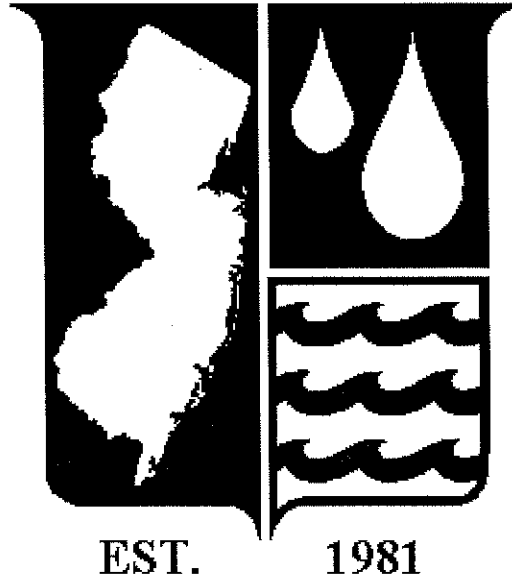


NEW JERSEY WATER SUPPLY AUTHORITY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

(A Component Unit of the State of New Jersey)

March 31, 2018 AND JUNE 30, 2017

(UNAUDITED)

NEW JERSEY WATER SUPPLY AUTHORITY

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NEW JERSEY WATER SUPPLY AUTHORITY



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

STATEMENT OF NET POSITION

	Unaudited	
	March 31, 2018	June 30, 2017
Assets		
Current assets:		
Unrestricted assets		
Cash and cash equivalents	\$47,995,630	44,408,430
Unbilled sales	1,956,493	1,174,697
Accounts receivable, less allowance for doubtful accounts of \$1,000 at March 31, 2018 and June 30, 2017	49,671,382	2,270,753
Interest receivable	136,878	170,608
Prepaid expenses and other current assets	1,344,447	1,000,513
Total unrestricted current assets	<u>101,104,830</u>	<u>49,025,001</u>
Restricted assets:		
Cash equivalents	8,379,152	4,098,163
Investments	4,457,665	5,329,485
Total restricted current assets	<u>12,836,817</u>	<u>9,427,648</u>
Total current assets	<u>113,941,647</u>	<u>58,452,649</u>
Non-current assets:		
Investments	10,820,024	11,104,025
Capital assets, net	138,016,758	139,466,728
Total non-current assets	<u>148,836,782</u>	<u>150,570,753</u>
Deferred outflows of resources	10,102,985	9,612,405
Total assets and deferred outflows of resources	<u>272,881,414</u>	<u>218,635,807</u>
Liabilities		
Current liabilities:		
Current portion of bonds, notes and loans payable	-	3,851,691
Accounts payable	2,047,522	431,084
Accrued liabilities	1,956,111	2,136,760
Unearned revenue	2,080,370	2,165,583
Total current liabilities	<u>6,084,003</u>	<u>8,585,118</u>
Non-current liabilities:		
Non-current portion of bonds, notes and loans payable	110,190,929	60,835,554
Net pension liability	29,886,847	29,886,847
Total non-current liabilities	<u>140,077,776</u>	<u>90,722,401</u>
Deferred inflows of resources:		
Cost recovery	(592,527)	(896,366)
Pension related	525,390	525,390
Gain on refunding	626,511	711,070
Total deferred inflows of resources	<u>559,374</u>	<u>340,094</u>
Net position		
Net investment in capital assets	52,762,502	99,631,597
Restricted for debt service	10,756,447	7,262,065
Unrestricted	62,641,312	12,094,532
Total net position	<u>126,160,261</u>	<u>118,988,194</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$272,881,414</u>	<u>218,635,807</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

	Nine months ended March 31,	
	2018	2017
Operating revenue:		
Water sales	\$22,548,606	19,186,293
Reimbursement of operating expenses	1,761,600	1,981,800
Total operating revenue	<u>24,310,206</u>	<u>21,168,093</u>
Operating expenses:		
Payroll	5,670,751	5,566,741
Operations and maintenance	4,078,733	3,615,938
Fringe benefits	3,585,130	4,355,441
Depreciation	3,464,409	3,326,100
Total operating expenses	<u>16,799,023</u>	<u>16,864,220</u>
Income from operations	7,511,183	4,303,873
Non-operating revenue:		
State of New Jersey - Grant Programs	14,449	15,293
Investment income	338,208	(81,479)
Rental income	46,385	46,501
Other income	10,947	(218,803)
Total non-operating revenue	<u>409,989</u>	<u>(238,488)</u>
Non-operating expenses:		
Interest component of debt service to the State of New Jersey	333,180	346,520
Bond discount/insurance premium expense	0	12,491
Recovery of deferred inflows of resources	415,925	(1,512,491)
Total non-operating expenses	<u>749,105</u>	<u>(1,153,480)</u>
Change in net position	7,172,067	5,218,865
Net position, beginning of year	118,988,194	113,608,747
Net position, end of year	<u>\$126,160,261</u>	<u>118,827,612</u>

See accompanying notes.

