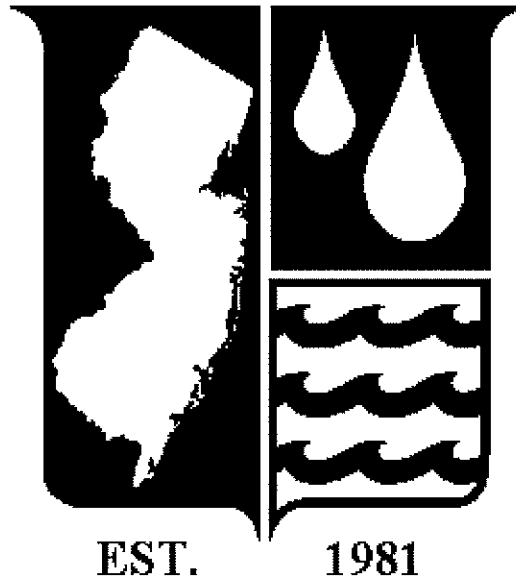


**NEW JERSEY WATER SUPPLY AUTHORITY**

**(A Component Unit of the State of New Jersey)**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2018 AND JUNE 30, 2018**

**(UNAUDITED)**

NEW JERSEY WATER SUPPLY AUTHORITY

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**NEW JERSEY WATER SUPPLY AUTHORITY**  
**A COMPONENT UNIT OF THE STATE OF NEW JERSEY**  
**STATEMENTS OF NET POSITION**

	Unaudited	
	Sept 30, 2018	June 30, 2018
<b>Assets</b>		
Current assets:		
Unrestricted assets		
Cash and cash equivalents	\$ 45,254,509	\$ 48,177,628
Unbilled sales	1,904,238	1,501,023
Accounts receivable, less allowance for doubtful accounts of \$1,000 at September 30, 2018 and June 30, 2018	45,172,452	49,295,613
Interest receivable	126,114	167,778
Prepaid expenses and other current assets	611,112	977,780
Total unrestricted current assets	<u>93,068,425</u>	<u>100,119,822</u>
Restricted assets:		
Cash equivalents	11,893,542	10,231,323
Investments	2,989,721	5,378,034
Total restricted current assets	<u>14,883,263</u>	<u>15,609,357</u>
Total current assets	<u>107,951,688</u>	<u>115,729,179</u>
Non-current assets:		
Investments	10,252,743	10,715,097
Capital assets, net	144,750,783	144,437,281
Total non-current assets	<u>155,003,526</u>	<u>155,152,378</u>
Total assets	<u>262,955,214</u>	<u>270,881,557</u>
Deferred outflows of resources		
Pension related	6,905,770	6,905,770
OPEB related	5,736	5,736
2018 construction loan DEP fee	490,580	490,580
Total deferred outflows of resources	<u>7,402,086</u>	<u>7,402,086</u>
Total assets and deferred outflows of resources	<u>\$ 270,357,300</u>	<u>\$ 278,283,643</u>
<b>Liabilities</b>		
Current liabilities:		
Current portion of bonds, notes and loans payable	\$ 158,920	\$ 3,931,252
Accounts payable	447,798	7,305,033
Accrued liabilities	2,701,621	2,779,166
Unearned revenue	2,236,746	2,174,896
Total current liabilities	<u>5,545,085</u>	<u>16,190,347</u>
Non-current liabilities:		
Non-current portion of bonds, notes and loans payable	106,130,646	106,195,514
Net pension liability	23,038,776	23,038,776
Total OPEB liability	33,469,644	33,469,644
Total non-current liabilities	<u>162,639,066</u>	<u>162,703,934</u>
Total liabilities	<u>168,184,151</u>	<u>178,894,281</u>
Deferred inflows of resources:		
Cost recovery	(460,823)	(567,296)
Pension related	5,345,883	5,345,883
OPEB related	5,589,091	5,589,091
Gain on refunding	570,035	598,427
Total deferred inflows of resources	<u>11,044,186</u>	<u>10,966,105</u>
Total liabilities and deferred inflows of resources	<u>179,228,337</u>	<u>189,860,386</u>
<b>Net position</b>		
Net investment in capital assets	63,454,366	59,275,272
Restricted for debt service	12,646,517	13,434,461
Unrestricted	15,028,080	15,713,524
Total net position	<u>91,128,963</u>	<u>88,423,257</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 270,357,300</u>	<u>\$ 278,283,643</u>

See accompanying notes.

**NEW JERSEY WATER SUPPLY AUTHORITY**  
**A COMPONENT UNIT OF THE STATE OF NEW JERSEY**  
**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**

Unaudited

	Three months ended Sept 30,	
	2018	2017
Operating revenue:		
Water sales	\$ 7,526,237	\$ 7,566,264
Reimbursement of operating expenses	660,600	660,600
Total operating revenue	<u>8,186,837</u>	<u>8,226,864</u>
Operating expenses:		
Payroll	2,061,829	1,873,456
Operations and maintenance	1,079,744	1,348,815
Fringe benefits	1,211,677	1,181,603
Depreciation	1,174,638	1,156,496
Total operating expenses	<u>5,527,888</u>	<u>5,560,370</u>
Income from operations	2,658,949	2,666,494
Non-operating revenue:		
State of New Jersey - Grant Programs	-	-
Investment income	246,241	169,840
Rental income	46,487	40,479
Other income	30,674	(228)
Total non-operating revenue	<u>323,402</u>	<u>210,091</u>
Non-operating expenses:		
Interest component of debt service to the State of New Jersey	88,810	116,016
Recovery of deferred inflows of resources	187,835	265,760
Total non-operating expenses	<u>276,645</u>	<u>381,776</u>
Change in net position	2,705,706	2,494,809
Net position, beginning of year	88,423,257	118,988,194
Net position, end of year	<u>\$ 91,128,963</u>	<u>\$ 121,483,003</u>

See accompanying notes.

