

2010 BUDGET



The Southeast Morris County
Municipal Utilities Authority
19 Saddle Road
Cedar Knolls, New Jersey 07927

Budget Narrative

To: SMCMUA Finance Committee

From: Ann Cucci, CMFO, Chief Financial Officer/Treasurer
William Hutchinson, P.E., Executive Director/Chief Engineer

Date: October 5, 2009

Subject: 2010 OPERATING AND CAPITAL BUDGETS

On behalf of the Authority Staff, Bill and I are pleased to submit for review by the Finance Committee, the proposed operating and capital budgets for 2010.

The 2010 Budget reflects the financial projections reviewed by the Finance Committee on September 10, 2009. The budgeted rate increase and surplus are consistent with the projections with some adjustments detailed below.

2009 Results:

In 2008, the metered sales fell below expectations by \$417,239 due to a cool, wet summer season and reduced customer demand. These conditions continued into 2009 along with a significant drop in demand from large commercial/industrial customers. The result in 2009 is an expected shortfall in metered sales of about \$915,000.

The good news is that the Authority has collected \$401,589 in connection fees, \$151,589 above the amount projected in the 2009 budget. Reduced demand also translated into lower costs for energy and other commodities resulting in lower operating expenses of approximately \$748,000.

The projected surplus to be transferred to the General Fund is \$981,274 which is below amount projected in the 2009 budget. This is based on projected sales and timely collections.

2010 Budget Projection:

There are a number of adjustments in the operating portion of the budget, as described below, to reflect increases in statutory expenses and decreases in debt service and several operating expense line items. The net result is an overall budget decrease of 5.3% before Amortization and Depreciation.

Upon review of the detailed line items of the budget, and its consistency with the five year budget projections reviewed by the Finance Committee, the projections had to be modified. The 2009 operating expense budget in the projections was understated by about \$300,000. This required additional scrutiny of the expense line items for 2010. The projections were modified as shown on the revised spreadsheet. However, the result did not significantly change the plan and the 6% rate increase anticipated for 2010 is still sufficient without any additional increases in projected future years.

Significantly, as projected, there is no contribution from retained earnings to balance the budget this year and we project \$2,448,807 in depreciation, amortization and contribution to capital reserves. On the other hand the operating budget does not anticipate any significant cost increases in energy, road repairs and other large line items.

2010 Revenue Highlights:

The 2010 budget includes the abovementioned 6% across the board rate increase effective January 1, 2010. Other changes included a reduction in interest income and connection fees of almost \$100,000 each. Other revenue items should not change significantly.

Overall, there is a \$696,769 increase in budgeted revenues over the 2009 budget and about \$1,500,000 over 2009 estimated.

2010 Expense Highlights:

There are some notable changes on the expense side of the 2010 budget. Specifically, the 2002 Jr. Lien bond was retired in 2009 resulting in a reduction in Debt Service of \$789,911 or 34%. Larger line items such as purchased water, energy costs, fuel and street repairs remain flat or show a decrease based upon actual costs. Significant increases in any of these costs could cause the budget to be overspent.

Offsetting these savings are the statutory increases in health benefits and pension contributions. The NJ State Health Benefit Program has announced an average premium increase of 20% across the board. However, this increase is partially mitigated by the employee premium contribution requirement set forth in the most recent Union Contract equal to approximately 5% of the total. The net result is still a budget increase of \$109,000.

THE SOUTHEAST MORRIS COUNTY MUA									
6% Rate Increase 2010									
	9.50%	0.00%		6.00%	0.00%	0.00%	0.00%	0.00%	
	ACTUAL	BUDGET	ACTUAL/PROJ						TOTAL
	2008	2009	2009	2010	2011	2012	2013	2014	2009-2014
Expenses									
Operating Expenses (note 1 & 2)	\$ 5,760,832	\$ 6,630,307	\$ 5,855,148	\$ 6,634,220	\$ 6,875,199	\$ 7,125,138	\$ 7,384,384	\$ 7,653,295	
Salaries & Wages (note 1)	3,207,276	3,322,723	3,256,752	3,457,747	3,578,768	3,704,025	3,833,666	3,967,844	
Debt Service	2,332,477	2,292,624	2,385,220	1,502,713	1,505,750	1,508,000	1,507,250	1,498,500	
Total Operating Budget	\$ 11,300,585	\$ 12,245,654	\$ 11,497,120	\$ 11,594,680	\$ 11,959,717	\$ 12,337,163	\$ 12,725,300	\$ 13,119,639	
% Change from Prior Year	3.18%	8.36%		-5.32%	3.15%	3.16%	3.15%	3.10%	
Revenue									
Metered Sales (note 3)	\$ 10,303,633	\$ 10,213,508	\$ 9,307,954	\$ 10,934,582	\$ 11,043,928	\$ 11,154,367	\$ 11,265,911	\$ 11,378,570	*
Facilities Charge (note 4)	1,516,728	1,521,465	1,521,465	1,636,944	1,661,498	1,686,421	1,711,717	1,737,393	*
Private Fire Protection (note 5)	581,024	608,690	610,190	650,511	655,511	660,511	665,511	670,511	*
Morris County MUA (note 6)	318,635	332,855	332,855	346,169	360,016	374,417	389,393	404,969	
Bulk Billing/Unmetered	99,899	75,000	63,774	75,000	75,000	75,000	75,000	75,000	
Interest Income	147,414	162,000	46,314	65,101	72,277	76,064	60,521	42,159	
Total Revenue	\$ 12,967,332	\$ 12,913,518	\$ 11,882,552	\$ 13,708,307	\$ 13,868,230	\$ 14,026,779	\$ 14,168,053	\$ 14,308,601	
Surplus/(Deficit) before Misc Sales	\$ 1,666,747	\$ 667,863	\$ 385,432	\$ 2,113,627	\$ 1,908,514	\$ 1,689,616	\$ 1,442,753	\$ 1,188,962	\$ 9,396,769
Miscellaneous Income	\$ 446,843	\$ 40,000	\$ 19,157	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	
Fines & Penalties	39,206	25,000	40,755	25,000	25,000	25,000	25,000	25,000	
Rents	85,316	85,200	88,090	85,200	85,200	85,200	85,200	85,200	
Main Extension Fee	3,875	3,000	1,921	3,180	3,180	3,180	3,180	3,180	*
Wet Cut App.Fees	4,720	5,000	2,072	5,300	5,300	5,300	5,300	5,300	*
Tap Application	37,478	25,000	11,919	26,500	26,500	26,500	26,500	26,500	*
Connection Fees	831,144	-	-	-	-	-	-	-	
Sales of PP&E	17,684	-	9,496	-	-	-	-	-	
Total Misc Sales	1,466,266	183,200	173,410	185,180	185,180	185,180	185,180	185,180	
Surplus/(Deficit) after Misc Sales	\$ 3,133,013	\$ 851,063	\$ 558,842	\$ 2,298,807	\$ 2,093,694	\$ 1,874,796	\$ 1,627,933	\$ 1,374,142	\$ 10,679,279
BAL IN GENERAL FUND			\$ 4,015,139	\$ 2,340,064	\$ 1,613,871	\$ 1,042,565	\$ 17,361	\$ (594,705)	
Capital Requirements per Budget (Not including open contracts)			(2,233,917)	(3,025,000)	(2,665,000)	(2,900,000)	(2,240,000)	(2,300,000)	\$ (15,363,917)
Surplus/(Deficit)			\$ 1,781,222	\$ (684,936)	\$ (1,051,129)	\$ (1,857,435)	\$ (2,222,639)	\$ (2,894,705)	
Add: Surplus Generated @ EOY			558,842	2,298,807	2,093,694	1,874,796	1,627,933	1,374,142	
Balance Not Including Connection Fees			\$ 2,340,064	\$ 1,613,871	\$ 1,042,565	\$ 17,361	\$ (594,705)	\$ (1,520,563)	
Add: Conn Fees-Cummulative @ 150,000/yr 2010-2014 plus Epstiens 800k 2010			401,589	1,351,589	1,501,589	1,651,589	1,801,589	1,951,589	8/31/2009
Add: MTBE Settlement			20,843	20,843	20,843	20,843	20,843	20,843	7/31/2009
Balance w/Conn Fees			\$ 2,762,496	\$ 2,986,303	\$ 2,564,996	\$ 1,689,793	\$ 1,227,726	\$ 451,869	
* Rate Increase Applied To These Revenue Categories.		Interest Rate -->	1.15%	1.50%	2.00%	2.50%	3.00%	3.00%	
2010 & forward assumptions:									
Note 1 - Assume 3.5% increase in Salaries & Wages and 3.5% Operating Expenses									
Note 2 - Assume 6% increase in Real Estate Taxes									
Note 3 - Assume 1% increase in Metered Sales fm growth, -0% growth in Tier Change									
Note 4 - Assume 1.5% increase in Facilities Chgs fm growth plus applicable rate increase.									
Note 5 - Assume + \$5,000 increase per year in Private Fire Protection + applicable rate increase.									
Note 6 - Assume 4%/yr per Passaic Valley.									

