

NEW JERSEY WATER SUPPLY AUTHORITY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

(A Component Unit of the State of New Jersey)

December 31, 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	
	Dec. 31, 2018	June 30, 2018
Assets		
Current assets:		
Unrestricted assets		
Cash and cash equivalents	\$ 43,153,167	\$ 48,177,628
Unbilled sales	1,965,966	1,501,023
Accounts receivable, less allowance for doubtful accounts of \$1,000 at December 31, 2018 and June 30, 2018	44,056,012	49,295,613
Interest receivable	156,340	167,778
Prepaid expenses and other current assets	244,444	977,780
Total unrestricted current assets	<u>89,575,929</u>	<u>100,119,822</u>
Restricted assets:		
Cash equivalents	14,048,407	10,231,323
Investments	3,915,405	5,378,034
Total restricted current assets	<u>17,963,812</u>	<u>15,609,357</u>
Total current assets	<u>107,539,741</u>	<u>115,729,179</u>
Non-current assets:		
Investments	10,312,982	10,715,097
Capital assets, net	148,513,576	144,437,281
Total non-current assets	<u>158,826,558</u>	<u>155,152,378</u>
Total assets	<u>266,366,299</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>\$ 273,768,385</u>	<u>\$ 278,283,643</u>
Liabilities		
Current liabilities:		
Current portion of bonds, notes and loans payable	\$ 158,920	\$ 3,931,252
Accounts payable	583,630	7,305,033
Accrued liabilities	2,960,289	2,779,166
Unearned revenue	2,671,357	2,174,896
Total current liabilities	<u>6,374,196</u>	<u>16,190,347</u>
Non-current liabilities:		
Non-current portion of bonds, notes and loans payable	106,065,778	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>162,574,198</u>	<u>162,703,934</u>
Total liabilities	<u>168,948,394</u>	<u>178,894,281</u>
Deferred inflows of resources:		
Cost recovery	(271,159)	(567,296)
Pension related	5,345,883	5,345,883
OPEB related	5,589,091	5,589,091
Gain on refunding	541,643	598,427
Total deferred inflows of resources	<u>11,205,458</u>	<u>10,966,105</u>
Total liabilities and deferred inflows of resources	<u>180,153,852</u>	<u>189,860,386</u>
Net position		
Net investment in capital assets	67,310,419	59,275,272
Restricted for debt service	15,292,455	13,434,461
Unrestricted	11,011,659	15,713,524
Total net position	<u>93,614,533</u>	<u>88,423,257</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 273,768,385</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

	Six months ended December 31,	
	2018	2017
Operating revenue:		
Water sales	\$ 15,179,189	\$ 15,144,228
Reimbursement of operating expenses	1,321,200	1,321,200
Total operating revenue	<u>16,500,389</u>	<u>16,465,428</u>
Operating expenses:		
Payroll	4,087,874	3,769,024
Operations and maintenance	2,554,998	2,856,435
Fringe benefits	2,442,650	2,381,081
Depreciation	2,357,913	2,309,498
Total operating expenses	<u>11,443,435</u>	<u>11,316,038</u>
Income from operations	5,056,954	5,149,390
Non-operating revenue:		
State of New Jersey - Grant Programs	18,082	5,951
Investment income	502,702	175,749
Rental income	50,879	43,659
Other income	37,322	5,259
Total non-operating revenue	<u>608,985</u>	<u>230,618</u>
Non-operating expenses:		
Interest component of debt service to the State of New Jersey	165,222	224,724
Recovery of deferred inflows of resources	309,441	415,293
Total non-operating expenses	<u>474,663</u>	<u>640,017</u>
Change in net position	5,191,276	4,739,991
Net position, beginning of year	88,423,257	118,988,194
Net position, end of year	<u>\$ 93,614,533</u>	<u>\$ 123,728,185</u>

See accompanying notes.