**NEW JERSEY WATER SUPPLY AUTHORITY**  
**A COMPONENT UNIT OF THE STATE OF NEW JERSEY**  
**STATEMENTS OF CASH FLOWS**

Unaudited

	Three months ended Sept 30,	
	2018	2017
<b>Cash flows from operating activities</b>		
Cash received from water sales	\$ 4,723,289	\$ 5,308,607
Cash received from reimbursable expenses	653,460	636,144
Cash received from rental income	80,602	14,622
Cash paid to or on behalf of employees	(3,146,010)	(2,674,200)
Cash paid to suppliers	(1,005,304)	(997,626)
Net cash provided by operating activities	<u>1,306,037</u>	<u>2,287,547</u>
<b>Cash flows from noncapital financing activities</b>		
Cash received for grant programs	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
Principal paid on bonds, notes and loans	(3,865,593)	(3,917,216)
Interest paid on bonds, notes and loans	(310,678)	(345,419)
Acquisition and construction of capital assets	(1,559,767)	(767,563)
Proceeds from sale of capital assets	30,529	(238)
Net cash used in capital and related financing activities	<u>(5,705,509)</u>	<u>(5,030,436)</u>
<b>Cash flows from investing activities</b>		
Sale of investment securities	3,708,775	3,412,452
Purchase of investment securities	(892,089)	(930,923)
Interest received on investments	287,905	204,165
Premium on matured investments	33,981	6,593
Net cash provided by investing activities	<u>3,138,572</u>	<u>2,692,287</u>
Net increase in cash and cash equivalents	(1,260,900)	(50,602)
Cash and cash equivalents, beginning of year	58,408,951	48,506,593
Cash and cash equivalents, end of year	<u>\$ 57,148,051</u>	<u>\$ 48,455,991</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 2,658,949	\$ 2,666,494
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Non-cash items expensed to operations and maintenance	-	-
Cash received for operating activity shown in other income	46,632	40,489
Depreciation	1,174,638	1,156,496
Increase (decrease) in cash from:		
Unbilled sales	(403,215)	(862,056)
Accounts receivable	(2,523,971)	(1,542,506)
Prepaid expenses and other current assets	366,668	365,640
Accounts payable	(138,476)	84,049
Accrued liabilities	(7,479)	(10,558)
Accrued payroll and taxes	132,291	389,499
Net pension liability	-	-
Net OPEB liability	-	-
Net cash provided by operating activities	<u>\$ 1,306,037</u>	<u>\$ 2,287,547</u>
<b>Non cash investing activities</b>		
Decrease in fair value of investments	<u>\$ (67,354)</u>	<u>\$ (22,836)</u>

See accompanying notes.

**NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS**

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**A. ORGANIZATION AND OPERATIONS**

The New Jersey Water Supply Authority (the "Authority"), a component unit of the State of New Jersey (the "State"), consisting of the Spruce Run/Round Valley Reservoirs Complex, the Delaware and Raritan Canal Transmission Complex (the "Raritan Basin System") and the Manasquan Reservoir Water Supply System (the "Manasquan System"), is a public body, corporate and politic, constituted as an instrumentality of the State, exercising public and essential governmental functions. The Authority was created by the New Jersey Water Supply Authority Act (the "Act") on October 7, 1981, and in connection with the Act, all water supply facilities owned or operated by the State (*i.e.*, *Raritan Basin System*) were transferred or leased to the Authority. The Act empowers the Authority to acquire, finance, construct and operate water systems and issue bonds. Members of the Authority consist of the Commissioner of the New Jersey Department of Environmental Protection ("NJDEP"), ex officio member and six public members appointed by the Governor upon the advice and the consent of the New Jersey Senate. The public members represent the agricultural community, industrial water users, residential water user, private watershed associations, public finance and water resource management and distribution. The Authority prepares an annual budget that is used to establish rates and as a management tool but does not constitute a legal budget or establish spending limitations.

The Authority does not have component units that should be included within its financial statements.

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Authority is a component unit of the State of New Jersey and is included in their general purpose financial statements.

The accompanying basic financial statements have been prepared in conformity with accounting principals generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

In its accounting and financial reporting, the Authority follows the pronouncements of the GASB and other entities that promulgate accounting principals. GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principals for the State and Local Governments*, establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a government entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principals ("GAAP") are categorized in descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants ("AICPA") cleared by the GASB. Authoritative GAAP is incorporated periodically into the Codification of Governmental Accounting and Financial Reporting Standards (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principals for similar transactions or other events within a source of authoritative GAAP described above and then may consider nonauthoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other Statements, pronouncements and other literature of the Financial Accounting Standards Board ("FASB"), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB, practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks, and articles.

The Authority derives most of its revenues from water user charges and is considered to be an enterprise fund; accordingly, the Authority presents its financial statements on the accrual basis of accounting. In addition, the Authority has established certain restricted "funds or accounts" as directed by internal resolution and bond indentures.

**NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue**

Charges for wholesale water usage are established to provide revenues sufficient for services, essential repairs and improvements to the utility plant, and repayment of debt service on certain long-term obligations used for plant construction. Sales are recognized as revenue when water is made available to customers, and the customers are billed in the following month or quarter.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses result from the sale of water to customers. Operating expenses include costs of providing water, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

**Capital Assets**

Capital assets are stated at original cost and consist primarily of amounts expended to license, construct, acquire, complete and place into operation the projects of the Authority. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000, and an estimated useful life in excess of three years. Such expenditures include labor, materials, services and indirect costs. Normal maintenance and repair costs are charged to operations and maintenance expense. Improvements and replacements are capitalized. Interest earned on long-term debt proceeds used for capital asset construction and temporarily invested during the construction period is netted against interest cost. The excess, if any, is capitalized to construction work in progress, and the portion related to completed projects is expensed. The cost of capital assets retired, net of any gain or loss on the disposal of such capital assets, is offset to accumulated depreciation. The Authority also holds several restricted easements for utility access, conservation and water rights. These easements are recorded at the lower of cost or fair market value upon acquisition.

**Depreciation**

Capital assets are depreciated on the straight-line basis over the estimated useful lives of the various classes of plant, as follows:

Dams	100 years
Buildings, structures and improvements	15-40 years
D&R canal dredging	20 years
Machinery & equipment	3-10 years

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Authority considers short-term investments that have original maturities of ninety days or less to be cash equivalents.

**Investments**

Short-term investments and restricted investments used for construction and payment of interest consist of money market funds and U.S. Government-backed securities with various interest rates. Restricted investments are restricted under the terms of the Authority's bond indentures for the payment of debt service. All investments are carried at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*.

**NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

---

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

The Authority considers most of its accounts receivable to be collectible; accordingly, the change in net position is charged with an allowance for estimated uncollectible accounts based on past experience and an analysis of current accounts receivable collectability. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible.

During fiscal year 2018, two customers accounted for approximately 84% of the total Raritan Basin System accounts receivable and five customers accounted for approximately 90% of total Manasquan System accounts receivable. During fiscal year 2017, two customers accounted for approximately 84% of total Raritan Basin System accounts receivable, and five customers accounted for approximately 89% of total Manasquan System accounts receivable.

**Compensated Absences**

All full-time employees accumulate vacation benefits in varying annual amounts up to a maximum allowable accumulation of two years' benefit. Unused sick leave benefits are earned by all full-time employees at a rate of 15 days per year and may be accumulated without limit. In the event of termination, an employee is reimbursed for all accumulated vacation days. Unused sick leave benefits do not vest but are payable only upon retirement up to a maximum of \$15,000. A liability is accrued in the financial statements when incurred.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Income Taxes**

The Authority is exempt from federal income taxes under the Internal Revenue Code, Section 115, and from state income taxes under N.J.S.A. 27:25-16, and accordingly, no provision is recorded for federal and state income taxes.

