Sealing	3,000	4,000
10	Wood Debris Removal/Herbicide Treatments	2,500	2,500
11	Access Roadway Repairs	2,500	2,500
12	Roofing System Maintenance & Repair	4,000	4,000
13	Reservoir Transmission Line Clearing	3,000	4,000
14	Fios Fiber Optic for Security Cameras	<u>2,400</u>	<u>2,400</u>
	Total Service & Maintenance Contracts	<u>\$ 46,650</u>	<u>\$ 52,050</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 7 - List of Category 5340 Items Recommended Service & Maintenance Contracts

For WTP/TS (50)

Fiscal Year 2027

	<u>Adopted</u> <u>F/Y26</u>	<u>Proposed</u> <u>F/Y27</u>
Electrical Service Contract	\$ 2,400	\$ 2,400
Instrumentation & Control System Service & Upgrade	4,000	7,000
Electrical Upgrade & Repair	2,000	3,000
Overhead Crane Service	2,500	3,240
Fire & Intrusion Alarm Service	3,000	3,000
Boiler Service	1,440	1,440
Auxiliary Generator Service	3,000	3,000
Lab Equipment Service	3,500	3,500
UPS Battery PM Service and Batteries	3,600	3,600
Four Year Electrical Switchgear Testing Service	2,000	2,000
Internet Service	4,800	9,800
Network Routers	2,500	2,500
XLReporter Software Program Support	<u>2,500</u>	<u>2,500</u>
 Total Service & Maintenance Contracts	 <u>\$ 37,240</u>	 <u>\$ 46,980</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 8 - List of Category 5340 Items Recommended Service & Maintenance Contracts

For G & A (60)
Fiscal Year 2027

		<u>Adopted</u> F/Y26	<u>Proposed</u> F/Y27
1	Refuse & Waste Disposal	\$ 2,000	\$ 2,000
2	Office Equipment/Computers	1,800	1,800
3	Waste Oil Disposal	300	300
4	Fire Extinguisher Service	1,100	1,100
5	SCADA Service Contract	-	2,000
6	Building Maintenance	2,000	6,000
7	Internet Service	6,000	2,000
8	Janitorial Service	2,000	7,200
9	Vehicle Lift Inspection	7,200	500
10	Underground Fuel Storage Tank Service	500	2,400
		2,400	
	Total Service & Maintenance Contracts	<u>\$ 25,300</u>	<u>\$ 25,300</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 9 - List of Category 5380 Items Recommended Special & Professional Service For

Reservoir (40)

Fiscal Year 2027

		Adopted F/Y26	Proposed F/Y27
		<u> </u>	<u> </u>
1	Laboratory Services - Water Quality Sampling	\$ 240	\$ 480
3	Services-USGS Cooperative Agreement	35,000	40,400
4	Annual Trustee Fund	6,640	6,640
5	Dam Management-Surveying	120	120
6	Wetland Monitoring Management	8,000	8,000
7	Hydrilla Treatment and Water Quality Study	-	-
8	Engineering Services	4,000	4,000
9	Financial Advisory Services	4,850	4,850
10	Reservoir Algae and Wetlands Weed Treatments	<u>8,000</u>	<u>168,000</u>
	Total Special & Professional Services	<u>\$ 66,850</u>	<u>\$ 232,490</u>

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 10 - List of Category 5380 Items Recommended Special & Professional Services

For WTP/TS (50)

Fiscal Year 2027

		Adopted F/Y26	Proposed F/Y27
		<u> </u>	<u> </u>
1	Water Quality Sampling	\$ 12,900	\$ 12,900
2	Residual Quality Analysis	800	800
3	Consultant Services	4,000	4,000
4	USGA Allenwood Gage-Parameters	13,500	13,500
5	PFAS Water Quality Sampling/Analysis		2,000
6	Underground Markout Service	<u>2,000</u>	<u>1,800</u>
	Total Special & Professional Services	<u>\$ 33,200</u>	<u>\$ 35,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 11 - List of Category 5380 Items Recommended Special & Professional Services

For G & A (60)

Fiscal Year 2027

	<u>Adopted</u> <u>F/Y26</u>	<u>Proposed</u> <u>F/Y27</u>
1 Pulmonary Testing	\$ 1,500	\$ 1,500
2 CDL Medical Testing	1,000	1,000
3 EAS Service	4,000	4,000
4 The Bank of NY - Melon	2,300	2,300
5 Pre-Employment Physicals	<u>1,200</u>	<u>1,200</u>
Total Special & Professional Services	<u>\$ 10,000</u>	<u>\$ 10,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 12 - Projected FY 2027 New Jersey Water Supply Authority Insurance Program

Policy	Raritan Basin System	Manasquan Reservoir System	Manasquan Water Treatment Plant and Transmission System	Total Premium
PROPERTY/MOBILE EQUIPMENT	1,373,640	\$468,120	\$140,880	\$1,982,640
GENERAL/AUTO LIABILITY	283,440	\$50,880	\$15,240	\$349,560
POLLUTION LIABILITY	80,160	\$7,200	\$1,440	\$88,800
WORKERS COMPENSATION	152,880	\$21,360	\$22,800	\$197,040
EXCESS LIABILITY	598,200	\$53,280	\$10,560	\$662,040
MANAGEMENT LIABILITY				
:PUBLIC OFFICIALS	55,680	\$4,920	\$960	\$61,560
:CYBER RISK	14,640	\$1,320	\$240	\$16,200
:FIDELITY & CRIME				
TRAVEL ACCIDENT	2,400	\$240	\$42	\$2,682
DRONE	1,320			\$1,320
TOTAL:	\$2,562,360	\$607,320	\$192,162	\$3,361,842

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

**Schedule 13 - Recap of Allocation of Headquarters General and Administrative Expenses
Charged to the Manasquan Reservoir Water Supply System**
Fiscal Year 2027 (7/1/26-6/30/27)

	Total Headquarters Charge	Manasquan Reservoir System	Manasquan WTP/TS
Budgeted-Appendix I, amount to be charged to Manasquan System for FY27 (7/1/26-6/30/27)	\$823,291	\$710,253	\$113,038
FY25 Adjustment as per audited Expenditures:			
Budgeted as per rate schedule for FY25 (7/1/24-6/30/25). Amounts paid during F/Y25 to Raritan Basin System.	\$933,000	\$805,000	\$128,000
Actual allocation based upon audited expenditures FY25 (7/1/24-6/30/25) - Appendix II	<u>\$940,804</u>	<u>\$810,902</u>	<u>\$129,902</u>
Adjustments FY25	<u>\$7,804</u>	<u>\$5,902</u>	<u>\$1,902</u>
Net Allocation for FY27 Budget	<u><u>\$831,095</u></u>	<u><u>\$716,155</u></u>	<u><u>\$114,940</u></u>
Estimate	<u>\$831,000</u>	<u>\$716,000</u>	<u>\$114,000</u>

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 14 - Proposed Capital Equipment Budget