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

Unaudited

	Six months ended December 31,	
	2018	2017
Cash flows from operating activities		
Cash received from water sales	\$ 13,433,004	\$ 13,285,316
Cash received from reimbursable expenses	1,313,595	1,315,331
Cash received from rental income	92,231	15,857
Cash paid to or on behalf of employees	(6,246,664)	(5,540,956)
Cash paid to suppliers	(2,082,462)	(2,090,397)
Net cash provided by operating activities	<u>6,509,704</u>	<u>6,985,151</u>
Cash flows from noncapital financing activities		
Cash received for grant programs	18,082	5,951
Net cash provided by noncapital financing activities	<u>18,082</u>	<u>5,951</u>
Cash flows from capital and related financing activities		
Principal paid on bonds, notes and loans	(3,519,864)	(3,948,797)
Interest paid on bonds, notes and loans	(217,418)	(252,157)
Acquisition and construction of capital assets	(6,413,813)	(1,741,872)
Proceeds from sale of capital assets	37,048	4,761
Net cash used in capital and related financing activities	<u>(10,114,047)</u>	<u>(5,938,065)</u>
Cash flows from investing activities		
Sale of investment securities	7,717,496	3,512,452
Purchase of investment securities	(6,089,900)	(905,157)
Interest received on investments	514,140	178,783
Premium on matured investments	237,148	13,265
Net cash provided by investing activities	<u>2,378,884</u>	<u>2,799,343</u>
Net increase in cash and cash equivalents	(1,207,377)	3,852,380
Cash and cash equivalents, beginning of year	58,408,951	48,506,593
Cash and cash equivalents, end of year	<u>\$ 57,201,574</u>	<u>\$ 52,358,973</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 5,056,954	\$ 5,149,390
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	51,153	44,157
Depreciation	2,357,913	2,309,498
Increase (decrease) in cash from:		
Unbilled sales	(464,943)	(923,004)
Accounts receivable	(1,512,087)	(1,165,506)
Prepaid expenses and other current assets	733,336	731,281
Accounts payable	9,890	235,695
Accrued liabilities	(3,822)	(4,423)
Accrued payroll and taxes	281,310	608,063
Net pension liability	-	-
Net OPEB liability	-	-
Net cash provided by operating activities	<u>\$ 6,509,704</u>	<u>\$ 6,985,151</u>
Non cash investing activities		
Decrease in fair value of investments	<u>\$ (153,114)</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**

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)**

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 six months ended December 31, 2018 and the year ended June 30, 2018, were determined as follows:

	Dec 31, 2018	June 30, 2018
Raritan Basin System		
Cost excluded from rate model:		
Depreciation of debt-financed capital assets recoverable from rate payers	\$ 417,605	\$ 835,209
Excess vacation expense over vacation paid	(44,673)	39,416
Accrued sick pay	-	67,255
	372,932	941,880
Cost included in rate model:		
Debt principal repayment	-	-
	372,932	941,880
Manasquan System		
Cost excluded from rate model:		
Depreciation of debt-financed capital assets recoverable from rate payers	770,427	1,540,854
Excess vacation expense over vacation paid	504	1,633
Accrued sick pay	-	(8,437)
	770,931	1,534,050
Cost included in rate model:		
Debt principal repayment	(1,440,000)	(2,805,000)
	(669,069)	(1,270,950)
Total Raritan Basin and Manasquan	(296,137)	(329,070)
Balance, beginning of year	567,296	896,366
Balance, end of year	271,159	\$ 567,296

As shown in the statement of revenue, expenses and changes in net position for the six months ended December 31, 2018 and the year ended June 30, 2018, respectively, deferred inflow of resources debit of \$309,441 and a debit balance of \$573,760 includes a debit balance of \$57,473 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 debit balance of \$44,169 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)

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 December 31, 2018 and 2017, unearned revenue amounting to \$1,893,260 and \$1,891,789 respectively, was determined as follows:

	2018	2017
Reimbursement of operating expenses	\$ 1,337,711	\$ 1,325,589
Operating expenses	1,280,238	1,124,764
Unearned revenue	57,473	200,825
Balance, beginning of year	1,835,787	1,690,964
Balance, end of year	<u>\$ 1,893,260</u>	<u>\$ 1,891,789</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 December 31, 2018 and 2017, the amount included in unearned revenue was \$303,097 and \$397,660, respectively.