**Net Position**

Net position represents the difference between assets and liabilities and is classified into three categories:

- *Net Investment in Capital Assets* - This represents capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition construction or improvement of those assets.
- *Restricted Net Position (debt service)* - This represents the net position that is not accessible for general use because its use is subject to restrictions enforceable by third parties. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources, as they are needed.
- *Unrestricted Net Position* - This represents net position that is available for general use.

**Deferred Inflows and Outflows of Resources**

In addition to assets and liabilities, the statements of net position report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.



**NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows and Outflows of Resources (Continued)**

*Deferred Inflows of Resources - Cost Recovery*

The Authority's cost recovery rate model used to establish rates, fees and charges, includes an amount for debt principal repayment (but not for depreciation on the related debt financed assets) and also includes vacation amounts paid. In accordance with GASB Statement No. 62, the Authority has deferred the excess of current depreciation on assets financed with debt proceeds over the costs for debt principal repayment and the excess of vacation expense over vacation paid, and accrued sick pay, which are being classified as deferred inflows of resources. The deferred inflows will be recovered through future revenue in accordance with the rate model. The deferred amounts for the three months ended September 30, 2018 and the year ended June 30, 2018, were determined as follows:

	Sept 30, 2018	June 30, 2018
<b>Raritan Basin System</b>		
Cost excluded from rate model:		
Depreciation of debt-financed capital assets recoverable from rate payers	\$ 208,802	\$ 835,209
Excess vacation expense over vacation paid	21,886	39,416
Accrued sick pay	-	67,255
	230,688	941,880
Cost included in rate model:		
Debt principal repayment	-	-
	230,688	941,880
<b>Manasquan System</b>		
Cost excluded from rate model:		
Depreciation of debt-financed capital assets recoverable from rate payers	385,213	1,540,854
Excess vacation expense over vacation paid	(2,374)	1,633
Accrued sick pay	-	(8,437)
	382,839	1,534,050
Cost included in rate model:		
Debt principal repayment	(720,000)	(2,805,000)
	(337,161)	(1,270,950)
<b>Total Raritan Basin and Manasquan</b>	<b>(106,473)</b>	<b>(329,070)</b>
Balance, beginning of year	567,296	896,366
Balance, end of year	\$ 460,823	\$ 567,296

As shown in the statement of revenue, expenses and changes in net position for the three months ended September 30, 2018 and the year ended June 30, 2018, respectively, deferred inflow of resources debit of \$187,835 and a debit balance of \$573,760 includes a debit balance of \$61,850 and a debit balance of \$144,823 of Water Treatment Plant deferred revenue, which is not part of the rate model, and does not include a credit balance of \$19,512 and a credit balance of \$99,867 of accrued vacation and sick pay.

*Deferred Inflows/Outflows of Resource - Debt Refunding*

Deferred charges for debt refunding result from the difference between the net carrying amount of refunded bonds and the amount deposited to escrow to defease the bonds. In accordance with GASB 23, the Authority has deferred the difference between the reacquisition price and the net carrying amount of the Manasquan Reservoir Water Supply System Revenue Bonds, Series 2005. The deferred amount is reported as a deferred inflow of resources and amortized as a component of interest expense over the remaining life of the Manasquan Reservoir Water Supply System Revenue Bonds, Series 2016.

**NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows and Outflows of Resources (Continued)**

*Deferred Inflows/Outflows of Resources - Pensions & Other Postretirement Benefits (OPEB)*

Deferred charges for the defined benefit plans result from the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on plan investments, changes in the State's proportion of expenses and liabilities to the plans as a whole, differences between the Authority's plan contributions and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date.

**Accounting for Southeast Monmouth Municipal Utilities Authority Agreement**

The Authority operates and maintains a Water Treatment Plant/Transmission System for the Southeast Monmouth Municipal Utilities Authority ("SMMUA"). The SMMUA is charged for budgeted operating expenses expected to be incurred by the Authority during the SMMUA's fiscal year (January 1 through December 31).

Because of the difference resulting from billing the SMMUA for budgeted expenses versus actual expenses appearing in the financial statements, the Authority includes unearned costs (actual costs exceeding SMMUA billings) or unearned revenue (SMMUA billings exceeding actual costs) in its statement of net position. These excess costs or billings will be recovered or recognized in future periods. As of September 30, 2018 and 2017, unearned revenue amounting to \$1,897,637 and \$1,849,489, respectively, was determined as follows:

	2018	2017
Reimbursement of operating expenses	\$ 667,996	\$ 662,781
Operating expenses	606,146	504,256
Unearned revenue	61,850	158,525
Balance, beginning of year	1,835,787	1,690,964
Balance, end of year	<u>\$ 1,897,637</u>	<u>\$ 1,849,489</u>

In previous years, the Authority received additional funds that are restricted for use by the SMMUA for costs associated in operating the Water Treatment Plant. As of September 30, 2018 and 2017, the amount included in unearned revenue was \$339,109 and \$335,981, respectively.

**Accounting for Watershed Protection Program**

For the three months ended September 30, 2018 and 2017, the Authority received \$0 and \$0 respectively, from federal and/or state environmental agencies for the costs associated with various watershed protection studies of the Raritan Basin System. These funds are restricted to uses specifically identified in grant agreements between the Authority and these agencies and will be recognized as revenue as the related costs are incurred. Eligible project expenses include, but are not limited to, the cost of mapping out streams and other water sources and studying and implementing best land use practices to improve water quality. As of September 30, 2018, all the funds received had been recognized as revenue.

**NEW JERSEY WATER SUPPLY AUTHORITY**  
**A COMPONENT UNIT OF THE STATE OF NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**C. CAPITAL ASSETS**

Capital assets activity for the three months ended September 30, 2018 and the year ended June 30 2018, was as follows:

	<b>2019 Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>2019 Ending Balance</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 26,444,952	\$ -	\$ -	\$ 26,444,952
Construction work in progress	16,130,416	1,402,362	-	17,532,778
<b>Total capital assets not being depreciated</b>	<b>42,575,368</b>	<b>1,402,362</b>	<b>-</b>	<b>43,977,730</b>
<b>Capital assets being depreciated:</b>				
Dams	77,369,160	-	-	77,369,160
Building, structures and improvements	142,443,278	-	-	142,443,278
D & R canal dredging	21,160,274	-	-	21,160,274
Machinery and equipment	6,639,585	87,498	(68,664)	6,658,419
<b>Total capital assets being depreciated</b>	<b>247,612,297</b>	<b>87,498</b>	<b>(68,664)</b>	<b>247,631,131</b>
<b>Less accumulated depreciation for:</b>				
Dams	(30,760,135)	(199,498)	-	(30,959,633)
Building, structures and improvements	(88,615,808)	(886,574)	-	(89,502,382)
D & R canal dredging	(21,160,273)	(1)	-	(21,160,274)
Machinery and equipment	(5,214,168)	(88,565)	66,944	(5,235,789)
<b>Total accumulated depreciation</b>	<b>(145,750,384)</b>	<b>(1,174,638)</b>	<b>66,944</b>	<b>(146,858,078)</b>
<b>Total capital assets being depreciated, net</b>	<b>101,861,913</b>	<b>(1,087,140)</b>	<b>(1,720)</b>	<b>100,773,053</b>
<b>Total capital assets, net</b>	<b>\$ 144,437,281</b>	<b>\$ 315,222</b>	<b>\$ (1,720)</b>	<b>\$ 144,750,783</b>
	<b>2018 Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>2018 Ending Balance</b>
<b>Capital assets not being depreciated:</b>				
Land	\$ 26,444,952	\$ -	\$ -	\$ 26,444,952
Construction work in progress	9,326,879	9,265,054	(2,461,517)	16,130,416
<b>Total capital assets not being depreciated</b>	<b>35,771,831</b>	<b>9,265,054</b>	<b>(2,461,517)</b>	<b>42,575,368</b>
<b>Capital assets being depreciated:</b>				
Dams	77,369,160	-	-	77,369,160
Building, structures and improvements	140,094,325	2,482,861	(133,908)	142,443,278
D & R canal dredging	21,160,274	-	-	21,160,274
Machinery and equipment	6,443,907	357,145	(161,467)	6,639,585
<b>Total capital assets being depreciated</b>	<b>245,067,666</b>	<b>2,840,006</b>	<b>(295,375)</b>	<b>247,612,297</b>
<b>Less accumulated depreciation for:</b>				
Dams	(29,962,140)	(797,995)	-	(30,760,135)
Building, structures and improvements	(85,217,782)	(3,496,353)	98,327	(88,615,808)
D & R canal dredging	(21,160,273)	-	-	(21,160,273)
Machinery and equipment	(5,032,574)	(343,061)	161,467	(5,214,168)
<b>Total accumulated depreciation</b>	<b>(141,372,769)</b>	<b>(4,637,409)</b>	<b>259,794</b>	<b>(145,750,384)</b>
<b>Total capital assets being depreciated, net</b>	<b>103,694,897</b>	<b>(1,797,403)</b>	<b>(35,581)</b>	<b>101,861,913</b>
<b>Total capital assets, net</b>	<b>\$ 139,466,728</b>	<b>\$ 7,467,651</b>	<b>\$ (2,497,098)</b>	<b>\$ 144,437,281</b>

**NEW JERSEY WATER SUPPLY AUTHORITY**  
**A COMPONENT UNIT OF THE STATE OF NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**D. CASH, CASH EQUIVALENTS AND INVESTMENTS**

New Jersey statutes permit the deposit of public funds in the State of New Jersey Cash Management Fund ("NJCMF") or in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (the "FDIC") or by any other agencies of the United States that insure deposits. All funds of the Authority may be invested in, obligations of, or guaranteed by, the U.S. Government.

The Authority's bond resolutions limit the investment of restricted assets to obligations of the U.S. Government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in the NJCMF and direct and general obligations of any state that meets the minimum requirements of the resolution.

**1. Cash**

As of September 30, 2018 and June 30, 2018, the Authority's bank balance was \$2,939,313 and \$6,635,034, respectively, of which \$250,000 was covered through the FDIC. The remaining balance of \$2,689,313 and \$6,385,034 as of September 30, 2018 and June 30, 2018, respectively, was collateralized, and the cash balance per the statement of net position is shown exclusive of outstanding checks totaling \$392,385 and \$99,740, respectively. The statement of net position amount includes petty cash totaling \$300 as of September 30, 2018 and June 30, 2018, respectively.

**2. Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. The Authority's bank balance of \$2,939,313 and \$6,635,034 as of September 30, 2018 and June 30, 2018, respectively, was exposed to custodial credit risk as follows:

	September 30, 2018	June 30, 2018
Uninsured and uncollateralized	\$ -	\$ -

**3. Investments and Cash Equivalents**

The Authority does not have a policy to limit interest rate risk; however, its practice is to hold investments to maturity.

The Authority categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principals. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of September 30, 2018, the Authority had the following recurring fair value measurements using quoted market prices for U.S. Treasuries (Level 1 inputs) and using current sales prices or sale prices of comparable securities for New Jersey General Obligation Bonds (Level 2 inputs) for investments and cash equivalents, and maturities:

Investment and Cash Equivalent Type	Valuation Inputs Level	Fair Value	Investment Maturities (In Years)	
			Less than 1	1-5
U.S. Treasuries	Level 1	\$ 57,198,459	\$ 57,198,459	\$ -
NJ G/O Bonds	Level 2	10,378,857	10,175,729	203,128
<b>Total</b>		<b>\$ 67,577,316</b>	<b>\$ 67,374,188</b>	<b>\$ 203,128</b>

As of June 30, 2018, the Authority had the following recurring fair value measurements using quoted market prices for U.S. Treasuries (Level 1 inputs) and using current sales prices or sale prices of comparable securities for New Jersey General Obligation Bonds (Level 2 inputs) for investments and cash equivalents, and maturities:

**NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**D. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

3. Investments and Cash Equivalents (continued)

Investment and Cash Equivalent Type	Valuation Inputs Level	Fair Value	Investment Maturities (In Years)	
			Less than 1	1-5
U.S. Treasuries	Level 1	\$ 57,151,951	\$ 57,151,951	\$ -
NJ G/O Bonds	Level 2	10,882,875	4,471,756	6,411,119
<b>Total</b>		<b>\$ 68,034,826</b>	<b>\$ 61,623,707</b>	<b>\$ 6,411,119</b>

4. Credit and Custodial Credit Risk

In order to limit exposure to credit risk, the Authority follows the investment policies set forth by the NJCMF. These policies allow investment in securities that achieve a certain rating from the three major ratings organizations as determined annually by the governing board of the NJCMF, as well as limiting investments to certain types of marketable securities.

U.S. Treasury notes are explicitly guaranteed by the U.S. Government and are not subject to credit risk or custodial credit risk.

The Authority entered into an agreement with TD Bank to collateralize all deposits held at market rate equal to 102% of the daily combined total of all deposits. As of September 30, 2018, all deposits were collateralized.

