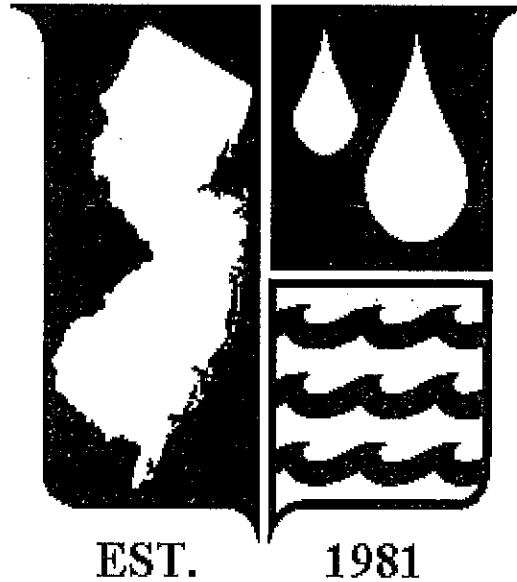


NEW JERSEY WATER SUPPLY AUTHORITY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

(A Component Unit of the State of New Jersey)

SEPTEMBER 30, 2014 AND JUNE 30, 2014

(UNAUDITED)

NEW JERSEY WATER SUPPLY AUTHORITY

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New Jersey Water Supply Authority

Statement of Net Position

Unaudited

| | Sept 30, 2014 | June 30, 2014 * |
|---|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Unrestricted assets | | |
| Cash and cash equivalents | \$37,056,061 | \$37,300,721 |
| Unbilled sales | 1,503,741 | 973,953 |
| Accounts receivable, less allowance for doubtful accounts of \$1,000 at September 30, 2014 and June 30, 2013 | 3,261,249 | 1,998,218 |
| Interest receivable | 132,224 | 268,335 |
| Prepaid expenses and other current assets | 671,263 | 1,059,762 |
| Costs to be recovered from future revenues | 288,618 | 421,629 |
| Total unrestricted assets | <u>42,913,156</u> | <u>42,022,618</u> |
| Restricted assets: | | |
| Cash equivalents | 3,107,809 | 4,576,796 |
| Investments | 5,156,874 | 7,759,390 |
| Total restricted assets | <u>8,264,683</u> | <u>12,336,186</u> |
| Total current assets | <u>51,177,839</u> | <u>54,358,804</u> |
| Noncurrent assets: | | |
| Investments | 12,424,184 | 12,416,669 |
| Costs to be recovered from future revenues | (862,059) | (862,059) |
| Capital assets, net | 140,722,854 | 141,155,089 |
| Total noncurrent assets | <u>152,284,979</u> | <u>152,709,699</u> |
| Total assets | <u>203,462,818</u> | <u>207,068,503</u> |
| Liabilities | | |
| Current liabilities: | | |
| Current portion of bonds, notes and loans payable | 186,888 | 3,783,928 |
| Accounts payable | 332,502 | 510,386 |
| Accrued liabilities | 2,228,590 | 2,495,198 |
| Unearned revenue | 3,031,174 | 3,251,695 |
| Total current liabilities | <u>5,779,154</u> | <u>10,041,207</u> |
| Noncurrent liabilities: | | |
| Non current portion of bonds, notes and loans payable | 75,310,884 | 75,345,060 |
| Total liabilities and deferred inflows of resources | <u>81,090,038</u> | <u>85,386,267</u> |
| Net position | | |
| Invested in capital assets, net of related debt | 90,788,266 | 87,589,285 |
| Restricted | 5,233,509 | 9,084,491 |
| Unrestricted | 26,351,005 | 25,008,460 |
| Total net position | <u>\$122,372,780</u> | <u>\$121,682,236</u> |

*Certain balances have been reclassified to conform to current year presentation.
See accompanying notes.