Accounting for Watershed Protection Program

For the six months ended December 31, 2018 and 2017, the Authority received \$8,759 and \$5,951 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 December 31, 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 six months ended December 31, 2018 and the year ended June 30 2018, was as follows:

	2019 Beginning Balance	Additions	Retirements	2019 Ending Balance
Capital assets not being depreciated:				
Land	\$ 26,444,952	\$ -	\$ -	\$ 26,444,952
Construction work in progress	16,130,416	5,943,920	-	22,074,336
Total capital assets not being depreciated	<u>42,575,368</u>	<u>5,943,920</u>	<u>-</u>	<u>48,519,288</u>
Capital assets being depreciated:				
Dams	77,369,160	0	-	77,369,160
Building, structures and improvements	142,443,278	9,079	-	142,452,357
D & R canal dredging	21,160,274	-	-	21,160,274
Machinery and equipment	6,639,585	482,929	(144,021)	6,978,493
Total capital assets being depreciated	<u>247,612,297</u>	<u>492,008</u>	<u>(144,021)</u>	<u>247,960,284</u>
Less accumulated depreciation for:				
Dams	(30,760,135)	(398,997)	-	(31,159,132)
Building, structures and improvements	(88,615,808)	(1,773,047)	-	(90,388,855)
D & R canal dredging	(21,160,273)	(1)	-	(21,160,274)
Machinery and equipment	(5,214,168)	(185,868)	142,301	(5,257,735)
Total accumulated depreciation	<u>(145,750,384)</u>	<u>(2,357,913)</u>	<u>142,301</u>	<u>(147,965,996)</u>
Total capital assets being depreciated, net	<u>101,861,913</u>	<u>(1,865,905)</u>	<u>(1,720)</u>	<u>99,994,288</u>
Total capital assets, net	<u>\$ 144,437,281</u>	<u>\$ 4,078,015</u>	<u>\$ (1,720)</u>	<u>\$ 148,513,576</u>
	2018 Beginning Balance	Additions	Retirements	2018 Ending Balance
Capital assets not being depreciated:				
Land	\$ 26,444,952	\$ -	\$ -	\$ 26,444,952
Construction work in progress	9,326,879	9,265,054	(2,461,517)	16,130,416
Total capital assets not being depreciated	<u>35,771,831</u>	<u>9,265,054</u>	<u>(2,461,517)</u>	<u>42,575,368</u>
Capital assets being depreciated:				
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
Total capital assets being depreciated	<u>245,067,666</u>	<u>2,840,006</u>	<u>(295,375)</u>	<u>247,612,297</u>
Less accumulated depreciation for:				
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)
Total accumulated depreciation	<u>(141,372,769)</u>	<u>(4,637,409)</u>	<u>259,794</u>	<u>(145,750,384)</u>
Total capital assets being depreciated, net	<u>103,694,897</u>	<u>(1,797,403)</u>	<u>(35,581)</u>	<u>101,861,913</u>
Total capital assets, net	<u>\$ 139,466,728</u>	<u>\$ 7,467,651</u>	<u>\$ (2,497,098)</u>	<u>\$ 144,437,281</u>

NEW JERSEY WATER SUPPLY AUTHORITY
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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 December 31, 2018 and June 30, 2018, the Authority's bank balance was \$3,652,530 and \$6,635,034, respectively, of which \$250,000 was covered through the FDIC. The remaining balance of \$3,402,530 and \$6,385,034 as of December 31, 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 \$335,212 and \$99,740, respectively. The statement of net position amount includes petty cash totaling \$300 as of December 31, 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 \$3,652,530 and \$6,635,034 as of December 31, 2018 and June 30, 2018, respectively, was exposed to custodial credit risk as follows:

	December 31, 2018	June 30, 2018
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>

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 December 31, 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	\$ 57,464,449	\$ 57,464,449	\$ -
NJ G/O Bonds	Level 2	10,469,322	9,874,958	594,364
Total		<u>\$ 67,933,771</u>	<u>\$ 67,339,407</u>	<u>\$ 594,364</u>

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
Total		\$ 68,034,826	\$ 61,623,707	\$ 6,411,119

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 December 31, 2018, all deposits were collateralized.

5. Investment Income

The following comprises investment income for the six months ended December 31, 2018 and 2017, respectively:

	2018	2017
Interest earned on bank accounts and certificates of deposit	\$ 402,816	\$ 115,085
Interest earned on securities	253,000	274,173
Decrease in fair value of securities	(153,114)	(213,509)
	<u>\$ 502,702</u>	<u>\$ 175,749</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 SIX MONTHS ENDED DECEMBER 31, 2018