Revenue Projections

YEAR 2010 REVENUE PROJECTIONS						
		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Income	12 Months	Prior Year
Account No.	Description	Proposed		8 Mths Actual	Estimated	Realized
Interest Income						
0-01-08-501-601	Interest Income - Gen'l Fund	\$ 25,101.00	\$ 70,000.00	\$ 12,268.43	\$ 23,402.65	\$ 59,622.39
0-02-00-501-600	Interest Income - Operating Fund	3,000.00	7,000.00	1,293.55	1,940.33	5,679.48
0-03-00-501-601	Interest Income - Trust Funds	<u>37,000.00</u>	<u>85,000.00</u>	<u>12,055.57</u>	<u>20,971.03</u>	<u>82,112.13</u>
	<i>Subtotal</i>	\$ 65,101.00	\$ 162,000.00	\$ 25,617.55	\$ 46,314.00	\$ 147,414.00
Sales						
0-02-00-500-601	Metered Sales - Water Chgs	\$ 10,934,582.00	\$ 10,213,508.00	\$ 5,917,275.83	\$ 9,307,954.00	\$ 10,303,633.00
0-02-00-500-605	Metered Sales - Facilities Chgs	1,636,944.00	1,521,464.73	1,001,741.31	1,521,465.00	1,516,728.00
0-02-00-500-607	Unmetered Sales	10,000.00	10,000.00	6,603.00	9,904.50	12,996.00
0-02-00-503-601	Private Fire Protection	650,511.00	608,690.00	301,845.19	610,190.00	581,024.00
0-02-00-500-608	Bulk Service	<u>65,000.00</u>	<u>65,000.00</u>	<u>38,891.30</u>	<u>53,869.50</u>	<u>86,903.00</u>
	<i>Subtotal</i>	\$ 13,297,037.00	\$ 12,418,662.73	\$ 7,266,356.63	\$ 11,503,383.00	\$ 12,501,284.00
Other Income						
0-01-09-502-603	Misc. Income-State Grant	\$ -	\$ -	\$ -	\$ -	\$ -
0-01-09-502-604	Interlocal Income-Infrastructure					-
0-02-00-501-603	Fines & Penalty Chgs	25,000.00	25,000.00	27,170.09	40,755.00	39,206.00
0-02-00-502-603	Morris County MUA	346,169.00	332,855.00	228,797.22	332,855.00	318,635.00
0-02-00-504-601	Main Extension Fee	3,180.00	3,000.00	1,921.00	1,921.00	3,875.00
0-02-00-504-602	Wet Cut App.Fees	5,300.00	5,000.00	2,072.00	2,072.00	4,720.00
0-02-00-504-603	Tap Application	26,500.00	25,000.00	11,919.00	11,919.00	37,478.00
0-02-00-504-604	Connection Fees	150,000.00	250,000.00	401,589.00	401,589.00	831,144.00
0-02-00-510-601	Rents	85,200.00	85,200.00	88,090.00	88,090.00	85,316.00
0-02-00-510-698	Miscellaneous Income	<u>40,000.00</u>	<u>40,000.00</u>	<u>49,496.00</u>	<u>49,496.00</u>	<u>464,527.00</u>
	<i>Subtotal</i>	\$ 681,349.00	\$ 766,055.00	\$ 811,054.31	\$ 928,697.00	\$ 1,784,901.00
	Total Revenue	\$ 14,043,487.00	\$ 13,346,717.73	\$ 8,103,028.49	\$ 12,478,394.00	\$ 14,433,599.00
	Retained Earnings to support Operating Budget	\$ -	\$ 686,534.25		\$686,534.25	\$ -
	TOTAL BUDGET	\$ 14,043,487.00	\$ 14,033,251.98	\$ 8,103,028.49	\$ 13,164,928.25	\$ 14,433,599.00

Actual Operating Budget

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
<i>Operating Costs - General Administration</i>						
0-02-10-400-501	Salaries - Administrative	\$ 315,866.48	\$ 302,126.07	\$ 205,901.89	\$ 308,852.84	\$ 298,462.41
0-02-10-400-601	Consultant Service - Engineer	25,000.00	30,000.00	2,060.00	30,000.00	26,780.00
0-02-10-400-602	Consultant Service - Legal	126,087.50	105,834.56	69,067.16	103,633.84	101,548.74
0-02-10-400-603	Institutional Adv/Newsletters	20,000.00	20,000.00	14,802.91	20,000.00	19,303.50
0-02-10-400-604	Office Supplies & Other Expenses	6,000.00	8,000.00	2,254.22	3,381.33	4,748.04
0-02-10-400-605	Misc. General Expenses	42,000.00	30,000.00	31,128.91	42,000.00	41,389.29
0-02-10-400-620	IT Backup/Security	14,000.00	12,000.00	6,300.00	12,000.00	6,835.00
0-02-10-400-635	Board Stipend & Misc. Expenses	15,000.00	20,000.00	55.70	15,000.00	13,680.12
0-02-10-400-650	Postage	1,500.00	1,500.00	394.43	1,000.00	1,402.90
0-02-10-400-783	Computer, Office Equip & Supplies	14,000.00	20,000.00	14,730.07	20,000.00	24,496.58
	Total General Administration	\$ 579,453.98	\$ 549,460.63	\$ 346,695.29	\$ 555,868.01	\$ 538,646.58
	Percent Increase	5.5%				
<i>Statutory/Benefits</i>						
0-02-20-400-606	Longevity & Sick Time	\$ 50,201.60	\$ 48,739.42	\$ -	\$ 48,739.42	\$ 29,197.87
0-02-20-400-605	Dental Benefits	48,731.40	47,129.54	29,450.66	46,410.86	44,012.51
0-02-20-400-608	Medical Benefits	772,995.24	664,250.69	447,268.85	669,461.20	644,805.64
0-02-20-400-609	P.E.R.S.	250,000.00	232,439.00	232,439.00	232,439.00	173,500.80
0-02-20-400-610	SUI Expense	-	-	-	-	-
0-02-20-400-611	Social Security	264,517.64	254,188.40	160,528.27	247,694.89	241,045.18
0-02-20-400-612	Misc Benefits	-	-	246.00	246.00	285.00
	Total Statutory/ Benefits	\$ 1,386,445.89	\$ 1,246,747.05	\$ 869,932.78	\$ 1,244,991.37	\$ 1,132,847.00
	Percent Increase	11.2%				

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
Financial Operations & Treasury						
0-02-30-400-501	Finance/Treasury Service Salaries	\$ 199,481.76	\$ 187,515.87	\$ 126,259.20	\$ 189,388.80	\$ 184,545.43
0-02-30-400-502	Finance/Treasury Service Overtime	2,000.00	1,000.00	2,133.41	3,200.12	1,449.12
0-02-30-400-604	Office Supplies	6,000.00	6,000.00	4,452.25	5,000.00	6,317.50
0-02-30-400-612	Office Contract Costs	18,000.00	22,000.00	11,636.00	17,000.00	17,203.78
0-02-30-400-613	Consultant Service Audit	32,000.00	23,000.00	-	23,000.00	19,400.00
0-02-30-400-614	Services, Outside Bank Chgs, Etc.	32,000.00	32,000.00	21,298.23	31,947.35	31,239.57
0-02-30-400-615	Dues, Conferences, Training	6,000.00	6,000.00	450.00	3,000.00	1,647.26
0-02-30-400-616	Office Telephone Expense	30,000.00	40,000.00	19,514.44	29,271.66	37,738.87
0-02-30-400-650	Postage	1,200.00	1,200.00	759.59	1,139.39	1,050.08
0-02-30-400-783	Replacement Office Equip	2,000.00	3,000.00	768.00	1,000.00	849.20
	Total Finance/Treasury Expense	\$ 328,681.76	\$ 321,715.87	\$ 187,271.12	\$ 303,947.31	\$ 301,440.81
	Percent Increase	2.2%				
Customer Service & Collections						
0-02-40-400-501	Customer Record & Coll. - Salaries	\$ 472,152.11	\$ 455,720.62	\$ 287,834.47	\$ 431,751.71	\$ 448,056.76
0-02-40-400-502	Customer Record & Coll. - Overtime	500.00	1,000.00	165.54	248.31	79.40
0-02-40-400-604	Office Supplies	6,500.00	6,500.00	2,268.80	5,000.00	3,846.36
0-02-40-400-605	Misc Expenses	3,500.00	3,000.00	2,414.24	3,621.36	3,426.20
0-02-40-400-617	Customer Record & Coll. - Contracts	195,000.00	195,000.00	127,308.17	190,962.26	176,448.82
0-02-40-400-618	Customer Reading Costs - A.M.R.	35,000.00	30,000.00	25,809.93	32,609.00	24,559.11
0-02-40-400-650	Postage	6,000.00	9,000.00	2,377.34	3,566.01	4,923.25
0-02-40-400-783	Replacement Office Equip	2,500.00	2,500.00	6,144.00	6,144.00	-
	Total Customer Service & Collections Exp.	\$ 721,152.11	\$ 702,720.62	\$ 454,322.49	\$ 673,902.64	\$ 661,339.90
	Percent Increase	2.6%				

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
<i>Operations - Administrative</i>						
0-02-50-400-501	Administrative Salaries	\$ 356,790.30	\$ 340,335.53	\$ 223,593.44	\$ 335,390.16	\$ 338,394.22
0-02-50-400-502	Operations Overtime (combined all departments)	129,375.85	125,607.62	73,510.03	110,265.05	96,246.80
0-02-50-400-503	Standby (3% of 2009)	35,457.64	34,424.89	17,260.52	25,890.78	24,123.75
0-02-50-400-604	Operations Office Supplies	5,000.00	5,375.00	2,845.39	4,268.09	5,037.63
0-02-50-400-615	Dues, Conferences & Professional Training (CEU)	20,000.00	25,000.00	5,779.17	20,000.00	8,889.21
0-02-50-400-620	Meals	1,400.00	1,000.00	948.00	1,422.00	336.00
0-02-50-400-621	Purchased Water	1,450,000.00	1,450,000.00	800,671.52	1,201,007.28	1,385,760.15
0-02-50-400-622	Energy Costs	1,152,008.00	1,202,008.00	663,993.54	995,990.31	1,132,661.17
0-02-50-400-623	Uniforms, Safety Equipment	19,000.00	19,000.00	2,842.45	19,000.00	16,171.30
0-02-50-400-624	Safety Program & Training	9,000.00	9,000.00	3,630.00	5,445.00	9,766.25
0-02-50-400-625	Office & Garage Maintenance	50,000.00	50,000.00	36,261.59	54,392.39	53,760.05
0-02-50-400-627	Communications/Telephone Exp	10,000.00	10,000.00	5,618.48	8,427.72	4,317.29
0-02-50-400-628	General Supplies	5,000.00	7,000.00	1,003.50	7,000.00	3,767.28
0-02-50-400-650	Postage	2,500.00	3,000.00	307.17	460.76	2,462.53
0-02-50-400-782	Building/Garage Improvements	10,000.00	10,000.00	-	5,000.00	-
0-02-50-400-783	Office Equipment	2,000.00	4,000.00	-	4,000.00	368.50
0-02-50-400-784	New & Replacement Vehicles	<u>100,000.00</u>	<u>132,000.00</u>	<u>47,189.00</u>	<u>112,189.00</u>	<u>131,651.04</u>
	Total Operations - Administration Expense	\$ 3,357,531.79	\$ 3,427,751.04	\$ 1,885,453.80	\$ 2,910,148.52	\$ 3,213,713.17
	Percentage Increase	-2.0%				