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

STATEMENT OF CASH FLOWS

Unaudited	Nine months ended March 31,	
	2018	2017
Cash flows from operating activities		
Cash received from water sales	\$22,191,189	20,278,756
Cash received from reimbursable expenses	1,746,004	1,960,434
Cash received from rental income	33,793	35,497
Cash paid to or on behalf of employees	(9,214,074)	(9,786,430)
Cash paid to suppliers	(2,998,793)	(2,558,148)
Net cash provided by operating activities	<u>11,758,119</u>	<u>9,930,109</u>
Cash flows from noncapital financing activities		
Cash received for grant programs	14,449	15,293
Net cash provided by noncapital financing activities	<u>14,449</u>	<u>15,293</u>
Cash flows from capital and related financing activities		
Proceeds from borrowing	49,548,569.00	-
Gain on refunding	-	-
Principal paid on bonds, notes and loans	(4,799,460)	(1,881,198)
Interest paid on bonds, notes and loans	(564,863)	(416,998)
Acquisition and construction of capital assets	(49,626,746)	(2,715,772)
Proceeds from sale of capital assets	10,362	298,877
Net cash used in capital and related financing activities	<u>(5,432,138)</u>	<u>(4,715,091)</u>
Cash flows from investing activities		
Sale of investment securities	3,877,084	7,313,765
Purchase of investment securities	(2,734,528)	(9,663,855)
Interest received on investments	371,938	53,752
Premium on matured investments	13,265	741,223
Net cash provided by investing activities	<u>1,527,759</u>	<u>(1,555,115)</u>
Net increase in cash and cash equivalents	7,868,189	3,675,196
Cash and cash equivalents, beginning of year	48,506,593	45,685,995
Cash and cash equivalents, end of year	<u>\$56,374,782</u>	<u>49,361,191</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$7,511,183	4,303,873
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Non-cash items expensed to operations and maintenance	-	46,501
Cash received for operating activity shown in other income	46,970	(517,680)
Depreciation	3,464,409	3,326,100
Increase (decrease) in cash from:		
Unbilled sales	(781,796)	(472,442)
Accounts receivable	100,914	1,213,867
Prepaid expenses and other current assets	(343,934)	(354,075)
Accounts payable	1,727,202	1,739,984
Accrued liabilities	3,393	1,387
Accrued payroll and taxes	29,778	741,759
Net pension liability	-	(99,165)
Net cash provided by operating activities	<u>\$11,758,119</u>	<u>9,930,109</u>
Non cash investing activities		
Increase (decrease) in fair value of investments	<u>(\$277,245)</u>	<u>(260,107)</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 Governmental Accounting Standards Board ("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 the 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

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

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 2017, two customers accounted for approximately 84% of the total Raritan Basin System accounts receivable and five customers accounted for approximately 89% of total Manasquan System accounts receivable. During fiscal year 2016, two customers accounted for approximately 87% of total Raritan Basin System accounts receivable, and five customers accounted for approximately 87% 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

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 nine months ended March 31, 2018 and the year ended June 30, 2017, were determined as follows:

	March 31, 2018	June 30, 2017
Raritan Basin System		
Cost excluded from rate model:		
Depreciation of debt-financed capital assets recoverable from rate payers	\$626,407	\$835,209
Excess vacation expense over vacation paid	13,895	(19,963)
Accrued sick pay	-	(391)
	640,302	814,855
Cost included in rate model:		
Debt principal repayment	-	-
	640,302	814,855
Manasquan System		
Cost excluded from rate model:		
Depreciation of debt-financed capital assets recoverable from rate payers	1,155,641	1,540,854
Excess vacation expense over vacation paid	3,968	(1,846)
Accrued sick pay	-	3,638
	1,159,609	1,542,646
Cost included in rate model:		
Debt principal repayment	(2,103,750)	(230,000)
	(944,141)	1,312,646
Total Raritan Basin and Manasquan	(303,839)	2,127,501
Balance, beginning of year	896,366	(1,231,135)
Balance, end of year	\$592,527	\$896,366

As shown in the statement of revenue, expenses and changes in net position for the nine months ended March 31, 2018 and the year ended June 30, 2017, respectively, deferred inflow of resources debit of \$415,925 and a credit balance of \$2,502,694 includes a debit balance of \$94,223, and a credit balance of \$356,631 of Water Treatment Plant deferred revenue, which is not part of the rate model, and does not include a credit balance of \$17,863 and a debit balance of \$18,562 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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows and Outflows of Resources (Continued)

Deferred Inflows/Outflows of Resources - Pensions

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 the pension plan investments, changes in the State's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension 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 March 31, 2018 and 2017, unearned revenue amounting to \$1,785,187 and \$2,144,652, respectively, was determined as follows:

	<u>2018</u>	<u>2017</u>
Reimbursement of operating expenses	\$1,769,623	\$1,985,865
Operating expenses	1,675,400	1,888,808
Unearned revenue	94,223	97,057
Balance, beginning of year	<u>1,690,964</u>	<u>2,047,595</u>
Balance, end of year	<u>\$1,785,187</u>	<u>\$2,144,652</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 March 31, 2018 and 2017, the amount included in unearned revenue was \$295,183 and \$793,757, respectively.