Unaudited

	Raritan Basin System	Manasquan Reservoir System	Elimination Entries	Combined Total
Assets				
Current assets:				
Unrestricted assets:				
Cash and cash equivalents	\$ 29,099,949	\$ 14,053,218	\$ -	\$ 43,153,167
Unbilled sales	1,965,966	-	-	1,965,966
Accounts receivable, less allowance for doubtful accounts of \$1,000 at December 31, 2018	42,312,738	1,913,228	(169,954)	44,056,012
Interest receivable	155,822	518	-	156,340
Prepaid expenses and other current assets	191,370	53,074	-	244,444
Total unrestricted current assets	<u>73,725,845</u>	<u>16,020,038</u>	<u>(169,954)</u>	<u>89,575,929</u>
Restricted assets:				
Cash equivalents	11,373,847	2,674,560	-	14,048,407
Investments	-	3,915,405	-	3,915,405
Total restricted current assets	<u>11,373,847</u>	<u>6,589,965</u>	<u>-</u>	<u>17,963,812</u>
Total current assets	<u>85,099,692</u>	<u>22,610,003</u>	<u>(169,954)</u>	<u>107,539,741</u>
Non-current assets:				
Investments	9,473,708	839,274	-	10,312,982
Capital assets net of accumulated depreciation of \$147,965,966 at December 31, 2018	95,426,749	53,086,827	-	148,513,576
Total non-current assets	<u>104,900,457</u>	<u>53,926,101</u>	<u>-</u>	<u>158,826,558</u>
Total assets	<u>190,000,149</u>	<u>76,536,104</u>	<u>(169,954)</u>	<u>266,366,299</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>
Total assets and deferred outflows of resources	<u>\$ 195,780,339</u>	<u>\$ 78,158,000</u>	<u>\$ (169,954)</u>	<u>\$ 273,768,385</u>
Liabilities				
Current liabilities:				
Current portion of bonds, notes and loans payable	\$ 119,729	\$ 39,191	\$ -	\$ 158,920
Accounts payable	441,243	312,341	(169,954)	583,630
Accrued liabilities	2,154,549	805,740	-	2,960,289
Unearned revenue	475,000	2,196,357	-	2,671,357
Total current liabilities	<u>3,190,521</u>	<u>3,353,629</u>	<u>(169,954)</u>	<u>6,374,196</u>
Non-current liabilities:				
Non-current portion of bonds, notes and loans payable	57,727,118	48,338,660	-	106,065,778
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>100,796,504</u>	<u>61,777,694</u>	<u>-</u>	<u>162,574,198</u>
Total liabilities	<u>103,987,025</u>	<u>65,131,323</u>	<u>(169,954)</u>	<u>168,948,394</u>
Deferred inflows of resources				
Cost recovery	12,069,857	(12,341,016)	-	(271,159)
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	-	541,643	-	541,643
Total deferred inflow of resources	<u>20,408,975</u>	<u>(9,203,517)</u>	<u>-</u>	<u>11,205,458</u>
Net position				
Net investment in capital assets	37,579,902	29,730,517	-	67,310,419
Restricted for debt service	10,898,847	4,393,608	-	15,292,455
Unrestricted	22,905,590	(11,893,931)	-	11,011,659
Total net position	<u>71,384,339</u>	<u>22,230,194</u>	<u>-</u>	<u>93,614,533</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 195,780,339</u>	<u>\$ 78,158,000</u>	<u>\$ (169,954)</u>	<u>\$ 273,768,385</u>

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 SIX MONTHS ENDED DECEMBER 31, 2018

	Unaudited			
	Raritan Basin System	Manasquan Reservoir System	Manasquan Water Treatment Plant	Combined Total
Operating revenues:				
Water Sales	\$ 11,394,847	\$ 3,784,342	\$ -	\$ 15,179,189
Reimbursement of operating expenses	-	-	1,321,200	1,321,200
Total operating revenues	<u>11,394,847</u>	<u>3,784,342</u>	<u>1,321,200</u>	<u>16,500,389</u>
Operating expenses:				
Payroll	3,152,153	420,837	514,884	4,087,874
Operations and maintenance (direct)	1,675,221	426,735	397,468	2,499,424
Operations and maintenance (general and administrative)	-	28,910	26,664	55,574
Fringe benefits	1,913,313	241,113	288,224	2,442,650
Headquarters overhead	(385,998)	333,000	52,998	-
Depreciation	1,419,945	937,968	-	2,357,913
Total operating expenses	<u>7,774,634</u>	<u>2,388,563</u>	<u>1,280,238</u>	<u>11,443,435</u>
Income from operations	<u>3,620,213</u>	<u>1,395,779</u>	<u>40,962</u>	<u>5,056,954</u>
Non-operating revenue:				
State of New Jersey - Grant Programs	18,082	-	-	18,082
Investment income	368,710	117,481	16,511	502,702
Rental income	50,879	-	-	50,879
Other income/(loss)	35,547	1,775	-	37,322
Total non-operating revenue	<u>473,218</u>	<u>119,256</u>	<u>16,511</u>	<u>608,985</u>
Non-operating expenses:				
Interest component of debt service to the State of New Jersey	71,749	93,473	-	165,222
Recovery of deferred inflows of resources	(417,604)	669,572	57,473	309,441
Total non-operating expenses	<u>(345,855)</u>	<u>763,045</u>	<u>57,473</u>	<u>474,663</u>
Changes in net position	4,439,286	751,990	-	5,191,276
Net position, beginning of year	66,945,053	21,478,204	-	88,423,257
Net position, end of year	<u>\$ 71,384,339</u>	<u>\$ 22,230,194</u>	<u>\$ -</u>	<u>\$ 93,614,533</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 SIX MONTHS ENDED DECEMBER 31, 2018**