New Jersey Water Supply Authority

Statements of Revenues, Expenses and Changes in Net Position

Unaudited

| | Three months ended September 30, | |
|---|----------------------------------|----------------------|
| | 2014 | 2013 |
| Operating revenues: | | |
| Water sales | \$6,002,021 | \$5,842,422 |
| Reimbursement of operating expenses | 660,600 | 639,519 |
| Total operating revenues | <u>6,662,621</u> | <u>6,481,941</u> |
| Operating expenses: | | |
| Payroll | 1,808,342 | 1,835,098 |
| Operations and maintenance | 1,821,558 | 1,244,692 |
| Fringe benefits | 1,048,445 | 1,064,437 |
| Depreciation | 1,088,121 | 1,088,455 |
| Total operating expenses | <u>5,766,466</u> | <u>5,232,682</u> |
| Income from operations | 896,155 | 1,249,259 |
| Nonoperating revenues: | | |
| State of New Jersey - Grant Programs | 0 | 0 |
| Investment income | 227,245 | 185,911 |
| Rental income | 43,140 | 45,392 |
| Other income | 21,965 | 13,391 |
| Total nonoperating revenues | <u>292,350</u> | <u>244,694</u> |
| Nonoperating expenses: | | |
| Interest component of debt service to the State of New Jersey | 356,678 | 427,016 |
| Bond Discount/Insurance Premium Expense | 7,144 | 7,144 |
| Reduction in costs to be recovered from future revenues | 134,139 | 692,553 |
| Total nonoperating expenses | <u>497,961</u> | <u>1,126,713</u> |
| Change in net position | 690,544 | 367,240 |
| Net position, beginning of year, as previously reported | 121,682,236 | 121,011,716 |
| Prior period adjustment | 0 | (341,514) |
| Net position, beginning of year, as restated | <u>121,682,236</u> | <u>120,670,202</u> |
| Net position, end of year | <u>\$122,372,780</u> | <u>\$121,037,442</u> |

See accompanying notes.

New Jersey Water Supply Authority

Statements of Cash Flows

Unaudited

| | Three months ended September 30, | |
|---|----------------------------------|--------------|
| | 2014 | 2013 |
| Cash flows from operating activities | | |
| Cash received from water sales | \$4,305,171 | \$5,703,565 |
| Cash received from reimbursable expenses | 676,904 | 651,080 |
| Cash received from rental income | 30,434 | 33,407 |
| Cash paid to or on behalf of employees | (2,645,473) | (2,726,304) |
| Cash paid to suppliers | (1,591,614) | (625,770) |
| Net cash provided by operating activities | 775,422 | 3,035,978 |
| Cash flows from noncapital financing activities | | |
| Cash received for grant programs | 0 | 0 |
| Net cash provided by noncapital financing activities | 0 | 0 |
| Cash flows from capital and related financing activities | | |
| Proceeds from borrowing | 0 | 0 |
| Principal paid on bonds, notes and loans | (3,887,613) | (3,770,305) |
| Interest paid on bonds, notes and loans | (801,011) | (869,809) |
| Acquisition and construction of capital assets | (779,538) | (462,972) |
| Proceeds from sale of capital assets | 20,736 | 0 |
| Net cash used in financing activities | (5,447,426) | (5,103,086) |
| Cash flows from investing activities | | |
| Sale of investment securities | 3,646,369 | (1,302,022) |
| Purchase of investment securities | (1,051,368) | (1,199,495) |
| Interest received on investments | 363,356 | 182,808 |
| Net cash provided by investing activities | 2,958,357 | (2,318,709) |
| Net increase in cash and cash equivalents | (1,713,647) | (4,385,817) |
| Cash and cash equivalents, beginning of year | 41,877,517 | 44,132,678 |
| Cash and cash equivalents, end of year | \$40,163,870 | \$39,746,861 |
| Reconciliation of income from operations to net cash provided by operating activities: | | |
| Income from operations | \$896,155 | \$1,249,259 |
| Adjustments to reconcile income from operations to net cash provided by operating activities: | | |
| Non-cash items expensed to operations and maintenance | 43,140 | 45,392 |
| Cash received for operating activity shown in other income | 1,229 | 13,391 |
| Depreciation | 1,088,121 | 1,088,455 |
| Increase (decrease) in cash from: | | |
| Unbilled sales | (529,788) | (413,943) |
| Accounts receivable | (1,267,251) | 171,366 |
| Prepaid expenses | 388,499 | 364,106 |
| Accounts payable | (50,012) | 369,088 |
| Accrued liabilities | (7,152) | (3,412) |
| Accrued payroll and taxes | 212,481 | 152,276 |
| Net cash provided by operating activities | \$775,422 | \$3,035,978 |
| Non cash investing activities | | |
| Increase (decrease) in fair value of investments | \$7,515 | \$9,088 |

See accompanying notes.

New Jersey Water Supply Authority

Notes to Financial Statements

June 30, 2014

1. 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 of New Jersey, 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 (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 (ex officio member) and six public members appointed by the Governor upon the advice and consent of the New Jersey Senate. The public members represent the agricultural community, industrial water users, residential water users, 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 it 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.

2. Summary of Significant Accounting Policies

Basis of Accounting

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.