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
	need inventory!					
Transmission & Distribution Division						
0-02-60-400-501	Transmission & Distribution Salaries	\$ 763,539.05	\$ 732,881.76	\$ 495,956.12	\$ 743,934.18	\$ 704,289.54
0-02-60-400-628	Vehicle & Equipment - Fuel	90,000.00	115,000.00	41,674.23	62,511.35	101,833.16
0-02-60-400-629	Vehicle & Equipment - Maintenance	32,000.00	30,000.00	23,154.68	34,732.02	32,191.63
0-02-60-400-631	Vehicle & Equipment - Other	25,000.00	25,000.00	15,817.20	23,725.80	22,179.55
0-02-60-400-632	Services Maintenance	18,000.00	17,500.00	13,269.64	19,904.46	16,137.58
0-02-60-400-633	Mains & Valves Maintenance	20,000.00	25,000.00	11,585.41	17,378.12	13,085.98
0-02-60-400-634	Hydrant & Valve Maintenance	15,000.00	17,000.00	5,660.89	8,491.34	12,929.13
0-02-60-400-635	Traffic Control	15,000.00	15,000.00	13,139.30	19,708.95	12,555.27
0-02-60-400-690	Equipment & Tool Repair/Replacements	12,000.00	15,000.00	3,389.12	5,083.68	12,113.04
0-02-60-400-692	Street Repairs & Spoils Removal	139,725.00	135,000.00	175,516.67	195,516.67	133,048.71
0-02-60-400-693	Radio Equipment Maintenance	1,500.00	1,500.00	-	1,500.00	1,260.90
0-02-60-400-778	Services Installation - New	10,000.00	15,000.00	4,137.89	6,206.84	16,962.59
0-02-60-400-780	Hydrants & Valves - New	20,000.00	25,000.00	8,957.31	13,435.97	20,527.37
0-02-60-400-781	Mains & Valves -New	5,000.00	5,000.00	-	5,000.00	-
0-02-60-400-786	Power Operated Equipment - New	6,000.00	6,000.00	2,303.99	3,455.99	9,484.23
0-02-60-400-787	Radio Equipment - New	1,000.00	1,000.00	905.90	1,358.85	1,609.42
0-02-60-400-789	Relocations - Mains, Hydrants & Services	10,000.00	10,000.00	-	10,000.00	-
	Total Transmission & Distribution Expense	\$ 1,183,764.05	\$ 1,190,881.76	\$ 815,468.35	\$ 1,171,944.19	\$ 1,110,208.10
	Percentage Increase	-0.6%				

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
Treatment & Pumping Division						
0-02-70-400-501	Treatment & Pumping - Salaries	\$ 414,354.22	\$ 400,344.42	\$ 261,292.06	\$ 391,938.09	\$ 407,828.73
0-02-70-400-502	Treatment & Pumping - Overtime	61,966.24	59,870.76	40,058.37	60,087.56	55,057.81
0-02-70-400-503	Treatment & Pumping - Standby	17,814.88	17,296.00	10,209.16	15,313.74	16,115.55
0-02-70-400-631	Grounds & Lawn Maintenance	15,000.00	23,000.00	2,362.45	7,000.00	6,135.49
0-02-70-400-636	Buildings Maintenance & Security	7,000.00	7,000.00	3,769.91	5,654.87	3,419.67
0-02-70-400-637	Treatment Chemicals	116,000.00	116,000.00	70,786.53	106,179.80	79,824.46
0-02-70-400-638	Monitoring & Control/SCADA	30,000.00	30,000.00	39,605.90	42,000.00	35,535.09
0-02-70-400-639	Well & Pump Station Maintenance	85,000.00	80,000.00	56,634.55	84,951.83	85,256.00
0-02-70-400-640	Treatment & Waste Disposal	40,000.00	65,000.00	16,559.20	25,000.00	63,179.43
0-02-70-400-641	Treatment Plant Maintenance	100,000.00	70,000.00	92,849.27	139,273.91	58,244.89
0-02-70-400-642	Electrical Supplies	3,500.00	5,000.00	711.71	1,067.57	2,315.76
0-02-70-400-644	Other Testing (non potable)	23,000.00	23,000.00	9,005.75	12,005.75	22,552.75
0-02-70-400-645	Lab Supplies	20,000.00	25,000.00	14,199.89	21,299.84	19,426.95
0-02-70-400-646	Potable Water Testing	36,000.00	41,000.00	27,157.00	33,157.00	30,911.25
0-02-70-400-647	Reservoirs & Standpipes	10,000.00	20,000.00	1,535.08	10,000.00	19,229.13
0-02-70-400-775	Well & Pump Station Equipment-NEW	40,000.00	40,000.00	22,263.66	30,000.00	19,062.19
0-02-70-400-776	Treatment Plant Equipment-NEW	65,000.00	65,000.00	34,808.35	52,212.53	48,904.36
0-02-70-400-781	Monitoring & Control/SCADA Equipment-NEW	35,000.00	40,000.00	26,607.80	35,000.00	20,166.99
0-02-70-400-788	Reservoirs & Standpipes-IMPR	5,000.00	7,000.00	2,920.00	4,380.00	13,971.65
0-02-70-400-789	Lab Improvements - NEW	1,000.00	-	-	-	1,645.11
0-02-70-400-790	Capital-Building Improvements-NEW	5,000.00	5,000.00	-	5,000.00	1,300.00
	Total Treatment & Pumping Division	\$ 1,130,635.34	\$ 1,139,511.18	\$ 733,336.64	\$ 1,081,522.45	\$ 1,010,083.26
	Percentage Increase		-0.8%			

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
Account No.	Description	Budget	Budget	Expenditures	12 Mths Est	Prior Year
		Proposed		8 Mths Actual	(Act/Encumbered)	Realized
<i>Services & Meters Division</i>						
0-02-80-400-501	Services & Meters - Salaries	\$ 330,319.86	\$ 318,733.24	\$ 208,633.19	\$ 312,949.79	\$ 315,836.64
0-02-80-400-648	Tools, Equipment Maintenance	10,000.00	10,000.00	8,054.60	10,000.00	7,266.62
0-02-80-400-649	Meter Maintenance, Rebuild & Testing	3,500.00	3,500.00	1,544.98	3,500.00	373.57
0-02-80-400-650	Services Repairs - AMR/Meter Install	10,000.00		5,951.07	15,000.00	
0-02-80-400-779	Meters - New	<u>15,000.00</u>	<u>25,000.00</u>	<u>72,775.46</u>	<u>88,000.00</u>	<u>43,978.82</u>
	Total Services & Meters Division	\$ 368,819.86	\$ 357,233.24	\$ 296,959.30	429,449.79	\$ 367,455.65
	Percentage Increase	3.2%				
<i>Field Support & Construction Division</i>						
0-02-90-400-501	Field Support & Construction - Salaries	\$ 307,926.99	\$ 297,128.01	\$ 173,260.76	\$ 259,891.14	\$ 287,734.97
0-02-90-400-651	Field Support Supplies/Software Maint	9,000.00	9,000.00	5,453.52	9,000.00	10,600.72
0-02-90-400-652	Outside Services - Inspection & Testing Svcs	2,000.00	2,000.00	-	-	4.99
0-02-90-400-782	Field Support Equipment - New	<u>6,000.00</u>	<u>8,000.00</u>	<u>2,603.47</u>	<u>3,000.00</u>	<u>-</u>
	Total Field Support & Construction Division	\$ 324,926.99	\$ 316,128.01	\$ 181,317.75	\$ 271,891.14	\$ 298,340.68
	Percentage Increase	2.8%				

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
Other Operating Expenses						
0-02-20-400-607	Insurance Expense	\$ 295,111.78	\$ 291,479.44	\$ 253,697.69	\$ 277,127.80	\$ 278,950.28
0-02-50-400-626	N.J. Taxes & Fees	90,000.00	90,000.00	64,690.45	88,690.45	85,454.37
0-02-92-492-653	Real Estate Taxes	310,443.91	304,403.07	217,155.07	292,871.61	285,408.07
0-02-92-492-659	Contingency	15,000.00	15,000.00	-	-	-
	Bad Debt Expense	-	-	-	-	-
	Total Other Operating Expenses	\$ 710,555.69	\$ 700,882.51	\$ 535,543.21	\$ 658,689.86	\$ 649,812.72
	Percentage Increase	1.4%				
Depreciation & Amortization						
0-02-92-492-654	Depreciation Expense-Fixed Assets	\$ 1,900,000.00	\$ 1,600,000.00	\$ -	\$ 1,600,000.00	\$ 1,896,551.30
0-02-92-492-655	Depreciation Expense-Vehicles	110,000.00	95,000.00	-	100,000.00	109,467.41
0-02-95-497-688	Bond Amort. Exp. -Series 2001 (Prem/Def Amt)	51,256.88	85,596.32	-	51,256.88	51,256.88
0-02-95-497-690	Bond Amort. Exp. -Series 2002 Jr Lien	-	7,000.00	-	7,000.00	7,000.00
	Total Depr & Amortization Exp	\$ 2,061,256.88	\$ 1,787,596.32	\$ -	\$ 1,758,256.88	\$ 2,064,275.59
	Percentage Increase	15.3%				
Debt Service						
0-02-95-495-681	Series 2002 Jr. Lien Bond Princ Payment	\$ -	\$ 790,000.00	\$ -	\$ 790,000.00	\$ 735,000.00
0-02-95-495-683	Series 2001 Ref Bond Principal Payment	1,105,000.00	1,010,000.00	-	1,055,000.00	1,010,000.00
0-02-95-496-681	Series 2002 Jr. Lien Bond Interest Payment	-	21,330.00	7,110.00	21,330.00	49,095.00
0-02-95-496-683	Series 2001 Ref Bond Interest Payment	365,712.50	439,293.75	209,231.25	418,462.50	460,125.00
0-02-95-496-688	Other Interest Charges	2,000.00	2,000.00	-	2,000.00	-
0-02-95-497-686	Town of Morristown - Annual Payment	30,000.00	30,000.00	-	30,000.00	30,000.00
	Total Debt Service	\$ 1,502,712.50	\$ 2,292,623.75	\$ 216,341.25	\$ 2,316,792.50	\$ 2,284,220.00
	Percentage Increase	-34.5%				
	Capital Reserves	\$ 387,550.18	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
	Total Operating Budget	\$ 14,043,487.00	\$ 14,033,251.98	\$ 6,522,641.98	\$ 13,377,404.64	\$ 13,632,383.46
	% Increase (Net of Depr, Amort & Capital Reserves)	-5.3%				