	Operating Fund				Pumping Reserve	Capital Improvements II	Source Water Protection Fund	Subtotal					
	Revenue Account - TD	Operating Account - PNC	Operating Account - TD	Payroll Account - TD									
Cash and investments - July 1, 2018	\$1,868,475	(\$238)	\$3,418,450	\$150,121	\$463,144	\$3,543,618	\$935,461	\$4,499,752	\$1,360,492	\$6,160,721	\$4,108,094	\$26,528,088	
Cash receipts:													
Water sales operations and maintenance	5,312,449												5,312,449
Water sales debt service	2,691,456												2,691,456
Water sales capital fund	972,018												972,018
Water sales source water protection fund	706,920												706,920
Water sales overdrains	1,502												1,502
Rental income	92,231												92,231
Manasquan reservoir support	26,935				15,650								42,585
Headquarters overhead					382,498								382,498
Disposition of property													-
Recycling revenue													-
Sale of investment securities										250,000			250,000
Nonrefundable bid deposits													-
Insurance reimbursement	9,672												9,672
Miscellaneous expense reimbursement	47,100	1,282	17,253										65,635
Transfers:													
Contributions from operating fund	894,628		4,148,897	1,985,580	(12,667,555)						263,910	(5,906,233)	
Contributions to operating fund	(11,027,720)	(200)	6,794,896		3,528,048						(220,487)	10,944,327	
Transfers for operations					11,027,720								
Transfers for investments													
Distribution from reserves to operations	1,175		2,368,130	1,069	238,871						10,130	(121,100)	2,486,001
Investment income			15,180		6,707	49,729	16,434	56,996				29,879	343,886
Per resolution, Section 603:													
Investment income, transfer from investment income, transfer to	33,319		(2,369)			(19,670)	(9,283)	(9,319)			(156,250)		(163,572)
Investment income, transfer to investment income, transfer from	159,741					4,732	(901)						163,572
Unrealized gain/(loss) on fair value	(78,576)	1,082	13,344,556	1,986,649	2,529,670	26,253	48,005	79,467			(106,950)		46,775
Total cash receipts	\$1,779,699	\$844	\$16,763,006	\$2,136,770	\$2,992,814	\$3,504,650	\$993,716	\$5,012,093	\$1,475,622	\$6,054,108	\$4,060,286	\$44,869,808	
Total available cash and investments													

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 SIX MONTHS ENDED DECEMBER 31, 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	\$26,528,088	\$308,848	\$572,947	\$1,391,222	\$13,446,428	\$20,336	\$7,659,332	\$804,856	\$86,391	\$1,691,890	\$52,290,138
Cash receipts:											
Water sales operations and maintenance	5,312,449										5,312,449
Water sales debt service	2,691,456										2,691,456
Water sales capital fund	972,016										972,016
Water sales source water protection fund	706,920										706,920
Water sales overdrafts	1,502										1,502
Rental income	92,231										92,231
Manasquan reservoir support	42,585										42,585
Headquarters overhead	382,498									(6,466)	376,043
Disposition of property	-										-
Recycling revenue	-										-
Sale of investment securities	250,000										250,000
Nonrefundable bid deposits	9,672										9,672
Insurance reimbursement	85,635										85,635
Miscellaneous expense reimbursement	-				6,751,688	475,000					7,222,323
Transfers:											
Contributions from operating fund	(5,906,233)	180,942	353,850		1,098,220		2,828,754	75,000		474,840	(894,627)
Contributions to operating fund	10,844,327				(9,948,700)						894,627
Transfers for operations	-										-
Transfers for investments	2,486,001				(2,476,888)					(9,113)	-
Distribution from reserves to operations	343,886	572	1,499	9,943	87,777	140	62,752	4,397	421	12,383	525,770
Investment income	(163,572)										(163,572)
Per resolution, Section 603:											
Investment income, transfer from	163,572										163,572
Investment income, transfer to	46,775										46,775
Unrealized gain/(loss) on fair value	18,341,720	181,514	355,349	9,943	(4,488,903)	475,140	2,831,506	79,397	421	471,655	18,317,742
Total cash receipts	\$44,869,808	\$490,362	\$928,296	\$1,401,165	\$9,957,525	\$495,476	\$10,530,838	\$684,053	\$86,812	\$2,163,545	\$70,807,880
Total available cash and investments											