Accounting for Watershed Protection Program

For the nine months ended March 31, 2018 and 2017, the Authority received \$14,449 and \$15,293 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 March 31, 2018, all the funds received had been recognized as revenue.

Other Post Employment Benefits ("OPEB") Other than Pensions

On July 1, 2007, the Authority implemented GASB Number 45, which covers accounting and financial reporting requirements for government employers that provide post-employment benefits other than pensions. Since the Authority participates in the State's multiple-employer cost-sharing plan (Public Employee's Retirement System ("PERS")), the Authority's portion of this liability and cost is calculated and recorded at the State level and included in the State's Comprehensive Annual Financial Report. The Authority records OPEB expense based on the billings from the State PERS.

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

NOTES TO FINANCIAL STATEMENTS

C. CAPITAL ASSETS

Capital assets activity for the nine months ended March 31, 2018 and the year ended June 30, 2017, was as follows:

	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	1,852,796	-	11,179,675
Total capital assets not being depreciated	<u>35,771,831</u>	<u>1,852,796</u>	<u>-</u>	<u>37,624,627</u>
Capital assets being depreciated:				
Dams	77,369,160	-	-	77,369,160
Building, structures and improvements	140,094,325	21,345	-	140,115,670
D & R canal dredging	21,160,274	-	-	21,160,274
Machinery and equipment	6,443,907	140,298	(71,033)	6,513,172
Total capital assets being depreciated	<u>245,067,666</u>	<u>161,643</u>	<u>(71,033)</u>	<u>245,158,276</u>
Less accumulated depreciation for:				
Dams	(29,962,140)	(598,496)	-	(30,560,636)
Building, structures and improvements	(85,217,782)	(2,614,571)	-	(87,832,353)
D & R canal dredging	(21,160,273)	-	-	(21,160,273)
Machinery and equipment	(5,032,574)	(251,342)	71,033	(5,212,883)
Total accumulated depreciation	<u>(141,372,769)</u>	<u>(3,464,409)</u>	<u>71,033</u>	<u>(144,766,145)</u>
Total capital assets being depreciated, net	<u>103,694,897</u>	<u>(3,302,766)</u>	<u>-</u>	<u>100,392,131</u>
Total capital assets, net	<u>\$139,466,728</u>	<u>(\$1,449,970)</u>	<u>\$ -</u>	<u>\$138,016,758</u>
	2017 Beginning Balance	Additions	Retirements	2017 Ending Balance
Capital assets not being depreciated:				
Land	\$26,444,952	\$ -	\$ -	\$26,444,952
Construction work in progress	12,713,786	3,212,708	(6,599,615)	9,326,879
Total capital assets not being depreciated	<u>39,158,738</u>	<u>3,212,708</u>	<u>(6,599,615)</u>	<u>35,771,831</u>
Capital assets being depreciated:				
Dams	77,369,160	-	-	77,369,160
Building, structures and improvements	133,475,474	6,621,815	(2,964)	140,094,325
D & R canal dredging	21,160,274	-	-	21,160,274
Machinery and equipment	6,391,874	452,986	(400,953)	6,443,907
Total capital assets being depreciated	<u>238,396,782</u>	<u>7,074,801</u>	<u>(403,917)</u>	<u>245,067,666</u>
Less accumulated depreciation for:				
Dams	(29,164,145)	(797,995)	-	(29,962,140)
Building, structures and improvements	(81,761,134)	(3,459,612)	2,964	(85,217,782)
D & R canal dredging	(21,160,273)	-	-	(21,160,273)
Machinery and equipment	(5,087,883)	(339,157)	394,466	(5,032,574)
Total accumulated depreciation	<u>(137,173,435)</u>	<u>(4,596,764)</u>	<u>397,430</u>	<u>(141,372,769)</u>
Total capital assets being depreciated, net	<u>101,223,347</u>	<u>2,478,037</u>	<u>(6,487)</u>	<u>103,694,897</u>
Total capital assets, net	<u>\$140,382,085</u>	<u>\$5,690,745</u>	<u>\$ (6,606,102)</u>	<u>\$ 139,466,728</u>

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

NOTES TO FINANCIAL STATEMENTS

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 March 31, 2018 and June, 30 2017, the Authority's bank balance was \$4,356,797 and \$5,490,531, respectively, of which \$250,000 was covered through the FDIC. The remaining balance of \$4,106,797 and \$5,240,531 as of March 31, 2018 and June 30, 2017, respectively, was collateralized, and the cash balance per the statement of net position is shown exclusive of outstanding checks totaling \$116,618 and \$102,349, respectively. The statement of net position amount includes petty cash totaling \$300 as of March 31, 2018 and June 30, 2017, 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 \$4,356,797 and \$5,490,531 as of March 31, 2018 and June 30, 2017, respectively, was exposed to custodial credit risk as follows:

	March 31, 2018	June 30, 2017
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 March 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	\$56,475,650	\$56,475,650	\$ -
N/J G/O Bonds	Level 2	10,956,902	3,464,506	7,492,396
Total		\$67,432,552	\$59,940,156	\$7,492,396

As of June 30, 2017, 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

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	\$48,447,596	\$48,447,596	\$ -
N/J G/O Bonds	Level 2	11,274,633	1,039,588	10,235,045
Total		\$59,722,229	\$49,487,184	\$10,235,045

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 PNC Bank and TD Bank to collateralize all deposits held at market rate equal to 102% of the daily combined total of all deposits. As of March 31, 2018, all deposits were collateralized.