5. Investment Income

The following comprises investment income for the three months ended September 30, 2018 and 2017, respectively:

	2018	2017
Interest earned on bank accounts and certificates of deposit	\$ 185,272	\$ 55,898
Interest earned on securities	128,323	136,778
Decrease in fair value of securities	(67,354)	(22,836)
	<u>\$ 246,241</u>	<u>\$ 169,840</u>

**E. MAJOR WATER CUSTOMERS**

During fiscal years 2018 and 2017, the Authority supplied water to approximately 32 customers of the Raritan Basin System and 13 customers of the Manasquan System.

During fiscal years 2018 and 2017, two customers accounted for approximately 84% of total Raritan Basin System operating revenue. During fiscal years 2018 and 2017, three customers accounted for approximately 85% and 88%, respectively, of the total Manasquan System operating revenue.

**F. RISK MANAGEMENT**

The Authority carries insurance for all of its facilities, covering direct physical loss or damage and loss of revenue resulting therefrom, with such deductibles as it deems appropriate. The Authority also carries General and Umbrella Public Liability Insurance with self-insured retainers as it deems appropriate. Automotive and Public Officials Liability coverage is also maintained with deductibles. Workers' Compensation coverage is also maintained, as required by State law. Settled claims resulting from the aforementioned risks have not exceeded insurance coverage in any of the past three fiscal years.

## Supplemental Information

**NEW JERSEY WATER SUPPLY AUTHORITY**  
**A COMPONENT UNIT OF THE STATE OF NEW JERSEY**  
**COMBINING SCHEDULE OF NET POSITION**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

Unaudited

	<b>Raritan Basin System</b>	<b>Manasquan Reservoir System</b>	<b>Elimination Entries</b>	<b>Combined Total</b>
<b>Assets</b>				
Current assets:				
Unrestricted assets:				
Cash and cash equivalents	\$ 31,080,213	\$ 14,174,296	\$ -	\$ 45,254,509
Unbilled sales	1,904,238	-	-	1,904,238
Accounts receivable, less allowance for doubtful accounts of \$1,000 at September 30, 2018	43,609,973	1,735,774	(173,295)	45,172,452
Interest receivable	118,327	7,787	-	126,114
Prepaid expenses and other current assets	478,425	132,687	-	611,112
Total unrestricted current assets	<u>77,191,176</u>	<u>16,050,544</u>	<u>(173,295)</u>	<u>93,068,425</u>
Restricted assets:				
Cash equivalents	9,315,037	2,578,505	-	11,893,542
Investments	-	2,989,721	-	2,989,721
Total restricted current assets	<u>9,315,037</u>	<u>5,568,226</u>	<u>-</u>	<u>14,883,263</u>
Total current assets	<u>86,506,213</u>	<u>21,618,770</u>	<u>(173,295)</u>	<u>107,951,688</u>
Non-current assets:				
Investments	9,652,675	600,068	-	10,252,743
Capital assets net of accumulated depreciation of \$146,858,077 at September 30, 2018	91,203,300	53,547,483	-	144,750,783
Total non-current assets	<u>100,855,975</u>	<u>54,147,551</u>	<u>-</u>	<u>155,003,526</u>
Total assets	<u>187,362,188</u>	<u>75,766,321</u>	<u>(173,295)</u>	<u>262,955,214</u>
Deferred outflows of resources				
Pension related	5,285,251	1,620,519	-	6,905,770
OPEB related	4,359	1,377	-	5,736
2018 construction loan DEP fee	490,580	-	-	490,580
Total deferred outflows of resources	<u>5,780,190</u>	<u>1,621,896</u>	<u>-</u>	<u>7,402,086</u>
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 193,142,378</u></b>	<b><u>\$ 77,388,217</u></b>	<b><u>\$ (173,295)</u></b>	<b><u>\$270,357,300</u></b>
<b>Liabilities</b>				
Current liabilities:				
Current portion of bonds, notes and loans payable	\$ 119,729	\$ 39,191	\$ -	\$ 158,920
Accounts payable	341,043	280,050	(173,295)	447,798
Accrued liabilities	2,076,598	625,023	-	2,701,621
Unearned revenue	-	2,236,746	-	2,236,746
Total current liabilities	<u>2,537,370</u>	<u>3,181,010</u>	<u>(173,295)</u>	<u>5,545,085</u>
Non-current liabilities:				
Non-current portion of bonds, notes and loans payable	57,728,502	48,402,144	-	106,130,646
Net pension liability	17,632,457	5,406,319	-	23,038,776
Total OPEB liability	25,436,929	8,032,715	-	33,469,644
Total non-current liabilities	<u>100,797,888</u>	<u>61,841,178</u>	<u>-</u>	<u>162,639,066</u>
Total liabilities	<u>103,335,258</u>	<u>65,022,188</u>	<u>(173,295)</u>	<u>168,184,151</u>
Deferred inflows of resources				
Cost recovery	12,212,100	(12,672,923)	-	(460,823)
Pension related	4,091,409	1,254,474	-	5,345,883
OPEB related	4,247,709	1,341,382	-	5,589,091
Gain on refunding	-	570,035	-	570,035
Total deferred inflow of resources	<u>20,551,218</u>	<u>(9,507,032)</u>	<u>-</u>	<u>11,044,186</u>
<b>Net position</b>				
Net investment in capital assets	33,355,069	30,099,297	-	63,454,366
Restricted for debt service	9,315,037	3,331,480	-	12,646,517
Unrestricted	26,585,796	(11,557,716)	-	15,028,080
Total net position	<u>69,255,902</u>	<u>21,873,061</u>	<u>-</u>	<u>91,128,963</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b><u>\$ 193,142,378</u></b>	<b><u>\$ 77,388,217</u></b>	<b><u>\$ (173,295)</u></b>	<b><u>\$270,357,300</u></b>

**NEW JERSEY WATER SUPPLY AUTHORITY**  
**A COMPONENT UNIT OF THE STATE OF NEW JERSEY**  
**COMBINED SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