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 SIX MONTHS ENDED DECEMBER 31, 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 Investments II	Source Water Protection Fund	Subtotal
Total available cash and investments	\$1,779,899	\$844	\$16,763,006	\$2,136,770	\$2,992,814	\$3,604,660	\$989,716	\$5,012,083	\$1,475,622	\$6,054,108	\$4,060,286	\$44,869,808
Cash disbursements:												
Payroll			22,083	1,960,986	830,013							1,960,986
Fringe benefits			(176,875)		520,875							852,096
Employee deferred compensation and credit union												344,000
Operations and maintenance		844	16,294,942		(95,636)							16,190,250
Prepaid insurance												
Miscellaneous disbursements												
Watershed Management Fund												
Capital improvements:												
Capital assets												
New five year construction project												
Purchase of investments securities						42,312	53,352	351,302				446,966
Principal on 1981 bonds												
Interest on 1981 bonds												
Principal on 1998 bonds												
Interest on 1998 revenue bonds												
Principal on NJEIT bonds												
Interest on NJEIT revenue bonds		844	16,130,150	1,960,986	1,255,352	42,312	53,352	351,302				19,794,298
Total cash disbursements	\$1,779,899	\$0	\$632,856	\$175,784	\$1,737,462	\$3,562,348	\$936,364	\$4,660,781	\$1,475,622	\$6,054,108	\$4,060,286	\$25,075,510
Cash and investments - 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 Investments II	Source Water Protection Fund	Subtotal
Summary of cash and investments:												
Cash	\$1,779,899	\$0	\$632,856	\$175,784	\$1,737,462	\$2,244,397	\$303,025	\$3,117,263	\$1,475,622	\$75,208	\$4,060,286	\$2,688,539
Short-term investments						1,317,851	633,339	1,543,518		5,978,900		13,013,263
Long-term investments												9,473,708
Restricted investments (current)												
Restricted investments (long-term)												
Total cash and investments	\$1,779,899	\$0	\$632,856	\$175,784	\$1,737,462	\$3,562,348	\$936,364	\$4,660,781	\$1,475,622	\$6,054,108	\$4,060,286	\$25,075,510

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 SIX MONTHS ENDED DECEMBER 31, 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 available cash and investments	\$44,869,808	\$490,362	\$928,296	\$1,401,165	\$8,957,525	\$495,476	\$10,530,838	\$684,053	\$86,812	\$2,163,545	\$70,607,880
Cash disbursements:	1,960,986	-	-	-	-	-	-	-	-	-	1,960,986
Payroll	852,096	-	-	-	-	-	-	-	-	-	852,096
Fringe benefits	344,000	-	-	-	-	-	-	-	-	-	344,000
Employee deferred compensation and credit union	16,190,250	311,785	537,944	-	-	-	-	-	-	16,349	17,056,323
Operations and maintenance	-	-	-	-	-	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous disbursements	-	-	-	-	-	-	-	-	-	-	-
Watershed Management Fund	-	-	-	-	-	-	-	-	-	-	-
Capital improvements:	-	-	-	-	-	-	-	-	-	-	-
Capital assets	-	-	-	-	-	-	-	-	-	-	-
New five year construction project	-	-	-	-	-	-	-	-	-	-	-
Purchase of investments securities	446,966	-	-	-	-	-	-	-	-	-	446,966
Principal on 1981 bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on 1981 bonds	-	-	-	-	-	-	-	-	-	-	-
Principal on 1998 bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on 1998 revenue bonds	-	-	-	-	-	-	-	-	-	-	-
Principal on NJEIT bonds	-	-	-	-	-	-	-	-	-	-	-
Interest on NJEIT revenue bonds	-	-	-	-	-	-	-	-	-	-	-
Total cash disbursements	19,784,298	311,785	537,944	-	-	-	-	-	-	16,349	20,660,376
Cash and investments - September 30, 2018	\$25,075,510	\$178,577	\$390,352	\$1,401,165	\$8,957,525	\$495,476	\$10,530,838	\$684,053	\$86,812	\$2,147,196	\$49,847,504