Fiscal Year 2027

Description	(A)Addition (R)Replacemer	Year of Purchase Vehicle/Equipment	Dollar Value	%	Manasquan Reservoir	Manasquan WTP/TS	Reservoir Depreciation Reserve	WTP/TS Depreciation Reserve
Pick Up Truck - NJWA 55	R (557)	2015	75,000	45/55	33,750	41,250		
ZTR Mower Toro Ground Master 328D	R (471)	2009	30,000	84/16	25,200	4,800	21,049	0
Fixed vertical profiler water quality sonde	A		150,000		150,000			
TOTAL			255,000		208,950	46,050	21,049	0
Less Amount charged to Reservoir Depreciation Reserve					21,049			
Less Amount charged to WTP/TS Depreciation Reserve								0
Total					187,901	46,050		
Additional Depreciation Reserve								0
Estimate					\$187,901	\$46,050		

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 - July, 2024– June, 2025 Fiscal Year 2025 G&A Expenses Split

			BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)		
			TOTAL	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS
1		TIME SPLIT		1	0	1	0		
	ASST. RESERVOIR SYS OPERATOR	REGULAR	49,631	47,149	2,482	49,135	496	(1,985)	1,985
		CLOTH.	550	523	28	545	6	(22)	22
		O.T.	5,674	5,391	284	5,618	57	(227)	227
		FRINGE	36,774	34,935	1,839	36,406	368	(1,471)	1,471
2		TIME SPLIT		0	1	0	1		
	PLANT OPERATOR	REGULAR	79,583	796	78,788	796	78,788	0	(0)
		CLOTH.	0	0	0	0	0	0	0
		O.T.	8,817	88	8,728	88	8,728	(0)	0
		FRINGE	59,867	599	59,269	599	59,269	0	(0)
3		TIME SPLIT		0	1	0	1		
	PLANT OPERATOR	REGULAR	69,575	696	68,880	5,566	64,009	(4,870)	4,870
		CLOTH.	550	6	545	44	506	(39)	39
		O.T.	2,436	24	2,411	195	2,241	(171)	171
		FRINGE	48,752	488	48,264	3,900	44,852	(3,413)	3,413
4		TIME SPLIT		0	1	0	1		
	PLANT OPERATOR	REGULAR	78,678	787	77,891	0	78,678	787	(787)
		CLOTH.	0	0	0	0	0	0	0
		O.T.	10,293	103	10,190	0	10,293	103	(103)
		FRINGE	59,846	598	59,248	0	59,846	598	(598)
5		TIME SPLIT		0	1	0	1		
	FACILITES MECHANIC	REGULAR	57,096	25,693	31,403	27,406	29,690	(1,713)	1,713
		CLOTH.	550	248	303	264	286	(17)	17
		O.T.	549	247	302	264	286	(16)	16
		FRINGE	39,218	17,648	21,570	18,825	20,393	(1,177)	1,177
6		TIME SPLIT		1	0	1	0		
	RESERVOIR SYSTEM OPERATOR	REGULAR	48,973	46,525	2,449	48,973	0	(2,449)	2,449
		CLOTH.	550	523	28	550	0	(28)	28
		O.T.	9,362	8,894	468	9,362	0	(468)	468
		FRINGE	36,812	34,971	1,841	36,812	0	(1,841)	1,841
7		TIME SPLIT		1	0	1	0		
	PROJECT ENGINEER II	REGULAR	39,751	27,826	11,925	34,583	5,168	(6,758)	6,758
		CLOTH.	0	0	0	0	0	0	0
		O.T.	0	0	0	0	0	0	0
		FRINGE	27,842	19,489	8,353	24,222	3,619	(4,733)	4,733
8		TIME SPLIT		0	1	0	1		
	FOREMAN FACILITIES MAINT.	REGULAR	83,605	39,294	44,311	35,114	48,491	4,180	(4,180)
		CLOTH.	550	259	292	231	319	28	(28)
		O.T.	2,182	1,025	1,156	916	1,265	109	(109)
		FRINGE	59,133	27,792	31,340	24,836	34,297	2,957	(2,957)

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 (Continued) July, 2024 – June, 2025 Fiscal Year 2025 G&A Expenses Split

			BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)		
			(40)	(50)	(40)	(50)	(40)	(50)	
			RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	RESERVOIR	WTP/TS	
9		TIME SPLIT	1	0	1	0			
	FOREMAN	REGULAR	83,933	71,343	12,590	80,576	3,357	(9,233)	9,233
	BUILDING & GROUNDS	CLOTH.	550	468	83	528	22	(61)	61
	MAINT - WSA	O.T.	924	785	139	887	37	(102)	102
		FRINGE	58,270	49,530	8,741	55,939	2,331	(6,410)	6,410
10		TIME SPLIT	0	1	0	1			
	PLANT OPERATOR	REGULAR	62,111	621	61,489	3,727	58,384	(3,106)	3,106
		CLOTH.	550	6	545	33	517	(28)	28
		O.T.	12,998	130	12,868	780	12,218	(650)	650
		FRINGE	50,221	502	49,718	3,013	47,207	(2,511)	2,511
11		TIME SPLIT	0	1	0	1			
	SR. WATER SUPPLY	REGULAR	83,933	29,377	54,557	36,931	47,003	(7,554)	7,554
	TECH. -WSA	CLOTH.	550	193	358	242	308	(50)	50
		O.T.	608	213	395	267	340	(55)	55
		FRINGE	57,874	20,256	37,618	25,465	32,410	(5,209)	5,209
12		TIME SPLIT	0	1	0	1			
	PLANT OPERATOR	REGULAR	49,770	498	49,273	2,489	47,282	(1,991)	1,991
		CLOTH.	550	6	545	28	523	(22)	22
		O.T.	7,037	70	6,966	352	6,685	(281)	281
		FRINGE	38,541	385	38,156	1,927	36,614	(1,542)	1,542
13		TIME SPLIT	0	1	1	1			
	SUPERVISOR TECH.	REGULAR	96,403	41,453	54,950	48,202	48,202	(6,748)	6,748
	ASST. & FAC. MAINT.	CLOTH.	550	237	314	275	275	(39)	39
		O.T.	3,341	1,436	1,904	1,670	1,670	(234)	234
		FRINGE	68,550	29,476	39,073	34,275	34,275	(4,798)	4,798
14		TIME SPLIT	0	1	1	1			
	FAC. MECHANIC - WSA	REGULAR	57,828	26,023	31,805	28,914	28,914	(2,891)	2,891
		CLOTH.	550	248	303	275	275	(28)	28
		O.T.	44	20	24	22	22	(2)	2
		FRINGE	39,583	17,812	21,770	19,791	19,791	(1,979)	1,979
15		TIME SPLIT	1	0	1	0			
	RESERVOIR SYS	REGULAR	55,761	52,973	2,788	55,203	558	(2,230)	2,230
	OPERATOR	CLOTH.	550	523	28	545	6	(22)	22
		O.T.	7,156	6,798	358	7,085	72	(286)	286
		FRINGE	42,341	40,224	2,117	41,918	423	(1,694)	1,694
16		TIME SPLIT	1	1	0	1			
	DIR. MWS/D&R	REGULAR	182,889	91,444	91,444	82,300	100,589	9,144	(9,144)
	CANAL OPERATIONS	CLOTH.	0	0	0	0	0	0	0
		O.T.	0	0	0	0	0	0	0
		FRINGE	125,051	62,525	62,525	56,273	68,778	6,253	(6,253)
17		TIME SPLIT	0	1	0	1			
	ADMIN. ASSISTANT	REGULAR	76,551	35,979	40,572	35,979	40,572	0	0
		CLOTH.	0	0	0	0	0	0	0
		O.T.	0	0	0	0	0	0	0
		FRINGE	52,203	24,535	27,667	24,535	27,667	0	(0)
18		TIME SPLIT	1	0	1	0			
	ASST. RESERVOIR	REGULAR	45,085	42,830	2,254	42,830	2,254	0	0
	SYSTEM OPERATOR	CLOTH.	275	261	14	261	14	0	0
		O.T.	6,437	6,116	322	6,116	322	0	0
		FRINGE	35,297	33,532	1,765	33,532	1,765	0	(0)