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
	Total Operating Expenses	\$ 6,634,220.47	\$ 6,630,307.70	\$ 4,180,232.57	\$ 6,064,513.60	\$ 6,076,468.87
	Total Salaries & Wages	3,457,746.97	3,322,724.21	2,126,068.16	3,237,841.66	3,207,419.00
	Total Debt Service	1,502,712.50	2,292,623.75	216,341.25	2,316,792.50	2,284,220.00
	Total Depreciation, Amortization & Capital Reserves	<u>2,448,807.06</u>	<u>1,787,596.32</u>	<u>-</u>	<u>1,758,256.88</u>	<u>2,064,275.59</u>
	Total Operating Budget	\$ 14,043,487.00	\$ 14,033,251.98	\$ 6,522,641.98	\$ 13,377,404.64	\$ 13,632,383.46
	Percentage Increase in Operations	0.06%				
	Percentage Increase in Salaries & Wages	4.06%				
	Percentage Increase in Debt Services	-34.45%				
	Overall Percentage Increase (Net of Depr, Amort, CR)	-5.32%				
	Percentage Increase in Depr, Amort, Capital Rsvs	<u>36.99%</u>				
	Total Budget Increase	0.07%				

General Administration

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
Operating Costs - General Administration						
0-02-10-400-501	Salaries - Administrative	\$ 315,866.48	\$ 302,126.07	\$ 205,901.89	\$ 308,852.84	\$ 298,462.41
0-02-10-400-601	Consultant Service - Engineer	25,000.00	30,000.00	2,060.00	30,000.00	26,780.00
0-02-10-400-602	Consultant Service - Legal	126,087.50	105,834.56	69,067.16	103,633.84	101,548.74
0-02-10-400-603	Institutional Adv/Newsletters	20,000.00	20,000.00	14,802.91	20,000.00	19,303.50
0-02-10-400-604	Office Supplies & Other Expenses	6,000.00	8,000.00	2,254.22	3,381.33	4,748.04
0-02-10-400-605	Misc. General Expenses	42,000.00	30,000.00	31,128.91	42,000.00	41,389.29
0-02-10-400-620	IT Backup/Security	14,000.00	12,000.00	6,300.00	12,000.00	6,835.00
0-02-10-400-635	Board Stipend & Misc. Expenses	15,000.00	20,000.00	55.70	15,000.00	13,680.12
0-02-10-400-650	Postage	1,500.00	1,500.00	394.43	1,000.00	1,402.90
0-02-10-400-783	Computer, Office Equip & Supplies	14,000.00	20,000.00	14,730.07	20,000.00	24,496.58
	Total General Administration	\$ 579,453.98	\$ 549,460.63	\$ 346,695.29	\$ 555,868.01	\$ 538,646.58
	Percent Increase	5.5%				
Statutory/Benefits						
0-02-20-400-606	Longevity & Sick Time	\$ 50,201.60	\$ 48,739.42	\$ -	\$ 48,739.42	\$ 29,197.87
0-02-20-400-605	Dental Benefits	48,731.40	47,129.54	29,450.66	46,410.86	44,012.51
0-02-20-400-608	Medical Benefits	772,995.24	664,250.69	447,268.85	669,461.20	644,805.64
0-02-20-400-609	P.E.R.S.	250,000.00	232,439.00	232,439.00	232,439.00	173,500.80
0-02-20-400-610	SUI Expense	-	-	-	-	-
0-02-20-400-611	Social Security	264,517.64	254,188.40	160,528.27	247,694.89	241,045.18
0-02-20-400-612	Misc Benefits	-	-	246.00	246.00	285.00
	Total Statutory/ Benefits	\$ 1,386,445.89	\$ 1,246,747.05	\$ 869,932.78	\$ 1,244,991.37	\$ 1,132,847.00
	Percent Increase	11.2%				

GENERAL ADMINISTRATIVE AND STATUTORY/BENEFITS

GENERAL ADMINISTRATIVE

Included in the General Administration budget are the salaries of the Executive Director, Recording/Executive Secretary and Manager, Information Technology, the Board's stipend, consulting services and overall company computer systems. The overall budget for General Administration recommends a 5.5% increase for 2010.

- Consultant Services - Engineer – The Board must retain the services of a consulting engineer in accordance with the Bond Resolution. In the past, the Authority has had a retainer agreement with a consulting engineer. In 2009, the Authority reduced this budget due to more work being done “in-house”. The 2010 Budget reflects the continuance of this practice, therefore reducing this line item by \$5,000.
- Consultant Service - Legal – Included in this line item is a monthly retainer for Sidney Weiss' attendance meetings, preparation of resolutions, and other work incidental to meetings. Other legal work for the Authority is also included in this appropriation. The budget reflects the 3.5% increase in retainer fee in 2010 and \$20,000 increase for other legal work as required by the Authority.
- Institutional Advertising and Newsletters, Website and Promotional Material – Our water quality report card will be mailed in the second quarter of 2010. Maintenance of the Website and continuation of our customer information packages are also included. There is no increase in this appropriation for 2010.
- Miscellaneous General Expenses – This item includes such miscellaneous costs as legal advertising, membership dues in AWWA, service awards, Christmas luncheon, etc. This line item has been increased to \$42,000 to reflect the actual expenses incurred over the past two years.
- Board Stipend and Miscellaneous Expenses – Included in this line item are the Board Stipend and other items such as conference expenses and memberships. Some of these expenses have been charged to Miscellaneous General Expenses, therefore this item has been reduced to \$15,000 in 2010.
- Computer, Office Equipment and Supplies – In order to best meet the Authority's IT demands, the following upgrades are planned for 2010:
 - Replace older, slower desktop computers.
 - Upgrade Windows operating system and productivity software (Word, Excel, E-mail, etc.).
 - Purchase laser printer for new AMR system.

STATUTORY/BENEFITS

- Longevity and Sick Time – This is the amount required to fund the reserve for the Authority’s total liability for active employees’ accrued sick and vacation time. Included in this amount is the longevity benefit. There are three union employees entitled to this benefit and a total of six who still receive it. The 2010 budget recommends a 3% increase to \$50,201.60 including \$19,726 in longevity benefit.
- Dental Benefits – In 2008, there was no increase in dental premiums. This budget includes a 5% estimated increase on actual for 2009.
- Medical Benefits – This line item includes all medical insurance premiums for active employees and retirees. The State Health Benefits Plan (SHBP) rates for 2009 remained somewhat stable. However, the State of New Jersey announced an unexpected 20% increase in premiums for active employees. Retiree premiums have not been announced, but the 2010 budget assumes the same 20% increase for 2010.
- The local bargaining agreement, effective January 1, 2009, states that the Authority will provide health coverage at equal cost to the NJ Direct 15 Plan. Employees electing to enroll in an approved plan whose premiums are greater than this plan shall pay the difference. When this is taken into account, the net increase is equal to 15% or \$108,745 higher than 2009 budget.
- Public Employees’ Retirement System (P.E.R.S.) – Effective January 1, 2005, local employers were required to resume pension contributions on a phase-in basis. The 2009 budget reflects 100% of the actuarially calculated amount or \$232,439. The State of New Jersey has not announced the required pension contribution for 2010; therefore the 2010 budget assumes a 7.6% increase for 2010.

Finance and Customer Service

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
Financial Operations & Treasury						
0-02-30-400-501	Finance/Treasury Service Salaries	\$ 199,481.76	\$ 187,515.87	\$ 126,259.20	\$ 189,388.80	\$ 184,545.43
0-02-30-400-502	Finance/Treasury Service Overtime	2,000.00	1,000.00	2,133.41	3,200.12	1,449.12
0-02-30-400-604	Office Supplies	6,000.00	6,000.00	4,452.25	5,000.00	6,317.50
0-02-30-400-612	Office Contract Costs	18,000.00	22,000.00	11,636.00	17,000.00	17,203.78
0-02-30-400-613	Consultant Service Audit	32,000.00	23,000.00	-	23,000.00	19,400.00
0-02-30-400-614	Services, Outside Bank Chgs, Etc.	32,000.00	32,000.00	21,298.23	31,947.35	31,239.57
0-02-30-400-615	Dues, Conferences, Training	6,000.00	6,000.00	450.00	3,000.00	1,647.26
0-02-30-400-616	Office Telephone Expense	30,000.00	40,000.00	19,514.44	29,271.66	37,738.87
0-02-30-400-650	Postage	1,200.00	1,200.00	759.59	1,139.39	1,050.08
0-02-30-400-783	Replacement Office Equip	2,000.00	3,000.00	768.00	1,000.00	849.20
	Total Finance/Treasury Expense	\$ 328,681.76	\$ 321,715.87	\$ 187,271.12	\$ 303,947.31	\$ 301,440.81
	Percent Increase	2.2%				
Customer Service & Collections						
0-02-40-400-501	Customer Record & Coll. - Salaries	\$ 472,152.11	\$ 455,720.62	\$ 287,834.47	\$ 431,751.71	\$ 448,056.76
0-02-40-400-502	Customer Record & Coll. - Overtime	500.00	1,000.00	165.54	248.31	79.40
0-02-40-400-604	Office Supplies	6,500.00	6,500.00	2,268.80	5,000.00	3,846.36
0-02-40-400-605	Misc Expenses	3,500.00	3,000.00	2,414.24	3,621.36	3,426.20
0-02-40-400-617	Customer Record & Coll. - Contracts	195,000.00	195,000.00	127,308.17	190,962.26	176,448.82
0-02-40-400-618	Customer Reading Costs - A.M.R.	35,000.00	30,000.00	25,809.93	32,609.00	24,559.11
0-02-40-400-650	Postage	6,000.00	9,000.00	2,377.34	3,566.01	4,923.25
0-02-40-400-783	Replacement Office Equip	2,500.00	2,500.00	6,144.00	6,144.00	-
	Total Customer Service & Collections Exp.	\$ 721,152.11	\$ 702,720.62	\$ 454,322.49	\$ 673,902.64	\$ 661,339.90
	Percent Increase	2.6%				

FINANCE OPERATING BUDGET

The Finance Department consists of three positions: Chief Financial Officer/Treasurer, Jr. Accountant, and Payroll/Human Resource Administrator. The primary responsibility of the Finance Department is the financial record keeping, payroll preparation, routine purchasing, and overall custodianship of the Authority's financial assets. The annual audit and budget is also coordinated through this department. The Finance Department issues and tracks all Purchase Orders/Vouchers and tracks State and County COOP contracts as well as regular contracts for the Authority in accordance with the Local Public Purchasing Laws.