Summary of cash and investments:

Cash	\$2,569,539										\$2,569,539
Short-term investments	13,013,263	\$178,577	\$390,352	\$1,401,165	\$8,957,525	\$495,476	\$10,530,838	\$684,053	\$86,812	2,096,836	37,834,697
Long-term investments	9,473,708	-	-	-	-	-	-	-	-	-	9,473,708
Restricted investments (current)	-	-	-	-	-	-	-	-	-	-	-
Restricted investments (long-term)	-	-	-	-	-	-	-	-	-	-	-
Total cash and investments	\$25,075,510	\$178,577	\$390,352	\$1,401,165	\$8,957,525	\$495,476	\$10,530,838	\$684,053	\$86,812	\$2,147,196	\$49,847,504

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 SIX MONTHS ENDED DECEMBER 31, 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	\$70,960	\$655,129	\$40,033	\$4,723,630	\$1,604,983	\$214,645	\$3,886,517	\$30,307	\$1,573,796	\$586,483	\$154,646	\$226,297	\$13,786,028
Cash receipts:													
Water sales operations and maintenance	1,514,802												1,514,802
Water sales debt service	2,073,019												2,073,019
Source water production	52,461												52,461
Water sales debt service M&EIT	87,241												87,241
Water sales overdrains	7,168												7,168
NJ-American pumping costs	99,992												99,992
Headquarters overhead													
Reimbursement of WTP capital expenses													
Disposition of assets	1,755												1,755
Reimbursement from/to Raritan Basin	17,364												17,364
Sale of investments securities													
Nonrefundable bid deposits													
Miscellaneous reimbursement	10,091												10,091
Transfers:													
Contributions from operating fund	17,741	1,316,267	579,280	(4,234,488)			60,000		63,226	25,267		15,000	(2,165,707)
Contributions to operating fund		5,944		815,176			(273)		(18,670)	(20,612)			783,665
Transfers for operations	(4,127,603)			4,150,059					(22,596)				190,972
Distribution from reserves to operations	188,350	2,622											188,350
Investment income	1,721	2,923	308	40,629	18,482	4,533	28,373	14	11,356	8,440	983	1,500	119,262
Per resolution, Section 603:													
Investment income, transfer from	38,347			(22,886)		(4,257)							(3,449)
Investment income, transfer to	(48,317)			51,861									3,544
Unrealized gain/(loss) on fair value	(66,008)	1,325,756	579,568	800,349	38,600	13,945	88,100	14	25,368	20,737	(65)	15,000	2,868,817
Total cash receipts	\$4,652	\$1,694,885	\$619,621	\$5,523,979	\$1,643,583	\$228,666	\$3,973,617	\$30,321	\$1,599,132	\$600,228	\$154,742	\$241,267	\$16,614,843
Total cash and investments													