4. Investment Income

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

	2018	2017
Interest earned on bank accounts and certificates of deposit	\$204,157	(\$213,039)
Interest earned on securities	411,296	391,667
Increase (decrease) in fair value of securities	(277,245)	(260,107)
	<u>\$338,208</u>	<u>(\$81,479)</u>

E. MAJOR WATER CUSTOMERS

During fiscal years 2017 and 2016, the Authority supplied water to approximately 32 customers of the Raritan Basin System and 13 customers of the Manasquan System.

During fiscal years 2017 and 2016, two customers accounted for approximately 84% of total Raritan Basin System operating revenue. During fiscal years 2017 and 2016, three customers accounted for approximately 88% and 86%, 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 NINE MONTHS ENDED MARCH 31, 2018

Unaudited

	Raritan Basin System	Manasquan Reservoir System	Elimination Entries	Combined Total
Assets				
Current assets:				
Unrestricted assets:				
Cash and cash equivalents	\$34,470,159	\$13,525,471	\$ -	\$47,995,630
Unbilled sales	1,956,493	-	-	1,956,493
Accounts receivable, less allowance for doubtful accounts of \$1,000 at March 31, 2018	48,075,330	1,764,346	(168,294)	49,671,382
Interest receivable	125,037	11,841	-	136,878
Prepaid expenses and other current assets	1,052,536	291,911	-	1,344,447
Total unrestricted current assets	<u>85,679,555</u>	<u>15,593,569</u>	<u>(168,294)</u>	<u>101,104,830</u>
Restricted assets:				
Cash equivalents	6,277,009	2,102,143	-	8,379,152
Investments	-	4,457,665	-	4,457,665
Total restricted current assets	<u>6,277,009</u>	<u>6,559,808</u>	<u>-</u>	<u>12,836,817</u>
Total current assets	<u>91,956,564</u>	<u>22,153,377</u>	<u>(168,294)</u>	<u>113,941,647</u>
Non-current assets:				
Investments	9,978,958	841,066	-	10,820,024
Capital assets net of accumulated depreciation of \$144,766,145 at March 31, 2018	83,542,698	54,474,060	-	138,016,758
Total non-current assets	<u>93,521,656</u>	<u>55,315,126</u>	<u>-</u>	<u>148,836,782</u>
Deferred outflows of resources	7,763,325	2,339,660	-	10,102,985
Total assets and deferred outflows of resources	<u>\$193,241,545</u>	<u>79,808,163</u>	<u>(\$168,294)</u>	<u>\$272,881,414</u>
Liabilities				
Current liabilities:				
Current portion of bonds, notes and loans payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,601,292	614,524	(168,294)	2,047,522
Accrued liabilities	1,437,597	518,514	-	1,956,111
Unearned revenue	-	2,080,370	-	2,080,370
Total current liabilities	<u>3,038,889</u>	<u>3,213,408</u>	<u>(168,294)</u>	<u>6,084,003</u>
Non-current liabilities:				
Non-current portion of bonds, notes and loans payable	58,634,935	51,555,994	-	110,190,929
Net pension liability	22,612,383	7,274,464	-	29,886,847
Total non-current liabilities	<u>81,247,318</u>	<u>58,830,458</u>	<u>-</u>	<u>140,077,776</u>
Deferred inflows of resources				
Cost recovery	12,744,367	(13,336,894)	-	(592,527)
Pension related	397,510	127,880	-	525,390
Gain on refunding	-	626,511	-	626,511
Total deferred inflow of resources	<u>13,141,877</u>	<u>(12,582,503)</u>	<u>-</u>	<u>559,374</u>
Net position				
Net Investment in capital assets	24,907,763	27,854,739	-	52,762,502
Restricted for debt service	6,277,009	4,479,438	-	10,756,447
Unrestricted	64,628,689	(1,987,377)	-	62,641,312
Total net position	<u>95,813,461</u>	<u>30,346,800</u>	<u>-</u>	<u>126,160,261</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$193,241,545</u>	<u>79,808,163</u>	<u>(\$168,294)</u>	<u>\$272,881,414</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 NINE MONTHS ENDED MARCH 31, 2018

