

ROCKAWAY VALLEY REGIONAL
SEWERAGE AUTHORITY
SCHEDULE OF THREE YEAR AVERAGE DAILY
WASTEWATER METER READINGS
AND CHARGES TO EACH PARTICIPATING
MUNICIPALITY FOR THE PERIOD ENDED
SEPTEMBER 30, 2013, 2012 AND 2011

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Chairman and Commissioners of the
Rockaway Valley Regional Sewerage Authority
99 Green Bank Road
Boonton, New Jersey 07005

Ladies and Gentlemen:

We have applied certain agreed-upon procedures, as discussed below, with respect to the schedule of three year average daily wastewater meter readings and charges to each participating municipality of the Rockaway Valley Regional Sewerage Authority ("RVRSA") for the twelve-month period ended September 30, 2013, 2012 and 2011. It should be noted that on November 14, 2002 the RVRSA passed a resolution amending the user charge system basis of preparing annual user charges. The methodology of calculation changed from a one year actual annual flow to a three year actual flow for purposes of calculating the distribution of budgeted costs to the participants for the years ended September 30, 2013, 2012 and 2011.

During the 2013 fiscal year, the Authority reexamined meter readings and flow rates for all municipalities. It was concluded that the average municipal flow rates for the Borough of Rockaway contained inconsistencies that required adjustment. Based on these conclusions, there were adjustments made to correct the inconsistencies.

In addition, the RVRSA initially considered the Bio Solids Project and Interceptor Rehabilitation Project as capital costs under paragraph 6(a) and (b) of the Amended Stipulation of Settlement. Subsequently, the RVRSA determined that these Projects are appropriately characterized as operating, maintenance, repair and upkeep expenses under paragraph 6(c) (see Attachment 1 of the report).

This report is solely for your information and is not to be referred to or distributed for any purpose to anyone who is not a member of the Board of the RVRSA or management of the participating municipalities. The procedures we performed are summarized as follows:

- a) We obtained from management daily meter readings for each meter, monthly recap of meter readings, monthly flow calculation worksheets, detailed analysis of meter readings, and a schedule of adjusted weighted average daily flow, for the period October 1, 2012 to September 30, 2013.
- b) We agreed, on a test basis, the beginning and ending balances on the monthly recap of meter readings to the daily meter readings. Additionally, we scanned the daily meter reading sheets for indications of blockages, and recalculated on a test basis, adjustments made for the blockage based on the average flow through the meter for seven days prior to the blockage.



- c) We reviewed, on a test basis, the agreement of the beginning balances of the monthly recap sheets to the prior month's ending balances to ensure continuity.
- d) We reviewed the calculation of flow per participant by recalculating, on a judgmental basis, the flow of three meters for each month.
- e) We traced, on a judgmental basis, the flows from the monthly recap sheets to the flow calculation worksheet designed by Universal Meter Systems.
- f) We reviewed the calculation by recalculating, on a judgmental basis, the flow of three meters for each month on the flow calculation worksheets. In addition, we agreed that the sum of the flows as calculated on the worksheets for all participating municipalities differed from the STP meter by (.011) million gallons per day.
- g) We agreed the weighted average daily flows used to allocate the original budgeted 2013 sewer charges to each participating municipality to the actual three year average daily flows of the participating municipalities for the three year period ended September 30, 2013, 2012 and 2011.
- h) We reviewed the calculation by recalculating the schedule of adjusted weighted average daily flow by multiplying the number of days in the month and the millions of gallons per day for each participating municipality. We added twelve months of flow for the period October 1, 2012 to September 30, 2013. After obtaining a total for each municipality for the period, we recalculated the percentage applicable to each participating municipality.
- i) We agreed the total budgeted 2013 sewer charges of \$7,662,250 to the budget submitted to the Division of Local Government Services and allocated the total to each of the participating municipalities based on the three year actual weighted average daily flow for the three year period ended September 30, 2013.
- j) We verified the calculation by recalculating the credit or additional charge due to or from each participating municipality or Jersey City.
- k) We observed the meter readings taken on a selected date and traced the readings back to the source documents in order to determine that the proper meter readings were being recorded in the meter reading records.
- l) We recalculated the average of the actual flows for the years ended September 30, 2013, 2012 and 2011.

Chairman and Commissioners of the
Rockaway Valley Regional Sewerage Authority
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Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards generally accepted in the United States of America, we do not express an opinion on the Schedule of Three Year Average Daily Wastewater Meter Readings and Charges to Each Participating Municipality for the three year period ended September 30, 2013. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the schedule might require adjustments.

This report relates only to items specified above and does not extend to any financial statements of the Rockaway Valley Regional Sewerage Authority taken as a whole.