	Unaudited			
	<b>Raritan Basin System</b>	<b>Manasquan Reservoir System</b>	<b>Manasquan Water Treatment Plant</b>	<b>Combined Total</b>
Operating revenues:				
Water Sales	\$ 5,636,946	\$ 1,889,291	\$ -	\$ 7,526,237
Reimbursement of operating expenses	-	-	660,600	660,600
Total operating revenues	<u>5,636,946</u>	<u>1,889,291</u>	<u>660,600</u>	<u>8,186,837</u>
Operating expenses:				
Payroll	1,595,288	220,078	246,463	2,061,829
Operations and maintenance (direct)	695,499	162,398	195,235	1,053,132
Operations and maintenance (general and administrative)	-	14,013	12,599	26,612
Fringe benefits	961,172	125,155	125,350	1,211,677
Headquarters overhead	(192,999)	166,500	26,499	-
Depreciation	706,000	468,638	-	1,174,638
Total operating expenses	<u>3,764,960</u>	<u>1,156,782</u>	<u>606,146</u>	<u>5,527,888</u>
Income from operations	<u>1,871,986</u>	<u>732,509</u>	<u>54,454</u>	<u>2,658,949</u>
Non-operating revenue:				
State of New Jersey - Grant Programs	-	-	-	-
Investment income	189,454	49,391	7,396	246,241
Rental income	46,487	-	-	46,487
Other income/(loss)	30,665	9	-	30,674
Total non-operating revenue	<u>266,606</u>	<u>49,400</u>	<u>7,396</u>	<u>323,402</u>
Non-operating expenses:				
Interest component of debt service to the State of New Jersey	36,545	52,265	-	88,810
Recovery of deferred inflows of resources	(208,802)	334,787	61,850	187,835
Total non-operating expenses	<u>(172,257)</u>	<u>387,052</u>	<u>61,850</u>	<u>276,645</u>
Changes in net position	<u>2,310,849</u>	<u>394,857</u>	<u>-</u>	<u>2,705,706</u>
Net position, beginning of year	<u>66,945,053</u>	<u>21,478,204</u>	<u>-</u>	<u>88,423,257</u>
Net position, end of year	<u>\$ 69,255,902</u>	<u>\$ 21,873,061</u>	<u>\$ -</u>	<u>\$ 91,128,963</u>



NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY

SCHEDULE OF CHANGE IN CASH AND INVESTMENTS - RARITAN BASIN SYSTEM  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

	Operating Fund			Reserve for O&M	Self-insurance Reserve	Depreciation Reserve	Pumping Reserve	Capital Improvements II	Source Water Protection Fund	Subtotal
	Revenue Account - TD	Operating Account - PNC	Operating Account - TD							
Cash and investments - July 1, 2018	\$1,858,475	(\$238)	\$3,418,450	\$3,543,616	\$935,461	\$4,499,752	\$1,390,492	\$6,160,721	\$4,108,094	\$26,528,088
Cash receipts:										
Water sales operations and maintenance	1,343,405									1,343,405
Water sales debt service	833,490									833,490
Water sales capital fund	296,746									296,746
Water sales source water protection fund	215,815									215,815
Water sales overdrafts										-
Rental income	80,601									80,601
Manasquan reservoir support	17,284									17,284
Headquarters overhead										189,499
Disposition of property										189,499
Recycling revenue										-
Sale of investment securities										-
Nonrefundable bid deposits										-
Insurance reimbursement	9,672									9,672
Miscellaneous expense reimbursement	39,753	1,282								56,885
Transfers:										
Contributions from operating fund	894,628		361,205	999,823		101,354	37,500		131,955	(2,490,812)
Contributions to operating fund			6,794,888	1,143,712		(26,245)			(101,491)	7,610,872
Transfers for operations	(5,746,390)	(200)	200	5,746,390						-
Transfers for investments			7,264							7,264
Distribution from reserves to operations	913		9,642	463		18,305	4,590	131,406	13,739	214,608
Investment income										
Per resolution, Section 603:										
Investment income, transfer from	(12,546)					(9,318)		(131,250)		(163,571)
Investment income, transfer to	171,780									163,571
Unrealized gain/(loss) on fair value										
Total cash receipts	(1,854,849)	1,082	7,173,207	2,082,212	21,098	58,773	42,080	(19,589)	44,203	8,536,350
Total available cash and investments	\$3,626	\$644	\$10,591,657	\$3,564,714	\$923,298	\$4,556,525	\$1,432,582	\$6,141,132	\$4,152,297	\$35,064,438

NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY

SCHEDULE OF CHANGE IN CASH AND INVESTMENTS - RARITAN BASIN SYSTEM (CONTINUED)  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

	Subtotal	Parity SWP Bond Fund	Subordinated SWP Bond Fund	Major Rehabilitation	Capital Improvement Fund	D&R Mitigation Fund	D&R Canal Dredging	Capital Equipment Reserve	Rate Stabilization Fund	Employment Benefit Funds	Totals
Total cash and investments	\$26,528,098	\$308,948	\$572,947	\$1,391,222	\$13,446,428	\$20,336	\$7,639,332	\$604,656	\$86,391	\$1,691,690	\$52,290,138
Cash receipts:											
Water sales operations and maintenance	1,343,405										1,343,405
Water sales debt service	833,490										833,490
Water sales capital fund	296,746										296,746
Water sales source water protection fund	215,815										215,815
Water sales overdrafts	-										-
Rental income	80,601										80,601
Manasquan reservoir support	17,284										17,284
Headquarters overhead	189,499										189,499
Disposition of property	-										-
Recycling revenue	-										-
Sale of investment securities	-										-
Nonrefundable bid deposits	-										-
Insurance reimbursement	9,672										9,672
Miscellaneous expense reimbursement	56,885				6,647,132						6,704,017
Transfers:											
Contributions from operating fund	(2,490,912)	90,471	176,925		549,109		1,414,380	37,500		222,527	-
Contributions to operating fund	7,810,872				(7,810,872)						-
Transfers for operations	-										-
Transfers for investments	-										-
Distribution from reserves to operations	7,284									(7,284)	-
Investment income	214,608	291	882	4,568	40,240	64	26,423	1,957	196	5,296	294,325
Per resolution, Section 603:											
Investment income, transfer from investment income, transfer to	(163,571)										(163,571)
Unrealized gain/(loss) on fair value	(48,679)										(48,679)
Total cash receipts	8,536,350	90,762	177,607	4,568	(574,391)	64	1,440,803	39,457	196	220,559	9,935,975
Total available cash and investments	\$35,064,438	\$399,610	\$750,554	\$1,395,790	\$12,872,037	\$20,400	\$9,080,135	\$644,113	\$86,587	\$1,912,449	\$62,226,113

NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY

SCHEDULE OF CHANGE IN CASH AND INVESTMENTS - RARITAN BASIN SYSTEM (CONTINUED)  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