NEW JERSEY WATER SUPPLY AUTHORITY
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SCHEDULE OF CHANGE IN CASH AND INVESTMENTS - MANASQUAN WATER SUPPLY SYSTEM (CONTINUED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Water Treatment Plant/Transmission System										Totals	
	Operating Account	Operating Fund	Residuals Reserve	Carbon Filter Reserve	Self-Insurance Reserve	Capital Improvement Reserve	NJET Debt Service	2016 Debt Service Account	2016 Debt Service Reserve	Rebate Fund		General Reserve Fund
Cash and Investments - July 1, 2018												
Cash receipts:												
Water sales operations and maintenance												
Water sales debt service												
Source water protection												
Water sales debt service NJET												
Water sales overdrafts												
NJ-American pumping costs												
Headquarters overhead												
Reimbursement of WTP capital expenses												
Reimbursement from (to) Raritan Basin												
Sale of investments securities												
Nonrefundable bid deposits												
Miscellaneous reimbursement												
Transfers:												
Contributions from operating fund												
Contributions to operating fund												
Transfers for operations												
Distribution from reserves to operations												
Investment income												
Per resolution, Section 603:												
Investment income, transfer from												
Investment income, transfer to												
Unrealized gain/(loss) on fair value												
Total cash receipts												
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
FOR THE SIX MONTHS ENDED DECEMBER 31, 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	\$4,552	\$1,994,885	\$615,621	\$5,523,979	\$1,643,583	\$228,866	\$3,973,617	\$30,321	\$1,595,152	\$600,228	\$154,742	\$241,297	\$16,614,943
Cash disbursements:													
Payroll		1,149,499	564,388	(830,013)									564,388
Fringe benefits													319,436
Employee deferred compensation and credit union				145,681									145,681
Operations and maintenance		575,980		406,860	32,644	11,241				23,733			1,050,538
NJ-American pumping costs													
Prepaid insurance													
Headquarters overhead				329,500									329,500
Capital assets reservoir													
Capital improvement program (reservoir)													
Purchase of investments securities													
Principal on bonds													
Interest on bonds		1,726,459	564,389	52,128	32,844	11,241				23,733			2,409,593
Total cash disbursements		\$269,426	\$55,233	\$5,471,851	\$1,610,939	\$217,625	\$3,973,617	\$30,321	\$1,595,152	\$576,495	\$154,742	\$241,297	\$14,205,250
Cash and investments - September 30, 2018	\$												
Summary of cash and investments:													
Cash (Manasquan)	\$	269,426	\$ 55,233		6,260	272				6,346	146		\$342,225
Cash (Water Treatment Plants)													
Short-term investments				\$5,471,851	\$1,244,939	\$37,862	\$3,973,617	\$30,321	\$1,595,152	\$300,230	\$124,552	\$241,297	13,023,751
Long-term investments (Water Treatment Plants)					359,750	179,661					29,944		839,274
Restricted investments (current)													
Restricted investments (long-term)													
Total cash and investments	\$4,552	\$ 269,426	\$ 55,233	\$5,471,851	\$1,610,939	\$217,625	\$3,973,617	\$30,321	\$1,595,152	\$576,495	\$154,742	\$241,297	\$14,205,250

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 SIX MONTHS ENDED DECEMBER 31, 2018

	Water Treatment Plant/Transmission System										Totals		
	Operating Account	Operating Fund	Residuals Reserve	Carbon Filter Reserve	Self-Insurance Reserve	Capital Improvement Reserve	NJETT Debt Service	2006 Debt Service Account	2006 Dept Service Reserve	Rebate Fund		General Reserve Fund	Employment Benefit Funds
Total available cash and investments	\$16,614,643	\$2,187,132	\$9,480	\$98,403	\$253,032	\$140,189	\$235,188	\$5,001,564	\$1,746,553	\$245,865	\$41,197	\$646,045	\$27,806,033
Cash disbursements:													
Payroll	564,388												564,388
Fringe benefits	319,488												319,488
Employee deferred compensation and credit union	145,681												145,681
Operations and maintenance	1,050,535	347,210											1,397,745
NJ-American pumping costs													
Prepaid insurance													
Headquarters overhead	329,500												329,500
Capital assets reservoir		\$2,988											2,988
Capital improvement program (reservoir)													
Purchase of investments securities													
Principal on bonds	2,409,593	347,210											2,989,407
Interest on bonds		\$2,988											2,988
Total cash disbursements	\$14,205,250	\$39,322	\$2,134,134	\$98,403	\$253,032	\$140,189	\$112,191	\$1,810,796	\$1,746,553	\$245,865	\$41,197	\$646,045	\$21,482,457
Cash and investments - September 30, 2018													
Summary of cash and investments:													
Cash (Manasquan)	\$342,225												\$342,225
Cash (Water Treatment Plant/TS)	\$39,322												39,322
Short-term investments	13,023,751												13,770,993
Long-term investments (Water Treatment Plant/TS)		\$2,134,134	\$9,480	\$98,403	\$253,032	\$140,189							2,596,238
Long-term investments	839,274												839,274
Restricted investments (current)													
Restricted investments (long-term)													
Total cash and investments	\$14,205,250	\$39,322	\$2,134,134	\$98,403	\$253,032	\$140,189	\$112,191	\$1,810,796	\$1,746,553	\$245,865	\$41,197	\$646,045	\$21,482,457