Very truly yours,

Ferraioli, Wielkutz, Cerullo & Cova P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants



Rockaway Valley Regional Sewerage Authority
Schedule of Three Year Average Daily Wastewater Meter Readings
And Charges To Each Participating Municipality For The Period Ended
Three Years Ended September 30, 2013, 2012 And 2011

Participant	Budget		Actual		Budget		Actual		Municipalities	Municipalities	(Credit)/ Additional Change
	Three Years Average		Three Years Average		Estimated Charges		Adjusted Charges				
	Average Daily Flow (Gallons)	Percentage of Total Average Daily Flow	Average Daily Flow (Gallons)	Percentage of Total Average Daily Flow	Total	Jersey City	Total	Jersey City			
Town of Boonton	717,037	7.000%	725,839	7.145%	\$536,330	\$376,091	\$160,239	\$379,194	\$168,289	\$8,050	
Boonton Township	125,645	1.227%	122,400	1.205%	\$93,980	\$32,151	\$61,829	\$32,416	\$59,907	(\$1,922)	
Township OF Denville	1,470,141	14.351%	1,485,759	14.626%	\$1,099,637	\$536,098	\$563,539	\$540,521	\$580,151	\$16,612	
Town of Dover	2,680,475	26.167%	2,695,057	26.530%	\$2,004,943	\$1,065,466	\$939,477	\$1,074,256	\$958,558	\$19,082	
Randolph Township	1,197,069	11.686%	1,144,833	11.270%	\$895,384	\$161,502	\$733,882	\$162,835	\$700,685	(\$33,198)	
Rockaway Borough	644,701	6.294%	640,484	6.305%	\$482,224	\$399,270	\$82,954	\$402,563	\$80,538	(\$2,417)	
Rockaway Township	2,293,463	22.389%	2,268,661	22.333%	\$1,715,466	\$425,439	\$1,290,027	\$428,949	\$1,282,246	(\$7,781)	
Victory Gardens	210,366	2.054%	208,120	2.049%	\$157,350	\$71,779	\$85,571	\$72,371	\$84,609	(\$962)	
Borough of Wharton	905,019	8.835%	867,274	8.537%	\$676,937	\$296,835	\$380,101	\$299,284	\$354,879	(\$25,222)	
Total	10,243,916	100.000%	10,158,427	100.000%	\$7,662,250	\$3,364,631	\$4,297,619	\$3,392,389	\$4,269,861	(\$27,758)	

(A)

(B)

(C)

(C)

Jersey City \$27,758

(A) Based on The Average of The Actual Flows For The Year of 12, 11, 10

(B) Based on The Average of The Actual Flows For The Period October 2010 to September 30, 2013

(C) Allocated Based on Stipulation of Settlement Formula 6C.

having submitted Answers thereto; and

WHEREAS, Jersey City, the Authority and all other Defendants have adopted formal resolutions approving the basic terms of the settlement herein set forth.

NOW THEREFORE IT IS HEREBY AGREED AND STIPULATED by the respective parties through their duly appointed legal counsel, that the Stipulation be amended as follows:

1. Paragraph 6 of the Stipulation shall be amended to read as follows:

6: Jersey City shall pay over to the Authority, at such time as shall be determined by the Authority, the following amounts:

(a) A capital or principal amount equivalent to an amount that bears the same ratio to the total and complete local cost of the project that 4.5 million gallons per day bears to the total daily treatment capacity of the New Treatment Facilities, (Segments I and II), less Five Hundred Thousand (\$500,000) Dollars,

i.e.: Jersey City Share =

Total Local Cost x $\left(\frac{4.5 \text{ mgd}}{12 \text{ mgd}}\right)$ - \$500,000
Treatment Plant
(including Segment II)

(b) A capital or principal amount equivalent to an amount which bears the same ratio to the total and complete local cost of the New Interceptor that 4.5 million gallons per day bears to the total daily capacity of the New Interceptor.

i.e.: Jersey City Share =

$$\frac{\text{Total Local Cost} \times 4.5 \text{ mgd}}{\text{New Interceptor} \quad 21 \text{ mgd}}$$

(c) An amount which represents Jersey City's share of the operating maintenance, repair and upkeep expenses of the New Treatment Facilities and New Interceptor, bearing the same ratio to the total annual operating, maintenance, repair that 4.5 million gallons per day bears to the average daily plant flow,

i.e.: Jersey City Share =

$$\frac{\text{Total Annual Operation, Repair, Maintenance and Upkeep Expenses} \times 4.5 \text{ mgd}}{\text{Average Daily Plant Flow}}$$