	Unaudited			
	Raritan Basin System	Manasquan Reservoir System	Manasquan Water Treatment Plant	Combined Total
Operating revenues:				
Water Sales	\$16,839,904	\$5,708,702	\$ -	\$22,548,606
Reimbursement of operating expenses			1,761,600	1,761,600
Total operating revenues	<u>16,839,904</u>	<u>5,708,702</u>	<u>1,761,600</u>	<u>24,310,206</u>
Operating expenses:				
Payroll	4,311,323	690,273	669,155	5,670,751
Operations and maintenance (direct)	2,854,948	644,964	486,503	3,986,415
Operations and maintenance (general and administrative)	-	52,426	39,892	92,318
Fringe benefits	2,785,893	402,637	396,600	3,585,130
Headquarters overhead	(572,250)	489,000	83,250	-
Depreciation	2,069,032	1,395,377	-	3,464,409
Total operating expenses	<u>11,448,946</u>	<u>3,674,677</u>	<u>1,675,400</u>	<u>16,799,023</u>
Income from operations	<u>5,390,958</u>	<u>2,034,025</u>	<u>86,200</u>	<u>7,511,183</u>
Non-operating revenue:				
State of New Jersey - Grant Programs	14,449	-	-	14,449
Investment income	265,970	64,215	8,023	338,208
Rental income	46,385	-	-	46,385
Other income/(loss)	10,909	38	-	10,947
Total non-operating revenue	<u>337,713</u>	<u>64,253</u>	<u>8,023</u>	<u>409,989</u>
Non-operating expenses:				
Interest component of debt service to the State of New Jersey	116,089	217,091	-	333,180
Bond discount/insurance premium expense	-	-	-	-
Recovery of deferred inflows of resources	(626,407)	948,109	94,223	415,925
Total non-operating expenses	<u>(510,318)</u>	<u>1,165,200</u>	<u>94,223</u>	<u>749,105</u>
Changes in net position	6,238,989	933,078	-	7,172,067
Net position, beginning of year	<u>89,574,472</u>	<u>29,413,722</u>	<u>-</u>	<u>118,988,194</u>
Net position, end of year	<u>\$95,813,461</u>	<u>\$30,346,800</u>	<u>\$ -</u>	<u>\$126,160,261</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 NINE MONTHS ENDED MARCH 31, 2018**

	Revenue Fund	Operating Fund					Pumping Reserve	Capital Improvements II	Source Water Protection Fund	Subtotal	
		Operating Account	Payroll Account	Operating Fund	Reserve for O&M	Self-Insurance Reserve					Depreciation Reserve
Cash and investments - July 1, 2017	\$1,176,243	\$3,378,352	\$30,000	\$1,052,319	\$3,578,527	\$953,505	\$4,255,118	\$1,231,480	\$6,382,382	\$3,903,948	\$25,941,874
Cash receipts:											
Water sales operations and maintenance	9,439,186										9,439,186
Water sales debt service	3,834,401										3,834,401
Water sales capital fund	1,642,631										1,642,631
Water sales source water protection fund	1,194,640										1,194,640
Water sales overdrafts	658										658
Rental income	39,659										39,659
Manasquan reservoir support	26,882			16,750							43,632
Headquarters overhead				569,250							569,250
Disposition of property	19,901										19,901
Recycling revenue	439										439
Sale of investment securities					481,314						481,314
Nonrefundable bid deposits											-
Insurance reimbursement	29,197										29,197
Miscellaneous expense reimbursement	200,108	23,605		1,546,906							1,770,619
Transfers:											
Contributions from operating fund		8,381,636	2,542,361	(19,346,926)			458,972	112,500		395,865	(7,455,592)
Contributions to operating fund				2,795,366			(64,079)			(348,273)	2,383,014
Transfers for operations	(17,943,043)			17,922,290	20,753						-
Transfers for investments											-
Distribution from reserves to operations		10,628									10,628
Investment income				3,904	70,849	16,085	68,677	5,721	287,645	18,073	470,954
Per resolution, Section 603:											
Investment income, transfer from	435,768			(3,904)	(70,848)	(16,085)	(57,431)		(287,500)		-
Investment income, transfer to	(14,818)				14,818						-
Unrealized gain/(loss) on fair value					(24,945)	(21,531)	(66,193)		(125,356)		(238,025)
Total cash receipts	(1,094,391)	8,415,869	2,542,361	3,503,636	491,941	(21,531)	339,946	118,221	(125,211)	65,665	14,236,506
Total available cash and investments	\$81,852	\$11,794,221	\$2,572,361	\$4,555,955	\$4,070,468	\$931,974	\$4,595,064	\$1,349,701	\$6,257,171	\$3,969,613	\$40,178,380