	Revenue Account - TD	Operating Account - PNC	Operating Account - TD	Payroll Account - TD	Operating Fund Operating Fund	Reserve for O&M	Self-Insurance Reserve	Depreciation Reserve	Pumping Reserve	Capital Improvements II	Source Water Protection Fund	Subtotal
Total available cash and investments	\$3,626	\$844	\$10,591,657	\$1,150,407	\$2,545,356	\$3,584,714	\$923,298	\$4,558,525	\$1,432,582	\$6,141,132	\$4,152,297	\$36,064,438
Cash disbursements:												
Payroll			15,323	975,229	411,181							975,229
Fringe benefits			(373,435)		476,635							426,504
Employee deferred compensation and credit union			844		111,570							103,400
Operations and maintenance												9,802,992
Prepaid insurance												
Miscellaneous disbursements												
Watershed Management Fund												
Capital improvements:												
Capital assets												
New five year construction project						13,828						13,828
Purchase of investments securities												
Principal on 1981 bonds												
Interest on 1981 bonds												
Principal on 1998 revenue bonds												
Interest on 1998 revenue bonds												
Principal on NJEIT bonds												
Interest on NJEIT revenue bonds												
Total cash disbursements	\$3,626	\$844	\$1,259,191	\$175,178	\$1,545,770	\$3,550,886	\$923,298	\$4,558,525	\$1,432,582	\$6,141,132	\$4,152,297	\$23,742,485
Cash and investments - September 30, 2018												
Summary of cash and investments:												
Cash	\$3,626	\$0	\$1,259,191	\$175,178	\$1,545,770	\$2,382,152	\$296,675	\$2,767,312	\$1,432,582	\$75,027	\$4,152,297	\$11,437,965
Short-term investments						1,168,734	626,623	1,791,213		6,086,105		12,651,815
Long-term investments												9,652,675
Restricted investments (current)												
Restricted investments (long-term)												
Total cash and investments	\$3,626	\$0	\$1,259,191	\$175,178	\$1,545,770	\$3,550,886	\$923,298	\$4,558,525	\$1,432,582	\$6,141,132	\$4,152,297	\$23,742,485

NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY  
SCHEDULE OF CHANGE IN CASH AND INVESTMENTS - RARITAN BASIN SYSTEM (CONTINUED)  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

	Subtotal	Paity SWP Bond Fund	Subordinated SWP Bond Fund	Major Rehabilitation Fund	Capital Improvement Fund	D&R Mitigation Fund	D&R Canal Dredging	Capital Equipment Reserve	Rate Stabilization Fund	Employment Benefit Funds	Totals
<b>Total available cash and investments</b>	\$35,064,438	\$399,610	\$750,554	\$1,395,790	\$12,872,037	\$20,400	\$9,080,135	\$644,113	\$86,587	\$1,912,449	\$62,226,113
<b>Cash disbursements:</b>											
Payroll	975,229										975,229
Fringe benefits	426,504										426,504
Employee deferred compensation and credit union	103,400										103,400
Operations and maintenance	9,802,992										9,802,992
Prepaid insurance	-										-
Miscellaneous disbursements	-									6,506	6,506
Watershed Management Fund	-										-
<b>Capital improvements:</b>											
Capital assets:											
New five year construction project	-										-
Purchase of investments securities	13,828										13,828
Principal on 1981 bonds	-										-
Interest on 1981 bonds	-										-
Principal on 1998 bonds	-										-
Interest on 1998 revenue bonds	-	301,073	482,877								783,950
Principal on NJEIT bonds	-	10,712	55,067								65,779
Interest on NJEIT revenue bonds	-	311,785	537,944							6,506	12,178,188
Total cash disbursements	11,321,963	\$87,825	\$212,610	\$1,395,790	\$12,872,037	\$20,400	\$9,080,135	\$644,113	\$86,587	\$1,905,943	\$50,047,925
Cash and investments - September 30, 2018	\$23,742,485										\$23,742,485
<b>Summary of cash and investments:</b>											
Cash	\$1,437,995									\$52,768	\$1,490,763
Short-term investments	12,651,815	\$87,825	\$212,610	\$1,395,790	\$12,872,037	\$20,400	\$9,080,135	\$644,113	\$86,587	1,853,175	38,904,487
Long-term investments	9,652,675										9,652,675
Restricted investments (current)	-										-
Restricted investments (long-term)	-										-
Total cash and investments	\$23,742,485	\$87,825	\$212,610	\$1,395,790	\$12,872,037	\$20,400	\$9,080,135	\$644,113	\$86,587	\$1,905,943	\$50,047,925

NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY

SCHEDULE OF CHANGE IN CASH AND INVESTMENTS - MANASQUAN WATER SUPPLY SYSTEM  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

	Revenue Account	Operating Account	Payroll Account	Operating Fund	Reserve for O&M	Self-Insurance Reserve	Renewal and Replacement Account	Water Reuse & Recycling	Source Water Protection	Depreciation Reserve	Pumping Reserve	Sediment Reserve	Subtotal
Cash and investments - July 1, 2018	\$70,560	\$865,129	\$40,033	\$4,723,630	\$1,604,963	\$214,645	\$3,885,517	\$30,307	\$1,573,796	\$566,483	\$154,646	\$226,297	\$13,756,026
Cash receipts:													
Water sales operations and maintenance	820,916												820,916
Water sales debt service	1,120,226												1,120,226
Source water protection	28,448												28,448
Water sales debt service NJEIT	47,278												47,278
Water sales overdrafts	2,227												2,227
NI-American pumping costs	48,262												48,262
Headquarters overhead													
Reimbursement of WTP capital expenses													
Disposition of assets													
Reimbursement from (to) Raritan Basin	14,971												14,971
Sale of investments securities													
Nonfundable bid deposits													
Miscellaneous reimbursement	1,237												1,237
Transfers:													
Contributions from operating fund	17,741	614,439	292,135	(2,182,907)			30,000		26,613	22,517	7,500		(1,171,962)
Contributions to operating fund		4,690		402,168					(1,029)				406,029
Transfers for operations	(2,295,313)			2,317,869					(22,556)				
Distribution from reserves to operations	186,950	2,165											190,335
Investment income	1,403	1,472	122	17,741	6,968	3,438	12,965	7	5,166	915	324	674	51,215
Per resolution, Section 603:													
Investment income, transfer from	5,153			22,895	(6,968)	(3,438)					(324)	(673)	(6,250)
Investment income, transfer to					6,649	14,025				(5,229)	(140)		6,294
Unrealized gain/(loss) on fair value	(15,704)	622,866	292,257	577,766	6,649	14,025	42,965	7	8,214	18,203	(140)	7,501	1,574,728
Total cash receipts	\$54,856	\$1,298,115	\$332,290	\$5,307,396	\$1,611,632	\$228,670	\$3,928,462	\$30,314	\$1,582,010	\$584,686	\$154,506	\$233,788	\$15,330,755
Total cash and investments													

NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY  
SCHEDULE OF CHANGE IN CASH AND INVESTMENTS - MANASQUAN WATER SUPPLY SYSTEM (CONTINUED)  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