The Finance Department has expanded its role to include routine purchasing and coordination of Business Registration Certificates, a mandatory requirement from ALL vendors prior to procurement.

Other functions include coordination of employee benefits, including medical, dental, pension as well as voluntary and statutory deductions. Worker's compensation claims are also directed through this department. Other responsibilities include maintenance agreements and supplies for office equipment including printers, postage, copy and fax machines. Requests per the Open Public Records Act and record retention requirements are also included.

The overall budget for 2010 recommends an increase of 2.2% or \$6,966.

- Office Contract Costs included copy machine maintenance along with the maintenance contracts for all office equipment. This item has been reduced by \$4,000 for 2010.
- Consultant Service Audit is the costs associated with the Annual Audit as required by the Department of Community Affairs. New this year is the requirement for Actuarial Services needed to calculate the Other Post Employment Benefits (OPEB) as required by the Government Accounting Standards Board (GASB) or GASB Statement 45. This item has been increased by \$6,000 for the anticipated costs of Actuarial Services and \$3,000 for Auditing Services for 2010.
- Services, Outside Bank Charges, Etc. are costs of outside payroll processing and Bond Trustee service expenses. This line item remains unchanged for 2010.
- Dues, Conferences and Training is for outside training and conferences for the Finance and Customer Service Departments. This item remains unchanged for 2010.
- Office Telephone Expense represents the costs for both local and long-distance telephones for the office building. It does not cover SCADA or AMR charges. This item has been reduced by \$10,000 in the 2010 budget.
- Replacement Office Equipment includes items such as new computers, office equipment, and furniture. This item has been reduced by \$1,000 for 2010.

CUSTOMER SERVICE DEPARTMENT

The Customer Service Department is made up of eight staff members. It is comprised of the Customer Service Supervisor, one Team Leader, three Senior Account Representatives and three Account Representatives. The department is responsible for billing most customers, payments and collections, liens, bankruptcies, foreclosures, and resolving customer billing and collection inquiries.

The 2010 budget allows for salary increases in accordance with the 2009 wage schedule agreement between the Southeast Morris County Municipal Utilities Authority and the International Brotherhood of Teamsters, Local 469.

Customer Record and Collections – Overtime

Overtime has been reduced to reflect the actual expenditures incurred over that past few years.

Office Supplies

Some of the office supplies needed for customer service include writing supplies, toner cartridges, adding machine tapes, file folders, computer paper, and storage boxes. Printed items include post cards, application cards, business cards, letterheads, envelopes and memo pads.

There are no increases in this line item for the 2010 budget.

Miscellaneous Expenses

Miscellaneous expenses include specialized items, other than office supplies. This would include our annual membership to the Automatic Meter Reading Association and our annual subscription to INFO USA Cross Reference Directory for Morris County. Other costs include the imaging of completed service orders and billing runs to CD's. This is done to save office space and provides easy reference. Some of the printed material we order includes service orders, and meter pages.

This item has been increased to \$3,500 in the 2010 budget.

Customer Record and Collection Contracts

Our contract with Utility Business Services (UBS) provides us with a billing system that produces over 73,000 bills a year. They are responsible for maintaining billing and payment history records, lockbox payments, ACH payment, monthly/annual reports, as well as reports that are designed for our specific needs. UBS provides us with a download and upload program for our Automatic Meter Reading system. They are also responsible for the software that allows us to offer our customer's a Direct Payment option and ACH payments via the SMCMUA website. This item remains unchanged for the 2010 budget.

Customer Reading Cost for Automatic Meter Reading

This line item covers the monthly Verizon telephone charges for Automatic Meter Reading and any other AMR software updates. It also includes the annual maintenance and support agreement with Kells Innovations. Additionally, it will also include any software charges connected with the new Fixed Radio System. This line item will also be used if emergency AMR repairs are needed.

There is a \$5,000 increase in this line item for 2010.

Postage

This line item covers mailing costs for customer service correspondence, bills, post cards and certified mail expenses.

This line item has been reduced by \$3,000 for the 2010 budget.

Replacement of Office Equipment

No increase in the 2010 budget is required for this line item.

Operations

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
<i>Operations - Administrative</i>						
0-02-50-400-501	Administrative Salaries	\$ 356,790.30	\$ 340,335.53	\$ 223,593.44	\$ 335,390.16	\$ 338,394.22
0-02-50-400-502	Operations Overtime (combined all departments)	129,375.85	125,607.62	73,510.03	110,265.05	96,246.80
0-02-50-400-503	Standby (3% of 2009)	35,457.64	34,424.89	17,260.52	25,890.78	24,123.75
0-02-50-400-604	Operations Office Supplies	5,000.00	5,375.00	2,845.39	4,268.09	5,037.63
0-02-50-400-615	Dues, Conferences & Professional Training (CEU)	20,000.00	25,000.00	5,779.17	20,000.00	8,889.21
0-02-50-400-620	Meals	1,400.00	1,000.00	948.00	1,422.00	336.00
0-02-50-400-621	Purchased Water	1,450,000.00	1,450,000.00	800,671.52	1,201,007.28	1,385,760.15
0-02-50-400-622	Energy Costs	1,152,008.00	1,202,008.00	663,993.54	995,990.31	1,132,661.17
0-02-50-400-623	Uniforms, Safety Equipment	19,000.00	19,000.00	2,842.45	19,000.00	16,171.30
0-02-50-400-624	Safety Program & Training	9,000.00	9,000.00	3,630.00	5,445.00	9,766.25
0-02-50-400-625	Office & Garage Maintenance	50,000.00	50,000.00	36,261.59	54,392.39	53,760.05
0-02-50-400-627	Communications/Telephone Exp	10,000.00	10,000.00	5,618.48	8,427.72	4,317.29
0-02-50-400-628	General Supplies	5,000.00	7,000.00	1,003.50	7,000.00	3,767.28
0-02-50-400-650	Postage	2,500.00	3,000.00	307.17	460.76	2,462.53
0-02-50-400-782	Building/Garage Improvements	10,000.00	10,000.00	-	5,000.00	-
0-02-50-400-783	Office Equipment	2,000.00	4,000.00	-	4,000.00	368.50
0-02-50-400-784	New & Replacement Vehicles	<u>100,000.00</u>	<u>132,000.00</u>	<u>47,189.00</u>	<u>112,189.00</u>	<u>131,651.04</u>
	Total Operations - Administration Expense	\$ 3,357,531.79	\$ 3,427,751.04	\$ 1,885,453.80	\$ 2,910,148.52	\$ 3,213,713.17
	Percentage Increase	-2.0%				

2010 BUDGET ANALYSIS

OPERATIONS – ADMINISTRATIVE

Item Summary

- The budget for salaries and overtime reflects an anticipated increase in line with the existing union contract.
- Operations Office Supplies has been decreased slightly to be in line with current expenses.
- Professional Training has been decreased to be in line with current expenses.
- Purchased Water costs remain at the current level. The present year's unusually cool, wet weather resulted in lower demand and production. Therefore less water was purchased in 2009.
- Electric power costs have been buffered by the Authority's participation in the Aggregation Bid for Electric Generation for power to the Black Brook and Clyde Potts treatment facilities. Additional sites may be added when the Aggregation re-bids this contract mid-year. The proposed budget amount has been decreased in anticipation of the lower "bid price". However, factors such as demand and fuel for generation have a major impact on the deregulated rate. Electric costs fluctuate daily in this volatile market. This amount may be insufficient if fuel costs "skyrocket" again.
- Safety Program and Training has remained at the current level.
- Office and Garage Maintenance covers the cost of operating and maintaining our headquarters and garage facility. The proposed amount is unchanged from the previous year.
- The proposed amount for communications equipment is unchanged from the previous year.
- General Supplies and Postage have been decreased to be in line with current expenses.
- Funds from the Building/Garage Improvements will be used for painting and/or resealing the exterior of the office/garage at 19 Saddle Road.
- The amount shown for replacement vehicles is based upon the on-going Vehicle Replacement Schedule that is maintained and updated annually. A copy is attached to this proposed budget.

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
	need inventory!					
Transmission & Distribution Division						
0-02-60-400-501	Transmission & Distribution Salaries	\$ 763,539.05	\$ 732,881.76	\$ 495,956.12	\$ 743,934.18	\$ 704,289.54
0-02-60-400-628	Vehicle & Equipment - Fuel	90,000.00	115,000.00	41,674.23	62,511.35	101,833.16
0-02-60-400-629	Vehicle & Equipment - Maintenance	32,000.00	30,000.00	23,154.68	34,732.02	32,191.63
0-02-60-400-631	Vehicle & Equipment - Other	25,000.00	25,000.00	15,817.20	23,725.80	22,179.55
0-02-60-400-632	Services Maintenance	18,000.00	17,500.00	13,269.64	19,904.46	16,137.58
0-02-60-400-633	Mains & Valves Maintenance	20,000.00	25,000.00	11,585.41	17,378.12	13,085.98
0-02-60-400-634	Hydrant & Valve Maintenance	15,000.00	17,000.00	5,660.89	8,491.34	12,929.13
0-02-60-400-635	Traffic Control	15,000.00	15,000.00	13,139.30	19,708.95	12,555.27
0-02-60-400-690	Equipment & Tool Repair/Replacements	12,000.00	15,000.00	3,389.12	5,083.68	12,113.04
0-02-60-400-692	Street Repairs & Spoils Removal	139,725.00	135,000.00	175,516.67	195,516.67	133,048.71
0-02-60-400-693	Radio Equipment Maintenance	1,500.00	1,500.00	-	1,500.00	1,260.90
0-02-60-400-778	Services Installation - New	10,000.00	15,000.00	4,137.89	6,206.84	16,962.59
0-02-60-400-780	Hydrants & Valves - New	20,000.00	25,000.00	8,957.31	13,435.97	20,527.37
0-02-60-400-781	Mains & Valves -New	5,000.00	5,000.00	-	5,000.00	-
0-02-60-400-786	Power Operated Equipment - New	6,000.00	6,000.00	2,303.99	3,455.99	9,484.23
0-02-60-400-787	Radio Equipment - New	1,000.00	1,000.00	905.90	1,358.85	1,609.42
0-02-60-400-789	Relocations - Mains, Hydrants & Services	10,000.00	10,000.00	-	10,000.00	-
	Total Transmission & Distribution Expense	\$ 1,183,764.05	\$ 1,190,881.76	\$ 815,468.35	\$ 1,171,944.19	\$ 1,110,208.10
	Percentage Increase	-0.6%				