**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 NINE MONTHS ENDED MARCH 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	\$25,941,874	\$301,514	\$557,007	\$1,381,648	\$11,902,828	\$20,203	\$1,948,958	\$451,204	\$86,049	\$1,554,751	\$44,146,036
Cash receipts:											
Water sales operations and maintenance	9,439,186										9,439,186
Water sales debt service	3,834,401										3,834,401
Water sales capital fund	1,642,631										1,642,631
Water sales source water protection fund	1,194,640										1,194,640
Water sales overdrafts	658										658
Rental income	39,659										39,659
Manasquan reservoir support	43,632										43,632
Headquarters overhead	569,250										569,250
Disposition of property	19,901										19,901
Recycling revenue	439										439
Sale of investment securities	481,314										481,314
Nonrefundable bid deposits	-										-
Insurance reimbursement	29,197										29,197
Miscellaneous expense reimbursement	1,770,619										1,770,619
Transfers:											
Contributions from operating fund	(7,455,592)	271,413	530,775		1,647,331		4,243,128	112,500		650,445	-
Contributions to operating fund	2,383,014				(1,672,927)					(710,087)	-
Transfers for operations	-										-
Transfers for investments	-										-
Distribution from reserves to operations	10,628									(10,628)	-
Investment income	470,954	428	824	6,205	54,458	86	16,905	2,103	198	7,335	559,496
Per resolution, Section 603:											
Investment income, transfer from	-										-
Investment income, transfer to	-										-
Unrealized gain/(loss) on fair value	(238,025)										(238,025)
Total cash receipts	14,236,506	271,841	531,599	6,205	28,862	86	4,260,033	114,603	199	(62,935)	19,386,998
Total available cash and investments	\$40,178,380	\$573,355	\$1,088,606	\$1,387,853	\$11,931,690	\$20,289	\$6,208,991	\$565,807	\$86,248	\$1,491,816	\$63,533,034

**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 NINE MONTHS ENDED MARCH 31, 2018**

	Revenue Fund	Operating Fund						Pumping Reserve	Capital Improvements II	Source Water Protection Fund	Subtotal
		Operating Account	Payroll Account	Operating Fund	Reserve for O&M	Self-Insurance Reserve	Depreciation Reserve				
Total available cash and investments	\$81,852	\$11,794,221	\$2,572,361	\$4,555,955	\$4,070,468	\$931,974	\$4,595,064	\$1,349,701	\$6,257,171	\$3,969,613	\$40,178,380
Cash disbursements:											
Payroll			2,412,361								2,412,361
Fringe benefits		16,851		499,859							516,710
Employee deferred compensation and credit union		1,442,405		(121,376)							1,321,029
Operations and maintenance		6,952,917									6,952,917
Prepaid insurance											-
Miscellaneous disbursements											-
Watershed Management Fund											-
Capital improvements:											
Capital assets											-
New five year construction project											-
Purchase of investments securities					519,336						519,336
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	-	8,412,173	2,412,361	378,483	519,336	-	-	-	-	-	11,722,353
Cash and investments - March 31, 2018	\$81,852	\$3,382,048	\$160,000	\$4,177,472	\$3,551,132	\$931,974	\$4,595,064	\$1,349,701	\$6,257,171	\$3,969,613	\$28,456,027
Summary of cash and investments:											
Cash	\$81,852	\$3,382,048	\$160,000		\$2,753						\$3,626,653
Short-term investments				\$4,177,472	\$2,201,507	\$296,679	\$2,780,688	\$1,349,701	\$74,756	\$3,969,613	14,850,416
Long-term investments					1,346,872	635,295	1,814,376		6,182,415		9,978,958
Restricted Investments (current)											-
Restricted Investments (long-term)											-
Total cash and investments	\$81,852	\$3,382,048	\$160,000	\$4,177,472	\$3,551,132	\$931,974	\$4,595,064	\$1,349,701	\$6,257,171	\$3,969,613	\$28,456,027

**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 NINE MONTHS ENDED MARCH 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	\$40,178,380	\$573,355	\$1,088,606	\$1,387,853	\$11,931,690	\$20,289	\$6,208,991	\$565,807	\$86,248	\$1,491,816	\$63,533,035
Cash disbursements:											
Payroll	2,412,361										2,412,361
Fringe benefits	516,710										516,710
Employee deferred compensation and credit union	1,321,029										1,321,029
Operations and maintenance	6,952,917										6,952,917
Prepaid insurance	-										-
Miscellaneous disbursements	-									35,492	35,492
Watershed Management Fund	-										-
Capital improvements:											
Capital assets	-										-
New five year construction project	-										-
Purchase of investments securities	519,336										519,336
Principal on 1981 bonds	-										-
Interest on 1981 bonds	-										-
Principal on 1998 bonds	-										-
Interest on 1998 revenue bonds	-										-
Principal on NJEIT bonds	-	323,596	575,523								899,119
Interest on NJEIT revenue bonds	-	31,894	118,051								149,945
Total cash disbursements	11,722,353	355,490	693,574	-	-	-	-	-	-	35,492	12,806,909
Cash and investments - March 31, 2018	\$28,456,027	\$217,865	\$395,032	\$1,387,853	\$11,931,690	\$20,289	\$6,208,991	\$565,807	\$86,248	\$1,456,324	\$50,726,126
Summary of cash and investments:											
Cash	\$3,626,653									\$44,975	\$3,671,628
Short-term investments	14,850,416	\$217,865	\$395,032	\$1,387,853	\$11,931,690	\$20,289	\$6,208,991	\$565,807	\$86,248	1,411,349	37,075,540
Long-term investments	9,978,958										9,978,958
Restricted Investments (current)	-										-
Restricted Investments (long-term)	-										-
Total cash and investments	\$28,456,027	\$217,865	\$395,032	\$1,387,853	\$11,931,690	\$20,289	\$6,208,991	\$565,807	\$86,248	\$1,456,324	\$50,726,126