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 15 (Continued) July, 2024 – June, 2025 Fiscal Year 2025 G&A Expenses Split

			BUDGETED %		ACTUAL % (Timesheets)		VARIANCE UNDER (OVER)		
			TOTAL	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS	(40) RESERVOIR	(50) WTP/TS
19		TIME SPLIT		0	1	0	1		
	SUPERVISOR OPERATIONS MWSS-WSA	REGULAR	112,690	28,172	84,517	32,680	80,010	(4,508)	4,508
		CLOTH.	0	0	0	0	0	0	0
		O.T.	0	0	0	0	0	0	0
		FRINGE	76,705	19,176	57,529	22,245	54,461	(3,068)	3,068
20		TIME SPLIT		1	0	1	0		
	EQUIPMENT OPERATOR	REGULAR	25,686	23,888	1,798	25,172	514	(1,284)	1,284
		CLOTH.	550	512	39	539	11	(28)	28
		O.T.	257	239	18	252	5	(13)	13
		FRINGE	15,725	14,625	1,101	15,411	315	(786)	786
21		TIME SPLIT		0	1	0	1		
	SUPERVISING PLANT OPERATOR	REGULAR	73,113	27,052	46,061	28,514	44,599	(1,462)	1,462
		CLOTH.	550	204	347	215	336	(11)	11
		O.T.	2,926	1,083	1,843	1,141	1,785	(59)	59
		FRINGE	52,054	19,260	32,794	20,301	31,753	(1,041)	1,041
22		TIME SPLIT		1	0	1	0		
	MAINT WORKER I	REGULAR	52,383	48,192	4,191	51,335	1,048	(3,143)	3,143
		CLOTH.	550	506	44	539	11	(33)	33
		O.T.	0	0	0	0	0	0	0
		FRINGE	36,020	33,138	2,882	35,299	720	(2,161)	2,161
23		TIME SPLIT		0	1	0	1		
	PLANT OPERATOR	REGULAR	66,230	662	65,568	4,636	61,594	(3,974)	3,974
		CLOTH.	550	6	545	39	512	(33)	33
		O.T.	8,555	86	8,469	599	7,956	(513)	513
		FRINGE	50,599	506	50,093	3,542	47,057	(3,036)	3,036
24		TIME SPLIT		1	0	1	0		
	ASST. RESERVOIR SYSTEM OPER-WSA	REGULAR	51,882	49,288	2,594	50,325	1,556	(1,038)	1,038
		CLOTH.	550	523	28	534	17	(11)	11
		O.T.	5,117	4,861	256	4,964	154	(102)	102
		FRINGE	38,920	36,974	1,946	37,753	1,168	(778)	778
25		TIME SPLIT		0	1	0	1		
	FAC. MECHANIC-WSA	REGULAR	67,024	30,161	36,863	28,820	38,203	1,340	(1,340)
		CLOTH.	550	248	303	237	314	11	(11)
		O.T.	585	263	322	252	334	12	(12)
		FRINGE	46,373	20,868	25,505	19,941	26,433	927	(927)
26		TIME SPLIT		1	0	1	0		
	EQUIPMENT OPERATOR	REGULAR	46,101	43,335	2,766	44,257	1,844	(922)	922
		CLOTH.	550	517	33	528	22	(11)	11
		O.T.	340	319	20	326	14	(7)	7
		FRINGE	31,189	29,318	1,871	29,941	1,248	(624)	624
27		TIME SPLIT		1	0	1	0		
	WATER SUPPLY TECH - WSA	REGULAR	73,173	45,367	27,806	68,782	4,390	(23,415)	23,415
		CLOTH.	550	341	209	517	33	(176)	176
		O.T.	0	0	0	0	0	0	0
		FRINGE	50,147	31,091	19,056	47,139	3,009	(16,047)	16,047
			(60)	(40)	(50)	(40)	(50)	(40)	(50)
		REGULAR	1,869,438	877,424	992,013	953,246	916,192	(75,822)	75,822
		CLOTH.	11,275	6,350	4,925	6,966	4,309	(616)	616
		O.T.	95,637	38,193	57,444	41,155	54,482	(2,962)	2,962
		FRINGE	<u>1,333,907</u>	<u>620,256</u>	<u>713,651</u>	<u>673,839</u>	<u>660,068</u>	<u>(53,583)</u>	<u>53,583</u>
		GRAND TOTAL	<u>3,310,256</u>	<u>1,542,223</u>	<u>1,768,034</u>	<u>1,675,205</u>	<u>1,635,051</u>	<u>(132,983)</u>	<u>132,983</u>

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 16 - Estimate of Interest Income

Fiscal Year 2027 Budget

Fund/Reserve	TD Bank Funds		
Operating	\$6,632,842		
Reserve for O & M	604,939		
General Reserve (Rate Stabilization Fund)	833,618		
Pumping Reserve	54,794		
Self-Insurance Reserve	67,960		
Sediment Reserve	299,325		
Estimated Total	\$8,493,478		
	\$8,493,478	x3.50% =	\$297,272
		Total	\$297,272
		Estimate	\$297,300

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 17 - Unanticipated Revenue

	<u>Amount</u>															
F/Y2025 Net Year-End Balance	\$ 1,074,475															
Excess D/S Coverage FY2027	\$ 115,000															
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"><u>Overdraft</u></th> <th style="width: 30%;"><u>Inv. Date</u></th> <th style="width: 30%; text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>NJ American</td> <td style="text-align: center;">Jun-25</td> <td style="text-align: right;">\$ 28,770</td> </tr> <tr> <td></td> <td style="text-align: center;">Sep-24</td> <td style="text-align: right;">\$ 13,087</td> </tr> <tr> <td></td> <td style="text-align: center;">Oct-24</td> <td style="text-align: right;">\$ 43,689</td> </tr> <tr> <td></td> <td style="text-align: center;">Nov-25</td> <td style="text-align: right;">\$ 740</td> </tr> </tbody> </table>	<u>Overdraft</u>	<u>Inv. Date</u>	<u>Amount</u>	NJ American	Jun-25	\$ 28,770		Sep-24	\$ 13,087		Oct-24	\$ 43,689		Nov-25	\$ 740	
<u>Overdraft</u>	<u>Inv. Date</u>	<u>Amount</u>														
NJ American	Jun-25	\$ 28,770														
	Sep-24	\$ 13,087														
	Oct-24	\$ 43,689														
	Nov-25	\$ 740														
Available for use in FY27	\$ 86,286															
<u>Additional Sources</u>																
Total Available	\$ 1,275,761															
Estimate for FY27	\$ 1,275,760															

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 18 - Fund Balances as of 6/30/25