2010 BUDGET ANALYSIS

TRANSMISSION AND DISTRIBUTION DIVISION

Item Summary

- The budget for salaries reflects an anticipated increase in accordance with the existing union contract.
- Vehicle and equipment fuel expenses have been decreased with the hope that oil prices have stabilized.
- The budget items for the maintenance of services, mains and valves reflect a long term average number of repairs. Costs for hydrant and valve maintenance have stabilized due to the vigilant inspection and maintenance program that has been on-going for the past several years.
- The cost for Street Repairs and Spoils Removal is set by contracted services by outside vendors. The proposed amount has been increased to be in line with the average annual expense. Severe winter weather conditions that create a higher than normal number of leaks and breaks could cause these items to be overspent.
- There are very few housing developments under various stages of planning or construction that will require new service installations in 2010. The New Service Installations line item has been reduced due to the lack of new construction.
- Relocations of Mains, Services and/or Hydrants include a contingency in the event the Authority is required by a municipality to relocate a water line or appurtenances. Other associated costs include the replacement of line stopping sleeves, insertion valves, etc. This budget amount has been consistent for the past few years.

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
		Budget	Budget	Expenditures	12 Mths Est	Prior Year
Account No.	Description	Proposed		8 Mths Actual	(Act/Encumbered)	Realized
Treatment & Pumping Division						
0-02-70-400-501	Treatment & Pumping - Salaries	\$ 414,354.22	\$ 400,344.42	\$ 261,292.06	\$ 391,938.09	\$ 407,828.73
0-02-70-400-502	Treatment & Pumping - Overtime	61,966.24	59,870.76	40,058.37	60,087.56	55,057.81
0-02-70-400-503	Treatment & Pumping - Standby	17,814.88	17,296.00	10,209.16	15,313.74	16,115.55
0-02-70-400-631	Grounds & Lawn Maintenance	15,000.00	23,000.00	2,362.45	7,000.00	6,135.49
0-02-70-400-636	Buildings Maintenance & Security	7,000.00	7,000.00	3,769.91	5,654.87	3,419.67
0-02-70-400-637	Treatment Chemicals	116,000.00	116,000.00	70,786.53	106,179.80	79,824.46
0-02-70-400-638	Monitoring & Control/SCADA	30,000.00	30,000.00	39,605.90	42,000.00	35,535.09
0-02-70-400-639	Well & Pump Station Maintenance	85,000.00	80,000.00	56,634.55	84,951.83	85,256.00
0-02-70-400-640	Treatment & Waste Disposal	40,000.00	65,000.00	16,559.20	25,000.00	63,179.43
0-02-70-400-641	Treatment Plant Maintenance	100,000.00	70,000.00	92,849.27	139,273.91	58,244.89
0-02-70-400-642	Electrical Supplies	3,500.00	5,000.00	711.71	1,067.57	2,315.76
0-02-70-400-644	Other Testing (non potable)	23,000.00	23,000.00	9,005.75	12,005.75	22,552.75
0-02-70-400-645	Lab Supplies	20,000.00	25,000.00	14,199.89	21,299.84	19,426.95
0-02-70-400-646	Potable Water Testing	36,000.00	41,000.00	27,157.00	33,157.00	30,911.25
0-02-70-400-647	Reservoirs & Standpipes	10,000.00	20,000.00	1,535.08	10,000.00	19,229.13
0-02-70-400-775	Well & Pump Station Equipment-NEW	40,000.00	40,000.00	22,263.66	30,000.00	19,062.19
0-02-70-400-776	Treatment Plant Equipment-NEW	65,000.00	65,000.00	34,808.35	52,212.53	48,904.36
0-02-70-400-781	Monitoring & Control/SCADA Equipment-NEW	35,000.00	40,000.00	26,607.80	35,000.00	20,166.99
0-02-70-400-788	Reservoirs & Standpipes-IMPR	5,000.00	7,000.00	2,920.00	4,380.00	13,971.65
0-02-70-400-789	Lab Improvements - NEW	1,000.00	-	-	-	1,645.11
0-02-70-400-790	Capital-Building Improvements-NEW	5,000.00	5,000.00	-	5,000.00	1,300.00
	Total Treatment & Pumping Division	\$ 1,130,635.34	\$ 1,139,511.18	\$ 733,336.64	\$ 1,081,522.45	\$ 1,010,083.26
	Percentage Increase		-0.8%			

2010 BUDGET ANALYSIS

TREATMENT AND PUMPING DIVISION

Item Summary

- Grounds and Lawn Maintenance has been reduced in response to actual expenses in previous years. The repair or replacement of fences is normally due to falling trees and/or limbs.
- Routine on-going maintenance of the well houses and other buildings has been beneficial in that all structures are in relatively good condition. Expenses expected this year will primarily be for maintenance and upgrades of the alarm system at several locations.
- The proposed budget for chemicals remains at last year's budgeted amount. It is anticipated that water production will return to normal, long term average levels in 2010.
- Monitoring and Control/SCADA provides for the upkeep and maintenance of the existing computerized system, instrumentation and equipment. This item remains at the current level. The projected 2009 year end estimate is due to technical difficulties that delayed the switch over to radio transmission of SCADA information and subsequent reduction of the number of leased telephone lines and the associated monthly expense.
- Pump and motor replacements are stable under the Well and Pump Station Maintenance item. The budget for 2010 has been increased to reflect the 2008 realized expenses and the 2009 year end estimate.
- Treatment Waste Disposal is for the hauling and disposal expense of the residuals from our treatment plants. This account has been reduced in anticipation that the Drying Bed Rehabilitation Project at the Clyde Potts Treatment Plant will be completed in 2010. Chemical cleaning wastes will still be stored on site and trucked out under contract.
- Treatment Plant Maintenance has been increased to be closer to the actual expenses. The Clyde Potts Treatment Plant is now several years old so routine preventive maintenance expenses have begun. The granular activated carbon (GAC) at the Clyde Potts Plant was replaced in 2009 and the next scheduled replacement will be in 2011.
- The accounts for Lab Supplies has been reduced since the equipment is relatively "new", therefore the only anticipated expense will be for chemicals and "disposables" used for sampling and testing.
- The account for Potable Water Testing has been reduced from the 2009 budget amount due to a reduction in the sampling/testing requirements.
- Reservoirs and Standpipes has been reduced as a result of the on-going storage tank inspection and maintenance program.

- The “NEW Equipment” accounts for Treatment Plants, Wells and Pump Stations are for the purchase of additional on line “real time” water quality monitors and the conversion of chlorine feed equipment.
- The Monitoring and Control/SCADA Equipment - In order to best meet the Authority's ongoing SCADA/AMR radio infrastructure demands, the following upgrades are planned for 2010:
 - Purchase new computers for Clyde Potts Treatment Plant.
 - Upgrade SCADA software at the Authority's central office.
 - Purchase RTU and electrical components to continue replacing 13 year old equipment.
- Improvements to Reservoirs and Standpipes will be used for site improvements such as fencing as needed.
- Capital Building Improvements is used for architectural improvements to structures (i.e. new windows, doors or roofs).

2010 OPERATING BUDGET

		Year 2010	Year 2009	Year 2009	Year 2009	Year 2008
Account No.	Description	Budget	Budget	Expenditures	12 Mths Est	Prior Year
		Proposed		8 Mths Actual	(Act/Encumbered)	Realized
<i>Services & Meters Division</i>						
0-02-80-400-501	Services & Meters - Salaries	\$ 330,319.86	\$ 318,733.24	\$ 208,633.19	\$ 312,949.79	\$ 315,836.64
0-02-80-400-648	Tools, Equipment Maintenance	10,000.00	10,000.00	8,054.60	10,000.00	7,266.62
0-02-80-400-649	Meter Maintenance, Rebuild & Testing	3,500.00	3,500.00	1,544.98	3,500.00	373.57
0-02-80-400-650	Services Repairs - AMR/Meter Install	10,000.00		5,951.07	15,000.00	
0-02-80-400-779	Meters - New	<u>15,000.00</u>	<u>25,000.00</u>	<u>72,775.46</u>	<u>88,000.00</u>	<u>43,978.82</u>
	Total Services & Meters Division	\$ 368,819.86	\$ 357,233.24	\$ 296,959.30	429,449.79	\$ 367,455.65
	Percentage Increase	3.2%				
<i>Field Support & Construction Division</i>						
0-02-90-400-501	Field Support & Construction - Salaries	\$ 307,926.99	\$ 297,128.01	\$ 173,260.76	\$ 259,891.14	\$ 287,734.97
0-02-90-400-651	Field Support Supplies/Software Maint	9,000.00	9,000.00	5,453.52	9,000.00	10,600.72
0-02-90-400-652	Outside Services - Inspection & Testing Svcs	2,000.00	2,000.00	-	-	4.99
0-02-90-400-782	Field Support Equipment - New	<u>6,000.00</u>	<u>8,000.00</u>	<u>2,603.47</u>	<u>3,000.00</u>	<u>-</u>
	Total Field Support & Construction Division	\$ 324,926.99	\$ 316,128.01	\$ 181,317.75	\$ 271,891.14	\$ 298,340.68
	Percentage Increase	2.8%				

2010 BUDGET ANALYSIS

SERVICES AND METERS DIVISION

Item Summary

- The proposed amount for Tools, Equipment Maintenance is held at the previous year's budget amount in anticipation of the on-going expenses related to the radio read/meter change out program.
- The line item for new meters has been decreased. This account was previously used for the purchase of a minimal number of meters and miscellaneous equipment and/or parts. New meters and meter transmitter units (MTUs) are now capitalized.