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 NINE MONTHS ENDED MARCH 31, 2018

	Operating Fund					Self-Insurance Reserve	Renewal and Replacement Account	Water Reuse & Recycling	Source Water Protection	Depreciation Reserve	Pumping Reserve	Sediment Reserve	Subtotal
	Revenue Fund	Operating Account	Payroll Account	Operating Fund	Reserve for O&M								
Cash and investments - July 1, 2017	\$126,244	\$484,443	\$20,000	\$4,177,005	\$1,616,408	\$221,967	\$3,706,911	\$30,192	\$1,533,274	\$562,519	\$155,430	\$196,298	\$12,830,691
Cash receipts:													
Water sales operations and maintenance	2,337,298												2,337,298
Water sales debt service	3,323,474												3,323,474
Source water protection	72,491												72,491
Water sales debt service NJEIT	134,900												134,900
Water sales overdrafts	41,783												41,783
NJ-American pumping costs	149,381												149,381
Headquarters overhead													-
Reimbursement of WTP capital expenses													-
Disposition of assets													-
Reimbursement from/(to) Raritan Basin	6,121			(16,750)									(10,629)
Sale of investments securities													-
Nonrefundable bid deposits													-
Miscellaneous reimbursement	7,996												7,996
Transfers:													
Contributions from operating fund	454,600	2,221,641	794,030	(6,682,437)			177,500		30,968	27,919		22,500	(2,953,279)
Contributions to operating fund				1,214,481			(55,765)		(23,019)	(2,663)			1,133,034
Transfers for operations	(6,627,360)			6,627,360									-
Distribution from reserves to operations		3,232											3,232
Investment income				22,184	17,524	8,535	17,388	110	6,862	7,879	1,060	695	82,237
Per resolution, Section 603:													
Investment income, transfer from	56,902			(22,183)	(17,524)	(8,535)				(6,750)	(1,060)	(695)	155
Investment income, transfer to	(28,983)			28,983									-
Unrealized gain/(loss) on fair value				(10,621)	(4,927)					(9,366)	(1,040)		(25,954)
Total cash receipts	(71,397)	2,224,873	794,030	1,171,638	(10,621)	(4,927)	139,123	110	14,811	17,019	(1,040)	22,500	4,296,119
Total cash and investments	\$54,847	\$2,709,316	\$814,030	\$5,348,643	\$1,605,787	\$217,040	\$3,846,034	\$30,302	\$1,548,085	\$579,538	\$154,390	\$218,798	\$17,126,810

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 NINE MONTHS ENDED MARCH 31, 2018

	Water Treatment Plant/Transmission System												Totals	
	Subtotal	Operating Account	Operating Fund	Residuals Reserve	Carbon Filter Reserve	Self-Insurance Reserve	Capital Improvement Reserve	NJEIT Debt Service	2016 Debt Service Account	2016 Debt Service Reserve	Rebate Fund	General Reserve Fund		Employment Benefit Funds
Cash and investments - July 1, 2017	\$12,830,691	\$128,322	\$1,284,697	\$9,491	\$98,466	\$253,295	\$354,730	\$146,156	\$3,193,946	\$1,746,553	\$242,830	\$41,197	\$463,693	\$20,794,067
Cash receipts:														
Water sales operations and maintenance	2,337,298													2,337,298
Water sales debt service	3,323,474													3,323,474
Source water protection	72,491													72,491
Water sales debt service NJEIT	134,900													134,900
Water sales overdrafts	41,783													41,783
NJ-American pumping costs	149,381													149,381
Headquarters overhead	-		1,541,400											1,541,400
Reimbursement of WTP capital expenses	-													-
Disposition of assets	-													-
Reimbursement from/(to) Raritan Basin	(10,629)													(10,629)
Sale of investments securities	-													-
Nonrefundable bid deposits	-													-
Miscellaneous reimbursement	7,996		424,665				29,784							462,445
Transfers:														
Contributions from operating fund	(2,953,279)	750,000	(954,282)				200,000	132,992	2,626,153				198,196	(220)
Contributions to operating fund	1,133,034		(691,485)				(441,549)							-
Transfers for operations	-													-
Distribution from reserves to operations	3,232												(3,232)	-
Investment income	82,237		5,801	40	255	972	954	193			925	156	2,143	93,676
Per resolution, Section 603:														
Investment income, transfer from	155			(34)	(195)	(813)						(156)		(1,043)
Investment income, transfer to	-		1,043											1,043
Unrealized gain/(loss) on fair value	(25,954)													(25,954)
Total cash receipts	4,296,119	750,000	327,142	6	60	159	(210,811)	133,185	2,626,153	-	925	-	197,107	8,120,045
Total cash and investments	\$17,126,810	\$878,322	\$1,611,839	\$9,497	\$98,526	\$253,454	\$143,919	\$279,341	\$5,820,099	\$1,746,553	\$243,755	\$41,197	\$660,800	\$28,914,112