	REVENUE FUND	OPERATING ACCOUNT	OPERATING FUND	O & M RESERVE	LONG TERM INVESTMENTS O & M RESERVE	TOTAL
BALANCE 6/30/2025 (Does not include Debt Service payment)	\$41	\$148,087	\$6,632,842	\$604,939	\$1,012,840	\$8,398,749
Add: NJ-American, JCP&L expenses for June 2025			\$0			\$0
Deduct: Accrued expenses to be paid as of 6/30/25			(47,752)			(47,752)
Deduct: June 10th billing, received			(44,824)			(44,824)
Adjusted Balances 6/30/25	\$ 41	\$ 148,087	\$ 6,568,598	\$ 604,939	\$ 1,012,840	\$ 8,334,505
 INCOME						
Receipt of WTP/TS G&A expenses for the month of June 2025, estimated July 2025 billing			250,000			250,000
 EXPENSES						
O & M Expenses - (A/P-6/30/25) includes accrued payroll thru 6/30/25			(50,974)			(50,974)
Capital items to be purchased by 6/30/25 - estimated			(50,000)			(50,000)
Payment of Headquarters overhead expenses - to be paid 7/01			(201,250)			(201,250)
Contributions to Various Reserves- 7/25			(37,500)			(37,500)
ADJUSTED BALANCE AT 6/30/25	\$ 41	\$ 148,087	\$ 6,478,874	\$ 604,939	\$ 1,012,840	\$ 8,244,781
Less: O & M Reserve Balance (Goal is 3 months O & M Expenses as dictated by Bond Resolution)						(917,364)
 Balance of projected funds available						\$ 7,327,418
 Use of Available Funds						
Unanticipated revenues (overdrafts in FY25 to be available to the General Fund for FY27) NJ American Water						\$ (86,286)
Appropriate FY25 net fund balance into the General Fund (Rate Stabilization) to be used for rate stabilization (already withdrawn earlier in FY)						-
 Balance of funds to be used for future years						\$ 7,241,132

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 19 - Operations & Maintenance Expense Component and Debt Service Cost
Component Sales Base
 Projected Fiscal Year 2027

USER	ALLOCATION (mgd)
Avon, Borough of	0.126
Belmar, Borough of	0.288
Brielle, Borough of	0.450
Keyport, Borough of	0.356
Matawan, Borough of	0.332
New Jersey American Water	12.500
Red Bank, Borough of	0.548
Sea Girt, Borough of	0.040
Shorelands Water Company (acquired by NJ American)	2.007
Lake Como, Borough of	0.100
Spring Lake, Borough of	0.310
Spring Lake Heights, Borough of	0.386
Wall Township	2.000
OPERATIONS & MAINTENANCE/DEBT SERVICE SALES BASE	19.443 mgd

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY AUTHORITY

Schedule 20 - Operations and Maintenance Rate Component (19.443mgd)
 Fiscal Year 2027

Funds Required for F/Y2027 Budget

Total Budget Requirements	\$ 4,734,761
Miscellaneous Revenues	\$ (1,573,060)
Net Budget Requirement	\$ 3,161,701
Less - Quarterly O&M payment on July 10, 2025 (cash received in July for water used in April, May and June of 2025 based on \$445.82/mg)	\$ (788,795)
Additional Revenue required from last three (3) Quarterly payments in F/Y2027 to cover Operations & Maintenance expenses through 6/30/27	\$ 2,372,906

Computation of Operations & Maintenance Rate for Fiscal Year 2027

Required Operations & Maintenance Rate F/Y2027	$\frac{\$2,372,906}{5,322.52^*}$	=	\$ 445.82/mg
--	----------------------------------	---	--------------

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 21 - Computation of Delayed Water Purchase Debt Service Rates

NJAW – 1.000MGD CONTRACT - 07/01/01
 1.935MGD CONTRACT – 10/01/02
 1.500MGD CONTRACT – 01/01/05

Delayed Debt Service

Debt Service for Fiscal Year 2027 \$ 575,213

Debt Service Fund Interest Income and Other
 Available Resources \$ -

Net Debt Service Obligation \$ 575,213

Coverage Requirement = Net Debt Service
 Obligation x 20% \$ 115,043

Total to be Recovered by Rates \$ 690,256

Debt Service Rate Effective 7/01/26 \$ 690,256 = \$ 426.41mg
 $365 \times 4.435/\text{mgd} = 1,618.78\text{mg}$ 1,618.78mg

Equalization Factor 12.51
\$ 438.92mg

NEW JERSEY WATER SUPPLY AUTHORITY
 MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

Schedule 22 - Computation of Base Debt Service Rates

INTAKE PUMP STATION BUILDING

Initial Water Purchasers (14.980 MGD) – 7/01/15
 Shorelands Delayed Purchase Contract (.028MGD) – 7/01/06
 NJ American Delayed Purchase Contract (4.435MGD)*

NJEIFP Debt Service for Fiscal Year 2027	\$	176,842		
Rate Equalization Adjustment				
Debt Service Rate Effective 7/01/2026	\$	176,842	=	\$ 24.92/mg
365 x 19.443/mgd =7,096.70mg		7,096.70mg		
Equalization Factor		\$0.01		
				\$ 24.93/mg

*Delayed Water Purchase Contracts
 NJ American 1.000mgd 07/01/01
 1.935mgd 10/01/02
 1.500mgd 01/01/05

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR SYSTEM

Schedule 23 - Bond Debt Service Coverage

Fiscal Year 2027
(7/1/26-6/30/27)

	Budgeted F/Y2027
<u>Revenues</u>	
Uninterruptible Water Sales	\$ 7,073,983
Interest Income	\$ 297,300
Total Revenues	\$ 7,371,283
 <u>Expenses</u>	
O&M Costs	\$ 3,547,877
Overhead Allocation	\$ 716,000
Total O&M	\$ 4,263,877
Cash Available for Debt Service - A	\$ 3,107,406
Net Debt Service Expense	\$ 575,213
Debt Service Coverage Calculation - A/B	5.40
Cash After Debt Service A-B	\$ 2,532,193

NEW JERSEY WATER SUPPLY AUTHORITY
MANASQUAN RESERVOIR SYSTEM

Schedule 24 - Rehabilitation Reserve and Capital Improvement Program

Manasquan Reservoir Project Description	Renewal & Repl. Reserve	FY26	FY27	FY28	FY29	FY30+
Dam Emergency Contingency	400000					
Pipeline Replacement Under I-195	1500000					
Pumping Equipment Replacement	650000					
Replace Control Panel at Reservoir IO Building		\$ 55,000.00				
Add 6" valves to I/O tower air burst line and replace piping as necessary		\$ 75,000.00				
Paving Intake Parking Lot and Administration Parking Area		\$ 170,000.00				
Rehabilitation Pump and Motors and VFDs at Reservoir & Intake Pumping Stations		\$ 150,000.00	\$ 150,000.00			
Traveling Water Screen Rehabilitation			\$ 160,000.00	\$ 160,000.00		
SCADA System Replacment		\$ 50,000.00	\$ 50,000.00	\$ 100,000.00	\$ 50,000.00	
Security System Camera and DVR replacement			\$ 45,000.00			
Replace two Underground Fuel Storage Tanks with above ground				\$ 230,000.00		
Replace Septic System Drain Field and inlet pipe from building			\$ 150,000.00			
Rehabilitation of T2 Transformer and Oil Change			\$ 40,000.00			
Replace Pumps (#1,,3,5)			\$ 150,000.00	\$ 250,000.00	\$ 320,000.00	
Replace 2 5 KVA Breakers in Substation			\$ 55,000.00			
Replace Balance of Metal Roof on Admin Portion of RPS Building				\$ 130,000.00		
Total*	2780000	\$ 540,000.00	\$ 800,000.00	\$ 870,000.00	\$ 370,000.00	

**New Jersey Water Supply Authority
Manasquan Water Supply System**

Update of the Renewal and Replacement Reserve and Capital Improvement Program

Prepared by

**Anthony Colasurdo, P.E., Director, Manasquan Water Supply System and
Delaware & Raritan Canal Operations**

**MANASQUAN WATER SUPPLY SYSTEM
RENEWAL/REPLACEMENT RESERVE & CAPITAL IMPROVEMENT PROGRAM
Fiscal Years 2026-2031
Updated August 2025**

Introduction

The New Jersey Water Supply Authority (Authority) operates and maintains the Manasquan Water Supply System including the Intake Facilities located in Wall Township, the Manasquan Reservoir located in Howell Township and 5-1/4 miles of 66-inch diameter pipeline which connects the Intake Facilities to the Reservoir. The Manasquan Water Supply System was constructed between 1987-1990 and commenced operation on July 1, 1990.