FIELD SUPPORT AND CONSTRUCTION DIVISION

Item Summary

- The line item for supplies remains unchanged from the current budget. The major portion of these expenses is for updates to the AutoCAD and WaterCAD programs.
- Outside Services remains at the same level as previous years. The account is a contingency in the event that outside services are required i.e. surveying or soil sampling.
- New Field Support Equipment has been reduced from the previous year. This account is used for the replacement of CAD equipment, plotters/printers, file cabinets and other related items as needed.

2009 7-YEAR VEHICLE REPLACEMENT SCHEDULE

Regular Fleet Vehicles											
Vehicle	Year	Make and Model	Mileage	Fall '09	2010	2011	2012	2013	2014	2015	2016
31	2005	Dodge Utility Truck	93,552	20,000							
15	2005	Dodge Utility Truck	63,778		28,000						
9	2002	Ford F250 Pick Up	62,293		28,000						
28	2002	Ford F250 Pick Up	59,716		17,000						
16	2004	Dodge Dakota 4WD	56,590			28,000					
26	2005	Dodge Utility Truck	46,304			28,000					
18	2004	Dodge Dakota 4WD	40,697				28,000				
21	2006	Ford Utility Truck	40,402				28,000				
10	2004	Ford F250 4WD w/ plow	36,582				29,000				
49	2005	Dodge Dakota	35,490					29,000			
8	2006	Ford Utility Truck	25,522					29,000			
14	2007	Dodge Utility Truck	22,561					29,000			
17	2007	Dodge Utility Truck	22,260						29,000		
22	2008	Ford F250 Utility 4WD	21,983						29,000		
20	2007	Ford Ranger	19,551						29,000		
6	2007	Ford Ranger	17,716							30,000	
12	2007	Dodge Utility Truck	13,869							30,000	
30	2008	Ford F250 Utility 4WD	13,278							30,000	
32	2009	Ford F150 Pick Up	342								30,000
23	2009	Jeep Liberty	-								30,000
11	2009	Ford F150 Pick Up	285								30,000
Subtotal Regular Fleet Vehicles				20,000	73,000	56,000	85,000	87,000	87,000	90,000	90,000

Cars											
24	2005	Chevy Impala	65,787	20,000							20,000
27	2002	Ford Explorer	69,612			20,000					
1	2006	Ford Taurus	40,048					20,000			
48	2006	Ford Hybrid Escape	38,269						20,000		
2	2007	Jeep Liberty	24,761							20,000	
Subtotal Cars				20,000	-	20,000	-	20,000	20,000	20,000	20,000

Special Use Vehicles											
3	2001	Dodge Ram Pick Up	66,287	25,000							
4	2003	Ford F250 Pick Up	79,179		27,000						
5	2000	Dodge Dakota	58,007			28,000					
7	2001	Dodge Pick Up	57,343				28,000				
Subtotal Special Use Vehicles				25,000	27,000	28,000	28,000	-	-	-	-

Total Regular Fleet, Cars and Special Use Vehicles				65,000	100,000	104,000	113,000	107,000	107,000	110,000	110,000
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Large and Other Use Vehicles											
19	2000	Chevrolet Dump Truck			85,000						
50	1995	Case Loader/Extahoe				95,000					
52	2005	DewEze Lawn Tractor/Mower					60,000				
53	1997	Ingersoll Rand Compressor						50,000			
34	2007	Ford Utility Truck									(2017)
54	2008	Parker Trailer									(2017)
25	2008	Ford Dump Truck									(2018)
47	2008	Case Backhoe									(2018)
Subtotal Large and Other Use Vehicles					85,000	95,000	60,000	50,000	-	-	-

FLEET TOTAL	2010	2011	2012	2013	2014	2015	2016
	185,000	199,000	173,000	157,000	107,000	110,000	110,000

PERSONNEL CLASSIFICATION SUMMARY

<u>Job Grade</u>	<u>Title</u>	<u>Number of Positions</u>
S-1	Laborer	1
S-2	Apprentice	6
	Laborer/Driver	0
S-3	Water Repairer	8
	Maintenance Repairer	1
	Maintenance Repairer (Fleet)	1
	Apprentice Operator	0
	Apprentice Operator - Water Quality	1
	CAD Technician/Field Inspector	1
S-4	Water Repairer/Equipment Operator	2
	Senior Draftsman/Field Inspector	0
S-5	Pumping Station Repairer	4
	Chief Water Repairer	<u>1</u>
	TOTAL	26

OPERATIONS MAN-HOURS ANNUAL SUMMARY

DIVISION-PROJECT	2009 (as of 8/30/08)	Annual Projection	2008	2007	2006	2005	Annual Average
FIELD SUPPORT AND CONSTRUCTION							
VALVE PROGRAM	237.0	300.0	587.0	191.5	325.0	206	327.4
HYDRANT TESTING AND FLUSHING	19.0	180.0	140.5	90.0	22.0	183	108.9
MARKOUTS/LOCATIONS/ONE CALL MARKOUTS	2,008.0	3,000.0	2,854.0	3,170.0	3,158.0	3311	3,123.3
SYSTEM MAPS	278.0	1,040.0	449.0	132.0	414.0	531	381.5
MAIN EXTENSIONS - NEW DEVELOPMENTS	0.0	50.0	54.0	71.0	19.0	137	70.3
PROJECT INSPECTION	726.0	1,000.0	1,044.0	1,313.0	789.0	724	967.5
OTHER INSPECTIONS	20.0	200.0	728.0	279.0	395.0	176	394.5
ASSIST OTHER DIVISIONS	68.0	200.0	258.0	91.0	376.0	216	235.3
MISCELLANEOUS	739.0	1,000.0	598.0	419.5	358.0	1235	652.6
OVERTIME	15.0		31.0	220.5			125.8
TREATMENT AND PUMPING							
TREATMENT PLANT MAINTENANCE (INCLUDES SCHEDULED OT)	2,110.5	3,500.0	3,197.0	2,978.3	2,916.0	3568	3,164.8
TREATMENT PLANT PROJECTS	249.0	200.0	324.0	746.0	549.0	240	464.8
WELL AND PUMP STATION MAINTENANCE (INCLUDES SCHEDULED OVERTIME)	1,444.0	1,700.0	1,723.0	2,670.0	1,723.0	1656.5	1,943.1
WELL AND PUMP STATION PROJECTS	266.0	1,000.0	583.0	446.8	316.0	863.5	552.3
BUILDINGS AND GROUNDS	858.0	3,500.0	1,658.0	3,397.5	4,124.0	3909.5	3,272.3
RESERVOIRS AND STANDPIPES	23.0	100.0	62.0	131.0	62.0	86	85.3
MONITORING AND CONTROL - SCADA	804.0	500.0	1,111.0	1,205.8	1,095.0	371	945.7
SAMPLE COLLECTION AND DELIVERY	631.0	1,000.0	749.0	834.5	896.5	1687	1,041.8
LABORATORY ANALYSIS	535.0	700.0	985.0	901.8	809.5		898.8
MISCELLANEOUS	109.0	200.0	169.0	275.5	239.0	300	245.9
OVERTIME	600.5		1,084.0	1,228.5			1,156.3

OPERATIONS MAN-HOURS ANNUAL SUMMARY

DIVISION-PROJECT	2009 as of 8/30/08	Annual Projection	2008	2007	2006	2005	Annual Average
TRANSMISSION AND DISTRIBUTION							
MAIN BREAKS/LEAK REPAIR (INCLUDES OT REPAIRS)	1,396.0	2,300.0	1,194.5	1,542.0	772.0	2,076.0	1,396.1
LEAK DETECTION SURVEY	1,680.5	1,900.0	2,526.5	2,157.0	2,018.5	1,869.0	2,142.8
HYDRANT AND VALVE MAINTENANCE	1,902.5	2,100.0	3,408.0	2,995.5	2,810.0	2,498.0	2,927.9
HYDRANT AND VALVE REPLACEMENT/REPAIR	667.0	1,300.0	918.0	1,350.0	1,476.0	1,145.0	1,222.3
SERVICES/TAP INSTALLATION	127.0	500.0	438.0	332.0	589.0	504.0	465.8
SERVICES - REPAIRED/RENEWED	1,156.5	1,700.0	1,402.3	1,595.5	1,700.0	1,958.0	1,663.9
VEHICLES AND EQUIPMENT	1,434.8	2,000.0	2,078.0	1,952.0	1,913.0	2,048.0	1,997.8
STREET AND/OR LAWN REPAIRS	1,952.0	1,000.0	2,537.0	1,119.5	583.0	914.0	1,288.4
SERVICE CALLS	3,326.0	2,750.0	4,267.0	4,560.5	3,507.0		4,111.5
ASSIST OTHER DIVISIONS	1,426.5	3,300.0	2,330.5	2,211.0	2,005.0		2,182.2
MISCELLANEOUS	939.5	700.0	1,585.0	1,742.0	997.0	4,481.0	2,201.3
OVERTIME	1,075.5		1,188.3	1,497.5			1,342.9
METERS AND SERVICE							
WORK ORDERS AND CALLS	1,023.5	2,000.0	2,004.5	1,959.0	1,877.5	2,010.0	1,962.8
CURB BOX PROGRAM	80.5	200.0	133.5	116.0	115.0	165.5	132.5
METER READING	1,489.5	1,300.0	2,218.5	1,987.5	1,506.0	1,206.5	1,729.6
AMR	147.5	3,750.0	3,499.5	3,865.0	4,631.5	3,577.5	3,893.4
RADIO READ INSTALLATION	2,573.5	50.0	347.5	0.0	23.0	23.5	98.5
MISCELLANEOUS	200.5	500.0	307.0	421.5	185.5	512.0	356.5
OVERTIME	195.0		293.0	320.5			306.8
OPERATIONS TOTAL	34,533.8	46,720.0	51,065.0	52,517.0	45,295.0	44,388.5	51,580.3