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 NINE MONTHS ENDED MARCH 31, 2018

	Revenue Fund	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
		Operating Account	Payroll Account	Operating Fund									
Total available cash and investments	\$54,847	\$2,709,316	\$814,030	\$5,348,643	\$1,605,787	\$217,040	\$3,846,034	\$30,302	\$1,548,085	\$579,538	\$154,390	\$218,798	\$17,126,810
Cash disbursements:													
Payroll			749,030										749,030
Fringe benefits		1,447,106		(1,104,195)									342,911
Employee deferred compensation and credit union				180,905									180,905
Operations and maintenance		881,365		604,338									1,485,703
NJ-American pumping costs													-
Prepaid insurance													-
Headquarters overhead				486,000									486,000
Capital assets reservoir													-
Capital improvement program (reservoir)													-
Purchase of Investments securities													-
Principal on bonds													-
Interest on bonds													-
Total cash disbursements	-	2,328,471	749,030	167,048	-	-	-	-	-	-	-	-	3,244,549
Cash and investments - March 31, 2018	\$54,847	\$380,845	\$65,000	\$5,181,595	\$1,605,787	\$217,040	\$3,846,034	\$30,302	\$1,548,085	\$579,538	\$154,390	\$218,798	\$13,882,261
Summary of cash and investments:													
Cash (Manasquan)	\$54,847	\$380,845	\$65,000										\$500,692
Cash (Water Treatment Plant/TS)													-
Short-term investments				\$5,181,595	\$1,244,940	\$37,692	\$3,846,034	\$30,302	\$1,548,085	\$308,405	\$124,652	\$218,798	12,540,503
Short-term investments (Water Treatment Plant/TS)													-
Long-term investments					360,847	179,348				271,133	29,738		841,066
Restricted investments (current)													-
Restricted investments (long-term)													-
Total cash and investments	\$54,847	\$380,845	\$65,000	\$5,181,595	\$1,605,787	\$217,040	\$3,846,034	\$30,302	\$1,548,085	\$579,538	\$154,390	\$218,798	\$13,882,261

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 NINE MONTHS ENDED MARCH 31, 2018

	Water Treatment Plant/Transmission System							NJFIT Debt Service	2006 Debt Service Account	2006 Debt Service Reserve	Rebate Fund	General Reserve Fund	Employment Benefit Funds	Totals
	Subtotal	Operating Account	Operating Fund	Residuals Reserve	Carbon Filter Reserve	Self- Insurance Reserve	Capital Improvement Reserve							
Total available cash and investments	\$17,126,810	\$878,322	\$1,611,839	\$9,497	\$98,526	\$253,454	\$143,919	\$279,341	\$5,820,099	\$1,746,553	\$243,755	\$41,197	\$660,800	\$28,914,112
Cash disbursements:														
Payroll	749,030													749,030
Fringe benefits	342,911												217,721	560,632
Employee deferred compensation and credit union	180,905													180,905
Operations and maintenance	1,485,703	810,164												2,295,867
NJ-American pumping costs	-													-
Prepaid insurance	-													-
Headquarters overhead	486,000		83,250											569,250
Capital assets reservoir	-													-
Capital improvement program (reservoir)	-													-
Purchase of Investments securities	-													-
Principal on bonds	-							147,572	2,805,000					2,952,572
Interest on bonds	-							29,924	649,587					679,511
Total cash disbursements	3,244,549	810,164	83,250	-	-	-	-	177,496	3,454,587	-	-	-	217,721	7,987,767
Cash and investments - March 31, 2018	\$13,882,261	\$68,158	\$1,528,589	\$9,497	\$98,526	\$253,454	\$143,919	\$101,845	\$2,365,512	\$1,746,553	\$243,755	\$41,197	\$443,079	\$20,926,345
Summary of cash and investments:														
Cash (Manasquan)	\$500,692													\$500,692
Cash (Water Treatment Plant/TS)	-	\$68,158												68,158
Short-term investments	12,540,503											\$41,197	\$443,079	13,024,779
Short-term investments (Water Treatment Plant/TS)	-		\$1,528,589	\$9,497	\$98,526	\$253,454	\$143,919							2,033,985
Long-term investments	841,066													841,066
Restricted investments (current)	-							\$101,845	\$2,365,512	\$1,746,553	\$243,755			4,457,665
Restricted investments (long-term)	-													-
Total cash and investments	\$13,882,261	\$68,158	\$1,528,589	\$9,497	\$98,526	\$253,454	\$143,919	\$101,845	\$2,365,512	\$1,746,553	\$243,755	\$41,197	\$443,079	\$20,926,345