Construction of this system was financed by the issuance of Bonds under the authorization of Authority Bond Resolution No. 295 dated April 16, 1987. The Bond Resolution provides for rates for water use to include an excess payment of 20% (effective February 1, 1994) of the annual debt service, identified as 120% debt service coverage. During the initial years, this excess payment flowed into the debt service reserve account until an amount equal to 50% of the annual debt service had been accumulated. Thereafter, the 20% excess debt service is to be used to establish a Renewal & Replacement Reserve and to fund a Capital Improvement Program (CIP) for the facilities.

A Capital Improvement Program funded by the Renewal and Replacement Reserve was first recommended in September 1996. This is an update of the CIP.

The Renewal and Replacement Reserve for Extraordinary Operations and Maintenance Costs is fully funded as recommended.

Renewal and Replacement Reserve for Extraordinary Operations and Maintenance Costs

Problems with the Earthen Dam Embankments

The Manasquan Reservoir dam and dikes are inspected by the Authority's operations and engineering staff to provide early detection of situations which, if uncorrected, could lead to serious problems. There are no indications of problems with any of the embankments at the present time. It is unlikely that a major catastrophic dam failure will occur as a result of the weather. A more common occurrence would be surface erosion especially in areas where good turf is not established. The periodic inspection of the embankments shows good establishment of turf. On-site maintenance staff has implemented various measures to improve the grass cover on the dams. Continued long-term success of these measures is dependent on continued maintenance and weather.

The Reserve includes funds that can be used to repair any surface erosion that cannot be repaired by Authority maintenance forces.

Replacement of Pipe under Interstate Route 195

The Manasquan Reservoir fill / withdraw pipeline is a 5-1/4 mile long, 66-inch diameter prestressed concrete cylinder pipeline (PCCP) constructed in the 1980s. A 380-foot-long section of 72-inch diameter PCCP was installed beneath Interstate Route 195 during its construction for use in connection with the pipeline between the reservoir pumping station and the reservoir. This section of pipe was manufactured by Interpace Co. in the late 1970's. This vintage PCCP is of concern because of the type of pre-stressing wire used in its manufacture and the "inadequate" quality control used in the application of the mortar coating.

A rupture of this section of pipe could be catastrophic and result in major disruptions to Route 195. Repair costs could easily amount to several million dollars. Therefore, the section of pipe under Route 195 is dewatered and inspected tri-annually to monitor its condition. It was last inspected by two of the Authorities staff engineers in April of 2021 and found to be in

satisfactory condition.

The entire length of the pipeline was inspected in December of 2021. The interior concrete lining was sounded with a 57-inch piece of black iron pipe with caps welded to the ends. The lining was continuously sounded for hollow regions that may be indicative of a loss of prestress and therefore exterior pipe distress. Sounding was carried out on both sides of the pipe approximately in the 2-4 o'clock range and the 8-10 o'clock range at approximately 6 to 12-inch intervals. Other features such as spalled concrete linings were noted throughout the inspection. The Manasquan Reservoir 66-inch pipeline is in good condition. The items noted during the internal inspection were minor in nature and are not indicative of pipeline distress.

\$1,500,000 is included in the Renewal and Replacement Reserve to insert a 66" diameter steel pipe into the PCCP under Route 195 or to replace other sections of pipe as needed.

Replacement of Pumps or Equipment

Five (5) 600-horsepower pumps are used at the Intake Pumping Station to pump water from the Manasquan River to the pre-sedimentation pond at the Reservoir Pumping Station. Five (5) 900-horsepower pumps are used at the Reservoir Pumping Station to pump water from the pre-sedimentation pond to the Reservoir. The estimated replacement cost for each unit, including a variable frequency drive, is \$750,000. Replacement costs for the units would be dependent on the problem but would be limited to the cost of replacement.

All pumps and motors have been physically inspected, vibration-tested and pump-efficiency-tested in 2013 with retesting of some units in 2016 through 2022. The reservoir pumps typically operate only 100 hours per year and at an average speed of only 630 rpm. Therefore, wear on these units is minimal. Additionally, three pumps have been refurbished recently and only two of the five river intake pumps have significant hours of use each year. However, it is appropriate to include funds in a Renewal & Replacement Reserve to rehabilitate or replace a single unit in case of an unforeseen failure or damage from lightning.

Furthermore, these funds could be used to rehabilitate or replace other major equipment such as a large 6000 KVA electrical transformer as well. The combined construction cost for the Intake Pumping Station and the Reservoir Pumping Station was approximately \$30,000,000 (1990 dollars). The recommended reserve of \$650,000 represents 2% of the total construction cost.

Planned Capital Improvements - Fiscal Years 2026-2031

Replace Control Panel at Reservoir I/O Building

The control panel at the reservoir I/O tower is 30 years old and only the reservoir dam instrumentation report automatically. The system should be upgraded to maintain reliability of control from the central location at the top level of the I/O tower. Also, by replacing the panel with a PLC, staff will be able to combine all of the valve position information and operations on to one LCD display and relay this information back to the office in Wall using the FIOS service that is now installed in the building. Presently only one of the eight electric valves can be controlled from the office in Wall Township.

Install 6" valves to I/O tower air burst lines and replace piping as necessary

Air burst lines are part of the I/O tower intake screen cleaning system. During normal operations, water can be withdrawn from the reservoir from three levels: top, middle and bottom. Air burst lines work by conveying high pressure air stored in a compressor to physically blow debris off the screen surface. Presently the air burst lines do not have any valving to prevent water under

reservoir head from back filling the lines. Therefore, if there was a failure of the air burst line it could create a pathway for reservoir water to enter the I/O tower. If the failure went undetected for a long period of time it could lead to substantial equipment damage and costly restoration. The valves will allow us to isolate the air burst lines from the reservoir water.

Paving Intake Parking Lot, Reservoir Turn around, Administration Parking Area

These parking and access areas are breaking apart and need to be milled and repaved. The area has 55 percent cracks that have been filled in with tar over the past five years. Many areas have low spots from settlement that results in puddling and ice patches.

Rehabilitation of large Pumps, Motors and VFDs at the IPS and RPS

The motors have been in service for many years and have developed oil leaks and other problems needing attention. Rehabilitation work will extend this equipment life span and maintain reliable system operations. Three of four VFDs at the RPS are original equipment that is becoming less reliable and requires frequent repairs to remain operational. Additionally, it has become difficult to source replacement parts. Therefore replacing three RPS VFDs is the most practical solution to maintain operations.