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 according to a hierarchy of sources of accounting principles. Per GASB Statement 55, *The Hierarchy of Generally Accepted accounting Principles for State and Local Governments*, priority is established as to which source of accounting principles to utilize in determining proper accounting treatment. The hierarchy is as follows: GASB Statements and Interpretations; GASB Technical Bulletins; American Institute of Certified Public Accountants ("AICPA") Industry Audit and Accounting Guides and AICPA Statements of Position, if applicable and cleared by GASB; AICPA Practical Bulletins, if applicable and cleared by GASB; Implementation Guides published by the GASB; AICPA pronouncements that are not specifically applicable to state and governmental entities; Financial Accounting Standards Board ("FASB") Statements and Interpretations; and Accounting Research Bulletins of the Committee on Accounting Procedure (issued on or before November 30, 1989). The Authority has elected not to follow FASB pronouncements issued after November 30, 1989. The Authority follows the hierarchy in determining accounting treatment.

New Jersey Water Supply Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Other significant accounting policies are:

Revenues

Charges for wholesale water usage are established to provide revenues sufficient for services, essential repairs and improvements to 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 is billed in the following month or quarter.

The Authority distinguishes operating revenues and expenses from nonoperating 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 revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capital Assets

Capital assets are stated at original cost and consist primarily of amounts expended to license, construct, acquire, complete and place in 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 assets construction and temporarily invested during the construction period is netted against interest costs. 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 asset 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 three months or less to be cash equivalents.

New Jersey Water Supply Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investments

Short-term investments and restricted investments 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*.

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 collectibility. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. At June 30, 2014 and 2013, accounts receivable included amounts due from the New Jersey Environmental Infrastructure Financing Program ("NJEIFP") for \$0 and \$68,131, respectively.

During fiscal years 2014 and 2013, respectively, two customers accounted for approximately 84% of total Raritan Basin System accounts receivable and five customers accounted for approximately 88% of the Manasquan Reservoir 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 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, Capital Assets* - This represents capital assets, net of accumulated depreciation, less the outstanding balances of any bond, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

New Jersey Water Supply Authority

Notes to Financial Statements (continued)

- *Restricted Net Position* - 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.

Costs to be Recovered from Future Revenue

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 FASB Statement No. 71, 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. The deferred costs will be recovered through future revenue in accordance with the rate model. The deferred amount for the three months ended September 30, 2014 and the year ended June 30, 2014, were determined as follows:

| | Sept 30, 2014 | June 30, 2014 |
|---|--------------------|--------------------|
| Raritan Basin System | | |
| Cost excluded from rate model: | | |
| Depreciation of debt-financed capital assets recoverable from rate payers | \$208,802 | \$835,209 |
| Excess vacation expense over vacation paid | (22,854) | 4,430 |
| | <u>185,948</u> | <u>839,639</u> |
| Cost included in rate model: | | |
| Debt principal repayment | 0 | (2,600,000) |
| | <u>185,948</u> | <u>(1,760,361)</u> |
| Manasquan System | | |
| Cost excluded from rate model: | | |
| Depreciation of debt-financed capital assets recoverable from rate payers | 385,214 | 1,540,854 |
| Excess vacation expense over vacation paid | (4,750) | 577 |
| | <u>380,464</u> | <u>1,541,431</u> |
| Cost included in rate model: | | |
| Debt principal repayment | (699,423) | (2,662,541) |
| | <u>(318,959)</u> | <u>(1,121,110)</u> |
| Total Raritan Basin and Manasquan | <u>(133,011)</u> | <u>(2,881,471)</u> |
| Balance, beginning of year | (440,430) | 2,441,041 |
| Balance, end of year | <u>(\$573,441)</u> | <u>(\$440,430)</u> |

As shown in the statement of revenue, expenses and changes in net position for the three months ended September 30, 2014 and the year ended June 30, 2014, respectively, the cost to be recovered from future revenues of \$134,139 and \$3,083,270 includes a debit balance of \$28,732, and a debit balance of \$196,792 of Manasquan Water Treatment Plant deferred revenue, which is not part of the rate model, and does not include a debit balance of \$27,604 and a credit balance of \$5,007 of accrued vacation.