Other Operating Expenses

2010 OPERATING BUDGET

Account No.	Description	Year 2010 Budget Proposed	Year 2009 Budget	Year 2009 Expenditures 8 Mths Actual	Year 2009 12 Mths Est (Act/Encumbered)	Year 2008 Prior Year Realized
<i>Other Operating Expenses</i>						
0-02-20-400-607	Insurance Expense	\$ 295,111.78	\$ 291,479.44	\$ 253,697.69	\$ 277,127.80	\$ 278,950.28
0-02-50-400-626	N.J. Taxes & Fees	90,000.00	90,000.00	64,690.45	88,690.45	85,454.37
0-02-92-492-653	Real Estate Taxes	310,443.91	304,403.07	217,155.07	292,871.61	285,408.07
0-02-92-492-659	Contingency	15,000.00	15,000.00	-	-	-
	Bad Debt Expense	-	-	-	-	-
	Total Other Operating Expenses	\$ 710,555.69	\$ 700,882.51	\$ 535,543.21	\$ 658,689.86	\$ 649,812.72
	Percentage Increase	1.4%				
<i>Depreciation & Amortization</i>						
0-02-92-492-654	Depreciation Expense-Fixed Assets	\$ 1,900,000.00	\$ 1,600,000.00	\$ -	\$ 1,600,000.00	\$ 1,896,551.30
0-02-92-492-655	Depreciation Expense-Vehicles	110,000.00	95,000.00	-	100,000.00	109,467.41
0-02-95-497-688	Bond Amort. Exp. -Series 2001 (Prem/Def Amt)	51,256.88	85,596.32	-	51,256.88	51,256.88
0-02-95-497-690	Bond Amort. Exp. -Series 2002 Jr Lien	-	7,000.00	-	7,000.00	7,000.00
	Total Depr & Amortization Exp	\$ 2,061,256.88	\$ 1,787,596.32	\$ -	\$ 1,758,256.88	\$ 2,064,275.59
	Percentage Increase	15.3%				
<i>Debt Service</i>						
0-02-95-495-681	Series 2002 Jr. Lien Bond Princ Payment	\$ -	\$ 790,000.00	\$ -	\$ 790,000.00	\$ 735,000.00
0-02-95-495-683	Series 2001 Ref Bond Principal Payment	1,105,000.00	1,010,000.00	-	1,055,000.00	1,010,000.00
0-02-95-496-681	Series 2002 Jr. Lien Bond Interest Payment	-	21,330.00	7,110.00	21,330.00	49,095.00
0-02-95-496-683	Series 2001 Ref Bond Interest Payment	365,712.50	439,293.75	209,231.25	418,462.50	460,125.00
0-02-95-496-688	Other Interest Charges	2,000.00	2,000.00	-	2,000.00	-
0-02-95-497-686	Town of Morristown - Annual Payment	30,000.00	30,000.00	-	30,000.00	30,000.00
	Total Debt Service	\$ 1,502,712.50	\$ 2,292,623.75	\$ 216,341.25	\$ 2,316,792.50	\$ 2,284,220.00
	Percentage Increase	-34.5%				
	Capital Reserves	\$ 387,550.18	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
	Total Operating Budget	\$ 14,043,487.00	\$ 14,033,251.98	\$ 6,522,641.98	\$ 13,377,404.64	\$ 13,632,383.46
	% Increase (Net of Depr, Amort & Capital Reserves)	-5.3%				

**OTHER OPERATING EXPENSES
DEPRECIATION & AMORTIZATION
DEBT SERVICE**

OTHER OPERATING EXPENSES

- Insurance Expense – Insurance Expense consists of the General Liability Insurance, Public Officials Liability Insurance, Commercial and Commercial Umbrella Excess, and Automobile Insurance as well as Flood Insurance.

Since 2005, the Authority has been a member of the Statewide Insurance Fund which provides the worker’s compensation policy. The fund provides a proactive approach to Workers Compensation through claim management, safety meetings and programs. This item has been increased by 7.5% in 2010 to reflect increased premiums and salaries.

Based on our favorable experience record for the General Liability policies and the Authority joining Statewide Insurance Fund, the budget anticipates a modest 2% increase for 2010.

- The line item for NJ Taxes & Fees is budgeted at the current level. Operations management will continue to closely monitor diversions from all sources to stay within the mandated allocations, thereby preventing the assessment of penalties by the NJDEP.

The breakdown of the NJ Taxes & Fees is as follows:

○ Water Allocation	\$54,000.
○ A-280 Tax	\$27,500.
○ NJPDES	\$ 3,800.
○ Potable Water Operations	\$ 3,200.
○ Other fees and permits	\$ 1,400.
○ Fines and/or Cleanup	<u>\$ 100.</u>
	\$90,000.

- Contingency - The line item for Contingency has been held the same over the years. It is used for items that were not anticipated in the budget, such as expenses incurred for the unforeseen drought restrictions or other extraordinary operating expenses.

DEPRECIATION & AMORTIZATION AND DEBT SERVICE

Debt Service items are dictated by our Bond Resolution and are controlled by the Trustee, TD Bank Wealth Management. In October 2009, the Authority made the last premium and interest payment for the 2002 Jr. Lien Bond. The 2010 budget reflects a total reduction of 34.5% or \$789,911 in this line item.

Other Interest Charges is used for customer interest charges to be paid and/or charged on customer deposit accounts. This has been reduced to reflect the Authority's decision to stop taking deposits unless absolutely necessary.

Capital Budget

SIX YEAR CAPITAL IMPROVEMENT PROGRAM

PROJECT	2010	2011	2012	2013	2014	2015	PROGRAM TOTALS
DISTRIBUTION AND STORAGE:							
1. Water System Improvements	\$ 1,500,000	\$ 1,500,000	\$ 1,700,000	\$ 1,700,000	\$ 1,900,000	\$ 1,900,000	\$ 10,200,000
2. Relocations	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 150,000
3. Tank Rehabilitation	\$ 360,000	\$ -	\$ 150,000	\$ 200,000	\$ 200,000	\$ 100,000	\$ 1,010,000
4. Emergency Generator/Motor Controls	\$ 150,000	\$ -	\$ 700,000	\$ -	\$ -	\$ -	\$ 850,000
Subtotal	\$ 2,010,000	\$ 1,550,000	\$ 2,550,000	\$ 1,950,000	\$ 2,100,000	\$ 2,050,000	\$ 12,210,000
TREATMENT:							
1. Filter Media Replacement	\$ 200,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000	\$ 650,000
2. SCADA Installation/Replacement	\$ -	\$ 20,000	\$ -	\$ 30,000	\$ -	\$ 50,000	\$ 100,000
Subtotal	\$ 200,000	\$ 70,000	\$ 50,000	\$ 80,000	\$ 50,000	\$ 300,000	\$ 750,000
INTERNAL PROGRAMS:							
1. Facilities Rehabilitation	\$ 30,000	\$ 100,000	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 230,000
2. Equipment Replacement	\$ 85,000	\$ 95,000	\$ -	\$ 60,000	\$ 50,000	\$ -	\$ 290,000
3. System Maps/GPS	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
4. Automatic Meter Reading	\$ 700,000	\$ 800,000	\$ 300,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 2,100,000
Subtotal	\$ 815,000	\$ 1,045,000	\$ 300,000	\$ 210,000	\$ 150,000	\$ 150,000	\$ 2,670,000
TOTALS	\$ 3,025,000	\$ 2,665,000	\$ 2,900,000	\$ 2,240,000	\$ 2,300,000	\$ 2,500,000	\$ 15,630,000

2010 CAPITAL IMPROVEMENT PROGRAM

DISTRIBUTION AND STORAGE

1. Transmission and Distribution System Improvements: This is the annual improvement program, also described in the Master Plan to be performed on an ongoing basis. The project for 2010 features replacement of important distribution mains. Specifically, 6-inch mains in Park Avenue and Reynolds Avenue in Hanover Township and 4-inch mains in Spring Valley Road and Loantaka Lane in Harding Township. These mains are priority replacements as described in the Master Plan based on age, main break experience and service conditions.
2. Relocations: This line item is listed in the program every other year. Water main crossings of streams and culverts must be relocated when the County replaces its bridges. The County is conducting an ongoing program of bridge replacement averaging one every year or two for the last several years.
3. Tank Rehabilitation: This is also an ongoing capital program and includes repair, rehabilitation and repainting of water storage facilities. For 2010, a significant amount is budgeted for the replacement of the tank floor at Countrywood Tank in Hanover. Design work has already been authorized by the Board for replacement with a concrete floor. Tank inspections were last conducted in 2007 projecting maintenance at Bailey Hollow and New Idlewild tanks in upcoming years. Inspections will be conducted again in 2011 to identify priority maintenance for the next several years.
4. Emergency Generator/Motor Controls: Historically, this Capital item covered upgrades and replacements at existing locations. However, with the general increase in concern over security and emergency response and the specific decrease in reliability of power supplies, all locations have been evaluated for emergency power. In 2010, emergency power and electrical upgrades are planned for the jockey Hollow Booster serving the 795 gradient. Future projects anticipate emergency power installations at the critical supply facilities including Wing Well and possibly the Black Brook complex. This is recommended in the Vulnerability Assessment and recent Master Plan.

TREATMENT

1. Filter Media Replacement: The recent Master Plan evaluated the treatment plant installations where periodic replacement of filter media is required. It was recommended that the cost of media replacement should be anticipated in the Authority's capital planning. The program included replacement of greensand media at the McCabe well in 2009 which will be done in 2010 and partial replacement of the membrane filters at the Clyde Potts plant beginning in 2011. Replacement of the Granular Carbon at the Clyde Potts Plant is required every few years and will be included in the operating budget.
2. SCADA Radio Installations: The Authority has converted the SCADA communications system from telephone lease lines to fixed radio signals and converted the Automatic Meter

Reading system to a fixed radio network. This line item anticipates equipment and software replacements and upgrades in later years.

INTERNAL PROGRAMS

1. Facilities Rehabilitation: This program provides funds for replacement or improvement of various headquarters or operating facilities. For 2010, this item will provide for the repainting of the Headquarters building. An emergency generator for the Headquarters building was anticipated for 2009 but has been postponed until 2011.
2. Equipment Replacement: This program provides funds for purchase or replacement of major maintenance equipment. Equipment replacements are detailed in the vehicle replacement schedule in the operating budget
3. System Maps: This program provides funds for upgrades and maintenance of the base map, AutoCad and hydraulic analysis software and hardware. Funds are anticipated for later years to integrate GIS information with the county and municipalities.
4. Automatic Meter Reading and Meter Change out: This program has been described in the Master Plan and is underway. For 2010, installation of up to 4,000 Meter Transmitter Units and up to 4,000 meter change outs is anticipated. Change out of the majority of field units is scheduled to take place over the next two to three years.