Renovation of Traveling Water Screens

The eight traveling water screens at the Intake Pumping Station are in need of service over time. A 2015 inspection found all units to be in good condition except one, which was refurbished in 2016. In FY 2021 units #3 and #4 were rebuilt with new chains and sprocket teeth for just under \$50,000.00. Units #5 and #6 were rebuilt in FY 2023. It was determined that #1 and #8 will be in need of similar repairs and some additional underwater repair. Thus, funding is included to rehabilitate two more of the remaining seven units in 2027 and 2028.

SCADA System Replacement

The current SCADA system was upgraded approximately 13 years ago and there is an operational need to modernize the SCADA system due to communication problems with modern equipment and functionality issues associated with operating legacy equipment and modern equipment together. A new SCADA system can integrate years worth of PLC and equipment changes and independent control panels into a single unified platform. This would place all control, monitoring and data collection under one system.

Security System Replacement at the Reservoir

In response to the Public Health Security and Bioterrorism Response Act of 2002 and an Executive Order issued on July 18, 2002 by the State of New Jersey identifying critical facilities that require vulnerability assessments, the Authority contracted with a consultant to develop a comprehensive security vulnerability assessment (VA) and implement recommendations of the VA. Recommendations were provided for changes in security policies and procedures, minimum and additional upgrades to the physical protection systems (PPS) and processes. Estimates of probable capital costs were developed for the minimum and additional PPS for system facilities.

A web-based, seven camera system and DVR was installed for the reservoir embankment and IO tower area in FY2017. This system will need to be replaced with similar cameras and a new DVR and software by 2027. The system at the Administration building will also need to be replaced at that time.

Replace Two Underground Fuel Storage Tanks With Above Ground Steel Tanks

The existing underground storage tanks are over 33 years old and it is difficult to find an insurer for buried tanks of this age. The tanks and associated leak alarms should be replaced.

Replace the Entire Septic System for the Administration /RPS Building

The tank and field are over 30 years old which is the expected life of a septic system. Additionally, the 1000-gallon tank is too small for the number of people using the system.

Rehabilitation of T2 Transformer and Oil Change

The transformer oil was replaced in one of the two 15 KVA breakers in 2020. The oil in the other transformer should be replaced in 2027.

Replacement of Pumps at the Intake and Reservoir Pumping Station

There are five vertical turbine pumps with 600-hp motors at the Intake Pumping Station (IPS). There are five vertical turbine pumps with 900-hp motors at the Reservoir Pumping Station (RPS).

The Authority has undertaken a multi-faceted, multi-year program to service all ten pumps and motors at the intake and reservoir pump stations. The first phase, which began in 2003, includes the servicing of a pump at the RPS and a motor at the IPS each year. All pumps and motors were physically inspected; vibration tested and pump efficiency tested once per year. In 2016 through 2022, all were within acceptable performance tolerances. The clearwell was drained in 2023 and the bowls and impellers inspected. Three pumps had connection bolts replaced.

Refurbish RPS Pump #3

This pump has the most running hours of all the RPS pumps and should be refurbished.

Refurbish Intake Pump #5

Intake pump #5 will be in service for 36 years and will be in need of refurbishment as indicated by the condition of pump #3 in 2021 and pump #2 in 2022.

Replace 2 5 KVA Breakers in the Substation

The 2- 5 KVA breakers are for protection of both equipment and personnel. If the breakers become worn or damaged, they may not trip properly during a fault which can lead damage to our transformers, switchgear and other equipment. It is necessary to replace this equipment before failure.

Replace the Balance of Metal Roof on the Administrative Portion of RPS Building

Two thirds of the metal roof is original to the building in 1990. This portion of the roof needs to be replaced as there are several leaks during driving rains.

PART III – PROPOSED RULE AMENDMENTS

NEW JERSEY WATER SUPPLY AUTHORITY

AMENDMENTS TO THE SCHEDULE OF RATES, CHARGES AND
DEBT SERVICE ASSESSMENTS FOR THE SALE OF WATER FROM THE
MANASQUAN RESERVOIR WATER SUPPLY SYSTEM

To Become Effective July 1, 2026

The following rules and regulations can be found in the New Jersey Administrative Code under N.J.A.C. 7:11-4.1, et seq. Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

7:11-4.3 Operations and Maintenance Expense Component

(a) – (b) (No change.)

(c) Operations and Maintenance Expense Component:

<u>Effective Date</u>	<u>Rate/Million Gallons</u> (based upon a 19.443 per day sales base)
July 1, [2025] 2026	\$445.82

7:11-4.4 Debt Service Cost Component

(a) (No change.)

(b) A delayed water purchase surcharge will be assessed to all water purchasers who entered into a water purchase contract for an uninterruptible service commencing subsequent to the system operation date (delayed water purchase contract). This includes a purchaser under an Initial water purchase contract, which provides for an increase in the amount of Uninterruptible service effective subsequent to the system operation date.

1. The following debt service rate based on a sales base of 4.435 million gallons per day, applies to the delayed water purchase contract commencing July 1, 2001, October 1, 2002, and January 1, 2005. [in lieu of the debt service rate set forth in (b) above.]

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/ [2025] 2026 to	(Coverage 120%)
6/30/[2026] 2027	\$438.92

(c) (No change.)

7:11-4.5 Capital Fund Component

(a) (No change.)

(b) (No change.)

(c) Capital Fund Assessment – initial water purchase contract customers

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2025] 2026 to	\$525.00
6/30/[2026] 2027	

(d) (No change.)

(e) Capital Fund Assessment – delayed water purchase contract customers

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2025] 2026 to	\$200.00
6/30/[2026] 2027	

7:11-4.6 Source water protection fund component

(a) (No change.)

(b) The source water protection fund component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2025]2026 to	
6/30/[2026]2027	\$15.00

7:11-4.7 New Jersey Environmental Infrastructure Financing Program debt component

(a) (No change.)

(b) The New Jersey Environmental Infrastructure Financing Program debt component is as follows:

<u>Period</u>	<u>Rate/Million Gallons</u>
7/1/[2025]2026 to	
6/30/[2026]2027	\$24.93

**Appendix I. Report of Mercadien PC – Allocation of Headquarters General and
Administrative Expenses – FY 2027**

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
AGREED-UPON PROCEDURES REPORT**

FORECASTED COST ALLOCATION SCHEDULES

YEAR ENDING JUNE 30, 2027

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Commissioners of
New Jersey Water Supply Authority

We have performed the procedures enumerated below on the financial schedules for the fiscal year ending June 30, 2027. The Authority's management is responsible for preparing and presenting the financial schedules in accordance with the guidelines for the presentation of schedules established by the American Institute of Certified Public Accountants ("AICPA").

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to assist the Authority with evaluating the underlying supporting documentation to determine the accuracy of the financial schedules in connection with setting water rates for each of the three operating systems. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

1. We were provided with the fiscal year 2027 budgeted expenses for each of the three operating systems by the Authority's Director of Finance and Administration, who advised us that the fiscal year 2027 budgeted expenses are based upon preliminary budgets that are subject to approval by the Authority's Commissioners. We obtained these documents without any exceptions.
2. We recalculated the allocated costs on the forecasted cost allocation schedules. We found no exceptions as a result of these procedures.
3. We compared the methodologies used for cost allocation on the forecasted cost allocation schedules to the methodologies used in the Authority's cost allocation schedules for the year ended June 30, 2025, and found them to be consistent.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, about whether the forecasted cost allocation schedules are presenting the schedules in accordance with the guidelines for the presentation of schedules established by the AICPA. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

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.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely 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.