	Operating Account	Operating Fund	Water Treatment Plant/Transmission System						2016 Debt Service Account	2016 Debt Service Reserve	Rebate Fund	General Reserve Fund	Employment Benefit Funds	Totals
			Residuals Reserve	Carbon Filter Reserve	Self-Insurance Reserve	Capital Improvement Reserve	NJEIT Debt Service	2016 Debt Service Reserve						
Cash and investments - July 1, 2018		\$284,676	\$1,864,659	\$9,519	\$88,700	\$254,012	\$11,667	\$146,296	\$1,746,553	\$244,289	\$41,197	\$513,434	\$22,211,944	
Cash receipts:														
Water sales operations and maintenance		820,916											820,916	
Water sales debt service		1,120,226											1,120,226	
Source water protection		26,446											26,446	
Water sales debt service NJEIT		47,278											47,278	
Water sales overdrafts		2,227											2,227	
NJ-American pumping costs		48,262											48,262	
Headquarters overhead		-	660,600										660,600	
Reimbursement of WTP capital expenses		-											-	
Disposition of assets		-											-	
Reimbursement from (to) Raritan Basin		14,971											14,971	
Reimbursement from investments securities		-											-	
Nonrefundable bid deposits		-											-	
Miscellaneous reimbursement		1,237	1,059										2,296	
Transfers:														
Contributions from operating fund		(1,171,862)	(2,152)					44,230	880,334		188,350	61,200	-	
Contributions to operating fund		406,029	(633,860)				127,831							
Transfers for operations		-												
Distribution from reserves to operations		190,535												
Investment income		51,215	5,594	30	237	757	254	174	724	44	(188,350)	1,380	60,934	
Per resolution, Section 603:														
Investment income, transfer from		(6,250)											(6,250)	
Investment income, transfer to		6,284											6,284	
Unrealized gain/(loss) on fair value		15,305											15,305	
Total cash receipts		1,574,729	1,804	30	237	757	128,085	44,404	880,334	724	-	60,395	2,821,461	
Total cash and investments		\$15,330,755	\$286,280	\$1,994,841	\$9,548	\$98,937	\$254,769	\$190,700	\$4,121,230	\$245,013	\$41,197	\$573,829	\$25,033,405	

NEW JERSEY WATER SUPPLY AUTHORITY  
A COMPONENT UNIT OF THE STATE OF NEW JERSEY

SCHEDULE OF CHANGE IN CASH AND INVESTMENTS - MANASQUAN WATER SUPPLY SYSTEM  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

	Revenue Account	Operating Account	Payroll Account	Operating Fund	Reserve for O&M	Self-Insurance Reserve	Renewal and Replacement Account	Water Reuse & Recycling	Source Water Protection	Depreciation Reserve	Pumping Reserve	Sediment Reserve	Subtotal
Total available cash and investments	\$54,856	\$1,288,115	\$332,290	\$5,301,396	\$1,611,632	\$228,670	\$3,928,482	\$30,314	\$1,582,010	\$584,888	\$154,506	\$233,798	\$15,330,756
Cash disbursements:													
Payroll		605,608	277,243	(411,181)									277,243
Fringe benefits				76,919									194,425
Employee deferred compensation and credit union				198,856									76,919
Operations and maintenance		232,821											439,677
NJ-American pumping costs													
Prepaid insurance				165,000									163,000
Headquarters overhead													
Capital assets reservoir													
Capital improvement program (reservoir)													
Purchase of investments securities					8,912	11,241							20,153
Principal on bonds													
Interest on bonds													
Total cash disbursements	\$ -	\$ 845,427	\$ 277,243	\$ 28,584	\$ 8,912	\$ 11,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,171,417
Cash and investments - September 30, 2018	\$ 54,856	\$ 442,688	\$ 55,047	\$ 5,272,902	\$ 1,602,720	\$ 217,429	\$ 3,928,482	\$ 30,314	\$ 1,582,010	\$ 584,888	\$ 154,506	\$ 233,798	\$ 14,159,338

Summary of cash and investments:

Cash (Manasquan)	\$ 54,856	\$ 442,688	\$ 55,047										\$ 652,591
Cash (Water Treatment Plant/TS)				\$ 5,272,902	\$ 1,354,939	\$ 162,688	\$ 3,928,482	\$ 30,314	\$ 1,582,010	\$ 316,989	\$ 124,647	\$ 233,798	\$ 13,006,679
Short-term investments													
Short-term investments (Water Treatment Plant/TS)													
Long-term investments					247,781	54,741							600,068
Restricted investments (current)													
Restricted investments (long-term)													
Total cash and investments	\$ 54,856	\$ 442,688	\$ 55,047	\$ 5,272,902	\$ 1,602,720	\$ 217,429	\$ 3,928,482	\$ 30,314	\$ 1,582,010	\$ 584,888	\$ 154,506	\$ 233,798	\$ 14,159,338

NEW JERSEY WATER SUPPLY AUTHORITY  
 A COMPONENT UNIT OF THE STATE OF NEW JERSEY  
 SCHEDULE OF CHANGE IN CASH AND INVESTMENTS - MANASQUAN WATER SUPPLY SYSTEM (CONTINUED)  
 FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018

	Water Treatment Plant/Transmission System										Totals		
	Operating Account	Operating Fund	Residuals Reserve	Carbon Filter Reserve	Self-Insurance Reserve	Capital Improvement Reserve	NJEIT Debt Service Account	2006 Debt Service Account	2006 Debt Service Reserve	Rebate Fund		General Reserve Fund	Employment Benefit Funds
Total available cash and investments	\$286,280	\$1,984,841	\$9,549	\$98,937	\$254,789	\$139,752	\$190,700	\$4,121,230	\$1,746,553	\$245,013	\$41,197	\$573,829	\$25,033,405
Cash disbursements:													
Payroll	277,243												277,243
Fringe benefits	194,425												194,425
Employee deferred compensation and credit union	76,919												76,919
Operations and maintenance	439,677	179,124											618,801
NJ-American pumping costs													
Prepaid insurance													
Headquarters overhead		26,499											26,499
Capital assets reservoir													
Capital improvement program (reservoir)													
Purchase of investments securities													
Principal on bonds								109,407	2,880,000				2,989,407
Interest on bonds								13,600	310,768				324,368
Total cash disbursements	1,171,417	179,124						123,007	3,190,768				4,680,815
Cash and investments - September 30, 2018	\$14,159,338	\$1,988,342	\$9,549	\$98,937	\$254,789	\$139,752	\$190,700	\$930,462	\$1,746,553	\$245,013	\$41,197	\$573,829	\$20,342,590
Summary of cash and investments:													
Cash (Manasquan)	\$552,591												\$552,591
Cash (Water Treatment Plant/TS)		\$107,156											107,156
Short-term investments	13,006,679												13,006,679
Short-term investments (Water Treatment Plant/TS)		\$1,988,342	\$9,549	\$98,937	\$254,789	\$139,752							2,471,349
Long-term investments	600,088												600,088
Restricted investments (current)													
Restricted investments (long-term)													
Total cash and investments	\$14,159,338	\$1,988,342	\$9,549	\$98,937	\$254,789	\$139,752	\$190,700	\$930,462	\$1,746,553	\$245,013	\$41,197	\$573,829	\$20,342,590