Mercadion, P.C.
Certified Public Accountants

Hamilton, New Jersey

November 19, 2025

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF FORECASTED COST CENTER EXPENSE RECLASSIFICATION
YEAR ENDING JUNE 30, 2027**

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	\$ -	\$ 81,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,000
	TELEPHONE HQ	-	-	-	-	16,000	-	-	-	-	-	16,000
36	SAFETY	230,859	-	(5,000)	-	-	-	-	-	-	-	225,859
37	SECURITY	1,341,840	-	-	-	-	-	-	-	-	-	1,341,840
14	HUMAN RESOURCES	576,390	-	(3,950)	-	-	(10,000)	-	-	-	-	562,440
16	PURCHASING	578,220	-	(147,550)	-	(16,000)	(20,000)	-	-	-	-	394,670
17	INFORMATION SYSTEMS	277,930	-	-	-	-	-	-	-	-	-	277,930
15	CONTRACTS & RISK MGMT.	3,051,052	-	(35,000)	(2,562,360)	-	-	-	(18,700)	-	-	434,992
13	FINANCIAL MGMT.	1,434,510	-	(2,725)	-	-	-	-	-	-	-	1,431,785
34	AUTO SHOP	385,480	-	147,550	-	-	-	-	-	20,000	-	553,030
35	AUTO SHOP-CANAL	288,990	-	-	-	-	-	-	-	-	-	288,990
10	EXEC OFFICE	334,344	7,173	-	-	-	-	-	-	-	-	341,517
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	10,821,660	(88,173)	46,875	2,562,360	-	10,000	18,700	(23,810)	-	-	13,347,412
		19,321,275	-	-	-	-	-	-	(23,810)	-	-	19,297,465
40-60	MANASQUAN SYSTEM	3,213,460	-	-	-	-	-	-	23,810	-	-	3,237,270
		\$ 22,534,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,534,735

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF FORECASTED SYSTEM-WIDE ALLOCATED COSTS
YEAR ENDING JUNE 30, 2027**

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	\$ 81,000	\$(81,000)												
	TELEPHONE HQ	16,000	-	\$(16,000)											
36	SAFETY	225,859	544	178	\$(226,581)										
37	SECURITY	1,341,840	3,063	533	17,580	\$(1,363,016)									
14	HUMAN RESOURCES	562,440	3,623	711	5,860	-	\$(672,634)								
16	PURCHASING	394,670	4,499	533	3,907	-	11,012	\$(414,621)							
17	INFORMATION SYSTEMS	277,930	811	178	1,953	-	5,506	18,097	\$(304,475)						
15	CONTRACTS & RISK MGMT.	434,992	2,649	356	3,907	-	11,012	8,567	8,229	\$(469,712)					
13	FINANCIAL MGMT.	1,431,785	7,730	1,067	11,720	-	33,037	7,174	24,687	-	\$(1,517,200)				
34	AUTO SHOP	553,030	12,174	356	3,907	-	11,012	17,240	8,229	-	47,222	\$(653,170)			
35	AUTO SHOP-CANAL	288,990	-	356	1,953	-	5,506	15,420	8,229	-	24,676	-	\$(345,130)		
10	EXEC OFFICE	341,517	10,698	1,422	1,953	-	5,506	1,927	8,229	-	29,162	-	-	\$(400,414)	
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	13,347,412	35,209	10,310	123,056	1,363,016	346,884	187,822	164,581	425,311	1,139,715	653,170	345,130	356,368	\$ 18,497,984
40-60	MANASQUAN SYSTEM	3,237,270	-	-	50,785	-	143,159	158,374	82,291	44,401	276,425	-	-	44,046	4,036,751
		\$ 22,534,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,534,735

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF FORECASTED COST ALLOCATION FACTORS
YEAR ENDING JUNE 30, 2027**

DEPT. #	ALLOCATION OF: ALLOCATION BASIS:	REQUIRED STATISTICS											EXEC. OFF TIME ESTIMATE				
		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 MGD CONTRACTS	FINANCE O&M FUNCTIONAL COST	AUTO SHOP # OF VEHICLES	AUTO SHOP # OF VEHICLES	AUTO SHOP CANAL # OF VEHICLES					
	BUILDING HQ																
	TELEPHONE HQ																
36	SAFETY	100	1														
37	SECURITY	563	3	9													
14	HUMAN RESOURCES	666	4	3													
16	PURCHASING	827	3	2	2												
17	INFORMATION SYSTEMS	149	1	1	1	169											
15	CONTRACTS & RISK MGMT.	487	2	2	2	80				2							
13	FINANCIAL MGMT.	1,421	6	6	6	67				6							
34	AUTO SHOP	2,238	2	2	2	161				2			\$ 553,030				
35	AUTO SHOP-CANAL	-	2	1	1	144				2			288,990				
10	EXEC OFFICE	1,967	8	1	1	18				2			341,517				
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	6,473	58	63	63	1,754			40	182			13,347,412	59	59		89.00 %
40-60	MANASQUAN SYSTEM	-	-	26	26	1,479			20	19			3,237,270	-	-		11.00
		14,890	90	116	104	3,872			74	201			\$ 17,768,219	59	59		100 %

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF FORECASTED MANASQUAN SYSTEM ALLOCATED COSTS
YEAR ENDING JUNE 30, 2027**

	ALLOCATION BASIS					ALLOCATED COSTS
	1 LABOR PROJECTION	2 \$ VALUE OF VEHICLES	3 \$ VALUE OF EQUIPMENT	4 LABOR PROJECTION	5 VALUE OF WATER CONTRACTS	
COSTS						
<u>GENERAL & ADMINISTRATIVE</u>						
SALARIES & FRINGES	\$ 3,962,732	\$ (3,962,732)				
VEHICLE RELATED	109,260	\$ (109,260)				
MAINT. SUPPLIES & RELATED	86,000	-	\$ (86,000)			
OFFICE & MISC.	48,920	-	-	\$ (48,920)		
H.Q. OVERHEAD	823,291	-	-	-	\$ (823,291)	
RESERVOIR (40)	1,557,358	71,937	45,288	22,836	710,253	\$ 4,257,484
TREAT./TRANS. (50)	1,411,922	37,323	40,712	26,084	113,038	3,741,999
	<u>\$ 7,999,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,999,483</u>

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDING JUNE 30, 2027**

NOTE 1 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:

Raritan System

- 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.
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.

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDING JUNE 30, 2027**

NOTE 1 GENERAL (CONTINUED)

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. 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
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDING JUNE 30, 2027**

NOTE 2 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 a Fiscal Year 2027 labor projection as prepared by the Authority.
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 a Fiscal Year 2027 labor projection prepared by the Authority.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.

Appendix II. Report of Mercadien PC – Allocation of Headquarters General and Administrative Expenses – Audited FY 2025 Expenditures

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

EXAMINATION REPORT AND FINANCIAL SCHEDULES

June 30, 2025

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

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INDEPENDENT ACCOUNTANTS' REPORT

To the Commissioners of
New Jersey Water Supply Authority

We have examined the conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2 to Financial Schedules ("Notes 1 and 2"), of the New Jersey Water Supply Authority (a component unit of the State of New Jersey and responsible party) (the "Authority"), for the year ended June 30, 2025, listed in the foregoing table of contents. The Authority's management is responsible for conformity of the financial schedules in accordance with the criteria set forth in Notes 1 and 2. Our responsibility is to express an opinion on the conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the financial schedules are in conformity with the cost allocation criteria set forth in Notes 1 and 2, in all material respects. An examination involves performing procedures to obtain evidence about the conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement on the conformity of the financial schedules with the cost allocation criteria set forth in Notes 1 and 2, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our examination agreement.

In our opinion, the financial schedules present the Authority's allocation of costs to the Raritan and Manasquan Systems in accordance with the cost allocation criteria set forth in Notes 1 and 2, in all material respects.

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

Hamilton, New Jersey

November 19, 2025

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF COST CENTER EXPENSE RECLASSIFICATION
YEAR ENDED JUNE 30, 2025**

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	\$ -	\$ 74,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,029
	TELEPHONE HQ	-	-	-	-	44,496	-	-	-	-	-	44,496
36	SAFETY	225,713	-	-	-	-	-	-	-	-	-	225,713
37	SECURITY	1,150,747	-	-	-	-	-	-	-	-	-	1,150,747
14	HUMAN RESOURCES	501,227	-	-	(7,814)	-	-	-	(47)	-	-	493,366
16	PURCHASING	500,502	-	(114,551)	-	-	(44,496)	(19,182)	-	-	-	322,273
17	INFORMATION SYSTEMS	236,457	-	-	-	-	-	-	-	-	-	236,457
15	CONTRACTS & RISK MGMT.	2,458,427	-	-	(27,964)	(1,993,606)	-	-	-	(18,689)	-	418,168
13	FINANCIAL MGMT	1,246,081	-	-	(2,148)	-	-	-	-	-	-	1,243,933
34	AUTO SHOP	306,159	-	114,551	-	-	-	19,182	-	-	-	439,892
35	AUTO SHOP-CANAL	226,130	-	-	-	-	-	-	-	-	-	226,130
10	EXEC OFFICE	303,822	7,310	-	-	-	-	-	-	-	-	311,132
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (PARITAN SYSTEM)	8,864,335	(81,339)	-	37,926	1,993,606	-	-	47	18,689	(21,479)	10,811,785
		16,019,600	-	-	-	-	-	-	-	-	(21,479)	15,998,121
40-60	MANASQUAN SYSTEM	6,242,524	-	-	-	-	-	-	-	-	21,479	6,264,003
		\$ 22,262,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,262,124

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF SYSTEM-WIDE ALLOCATED COSTS
YEAR ENDED JUNE 30, 2025**

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	\$ 74,029	\$ (74,029)												
	TELEPHONE HQ	44,486	-	\$ (44,486)											
36	SAFETY	225,713	497	494	\$ (226,704)										
37	SECURITY	1,150,747	2,799	1,483	17,589	\$ (1,172,618)									
14	HUMAN RESOURCES	493,366	3,311	1,978	5,863	-	\$ (604,518)								
16	PURCHASING	322,273	4,112	1,483	3,909	-	9,702	\$ (341,479)							
17	INFORMATION SYSTEMS	236,457	741	484	1,954	-	4,851	14,904	\$ (259,401)						
15	CONTRACTS & RISK MGMT.	418,168	2,421	989	3,909	-	9,702	7,055	7,011	\$ (449,255)					
13	FINANCIAL MGMT	1,243,933	7,065	2,966	11,726	-	29,107	5,909	21,033	-	\$ (1,321,739)				
34	AUTO SHOP	439,892	11,127	989	3,909	-	9,702	14,199	7,011	-	32,207	\$ (519,036)			
35	AUTO SHOP-CANAL	226,130	-	989	1,954	-	4,851	12,700	7,011	-	16,556	-	\$ (270,191)		
10	EXEC OFFICE	311,132	9,777	3,955	1,954	-	4,851	1,587	7,011	-	22,779	-	-	\$ (363,046)	
20-30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	10,811,785	32,179	28,676	123,124	1,172,618	305,622	154,689	140,216	406,788	791,581	519,036	270,191	323,111	\$ 15,079,616
40-60	MANASQUAN SYSTEM	6,264,003	-	-	50,813	-	126,130	130,436	70,108	42,467	458,616	-	-	39,935	7,182,508
		\$ 22,262,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,262,124

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF COST ALLOCATION FACTORS
YEAR ENDED JUNE 30, 2025**

		REQUIRED STATISTICS										
DEPT. #	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
	BUILDING HQ											
	TELEPHONE HQ											
36	SAFETY	100	1									
37	SECURITY	563	3	9								
14	HUMAN RESOURCES	666	4	3								
16	PURCHASING	827	3	2	2							
17	INFORMATION SYSTEMS	149	1	1	1	169						
15	CONTRACTS & RISK MGMT.	487	2	2	2	80	2					
13	FINANCIAL MGMT	1,421	6	6	6	67	6					
34	AUTO SHOP	2,238	2	2	2	161	2	\$ 439,892				
35	AUTO SHOP-CANAL	-	2	1	1	144	2	226,130				
10	EXEC OFFICE	1,967	8	1	1	18	2	311,132				
20 30 31 32 33	WATERSHED, ENGINEERING & O&M (RARITAN SYSTEM)	6,472	58	63	63	1,754	40	10,811,785	182	59	59	89 %
40-60	MANASQUAN SYSTEM	-	-	26	26	1,479	20	6,264,003	19	-	-	11
		14,890	90	116	104	3,872	74	\$ 18,052,942	201	59	59	100 %

See Independent Accountants' Report and Notes to Financial Schedules.

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**SCHEDULE OF MANASQUAN SYSTEM ALLOCATED COSTS
YEAR ENDED JUNE 30, 2025**

	ALLOCATION BASIS					ALLOCATED COSTS
	1 TIME STUDY	2 \$ VALUE OF VEHICLES	3 \$ VALUE OF EQUIPMENT	4 TIME STUDY	5 VALUE OF WATER CONTRACTS	
COSTS						
<u>GENERAL & ADMINISTRATIVE</u>						
SALARIES & FRINGES	\$ 3,433,056	\$ (3,433,056)				
VEHICLE RELATED	67,936	\$ (67,936)				
MAINT. SUPPLIES & RELATED	65,052	-	\$ (65,052)			
OFFICE & MISC.	26,862	-	-	\$ (26,862)		
H.Q. OVERHEAD	939,984	-	-	-	\$ (939,984)	
RESERVOIR	1,279,695	44,729	34,256	13,610	810,902	\$ 3,922,552
TREAT./TRANS.	1,369,922	23,207	30,796	13,252	129,082	3,259,955
	<u>\$ 7,182,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,182,507</u>

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDED JUNE 30, 2025**

NOTE 1 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:

Raritan System

- 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.
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.

**NEW JERSEY WATER SUPPLY AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDED JUNE 30, 2025**

NOTE 1 GENERAL (CONTINUED)

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. 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
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)**

**NOTES TO FINANCIAL SCHEDULES
YEAR ENDED JUNE 30, 2025**

NOTE 2 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 2025.
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 2025.
5. Headquarters Overhead expenses are allocated based on the value of water contracts for each System.