New Jersey Water Supply Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Accounting for Southeast Monmouth Municipal Utilities Authority Agreement

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

Because of the difference resulting from billing the SMMUA for budgeted expenses versus actual expenses appearing in the financial statements, the Authority includes unearned costs (actual costs exceeding SMMUA billings) or unearned revenue (SMMUA billings exceeding actual costs) in its statement of net position. These excess costs or billings will be recovered or recognized in future periods. As of September 30, 2014 and 2013, unearned revenue amounting to \$1,617,735 and \$1,363,144, respectively, was determined as follows:

| | 2014 | 2013 |
|-------------------------------------|--------------------|--------------------|
| Reimbursement of operating expenses | \$661,583 | \$640,067 |
| Operating expenses | 632,851 | 669,134 |
| Unearned revenue | 28,732 | (29,067) |
| Balance, beginning of year | 1,589,003 | 1,392,211 |
| Balance, end of year | <u>\$1,617,735</u> | <u>\$1,363,144</u> |

During the fiscal years ended June 30, 2006 and 2005 the Authority received \$39,966 and \$191,877, respectively. These funds are restricted for use by the SMMUA for costs associated in operating the Water Treatment Plant. As of September 30, 2014 and 2013, the amount included in unearned revenue was \$1,413,439 and \$886,043, respectively.

Accounting for Watershed Protection Program

For the three months ended September 30, 2014 and 2013, the Authority received \$0 and \$101,120, respectively, from the New Jersey Department of Environmental Protection 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 NJDEP and will be recognized as revenue as the related costs are incurred. Eligible project expenses include, but are not limited to, the cost of mapping out streams and other water sources and studying and implementing best land use practices to improve water quality. As of September 30, 2014, all the funds received had been recognized as revenue.

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

On July 1, 2007, the Authority implemented Government Standards Board Statement ("GASB") Number 45, which covers accounting and financial reporting requirements for government employers, which provide post employment benefits other than, pensions. Since the Authority participates in the State of New Jersey's multiple-employer cost-sharing plan (Public Employee's Retirement System), the Authority's portion of this liability and cost is calculated and recorded at the State of New Jersey level and included in the State's Comprehensive Annual Financial Report. The Authority records OPEB expense based on the billings from the State PERS. Required financial statement disclosures are included in Note 6 of these audited financial statements.

New Jersey Water Supply Authority

Notes to Financial Statements (continued)

3. Capital Assets

Capital assets activity for the three months ended September 30, 2014 and the year ended June 30, 2014, was as follows:

| | 2015 Beginning Balance | Additions | Retirements | 2015 Ending Balance |
|---|------------------------------|----------------------|------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$25,566,853 | | \$ - | \$25,566,853 |
| Construction work in progress | 9,778,693 | 637,685 | - | 10,416,378 |
| Total capital assets not being depreciated | <u>35,345,546</u> | <u>637,685</u> | <u>-</u> | <u>35,983,231</u> |
| Capital assets being depreciated: | | | | |
| Dams | 77,369,160 | - | - | 77,369,160 |
| Building, structures and improvements | 130,095,629 | 8,399 | - | 130,104,028 |
| D & R canal dredging | 21,160,274 | - | - | 21,160,274 |
| Machinery and equipment | 6,564,082 | 9,802 | (160,967) | 6,412,917 |
| Total capital assets being depreciated | <u>235,189,145</u> | <u>18,201</u> | <u>(160,967)</u> | <u>235,046,379</u> |
| Less accumulated depreciation for: | | | | |
| Dams | (27,568,155) | (199,499) | - | (27,767,654) |
| Building, structures and improvements | (75,195,448) | (805,985) | - | (76,001,433) |
| D & R canal dredging | (21,160,273) | - | - | (21,160,273) |
| Machinery and equipment | (5,455,726) | (82,637) | 160,967 | (5,377,396) |
| Total accumulated depreciation | <u>(129,379,602)</u> | <u>(1,088,121)</u> | <u>160,967</u> | <u>(130,306,756)</u> |
| Total capital assets being depreciated, net | <u>105,809,543</u> | <u>(1,069,920)</u> | <u>0</u> | <u>104,739,623</u> |
| Total capital assets, net | <u>\$141,155,089</u> | <u>(\$432,235)</u> | <u>\$0</u> | <u>\$140,722,854</u> |
| | | | | |
| | 2014 Beginning Balance | Additions | Retirements | 2014 Ending Balance |
| Capital assets not being depreciated: | | | | |
| Land | \$25,553,880 | \$ 12,973 | \$ - | \$25,566,853 |
| Construction work in progress | 8,267,082 | 1,511,611 | - | 9,778,693 |
| Total capital assets not being depreciated | <u>33,820,962</u> | <u>1,524,584</u> | <u>0</u> | <u>35,345,546</u> |
| Capital assets being depreciated: | | | | |
| Dams | 77,369,160 | - | - | 77,369,160 |
| Building, structures and improvements | 130,138,986 | 39,349 | (82,706) | 130,095,629 |
| D & R canal dredging | 21,160,274 | - | - | 21,160,274 |
| Machinery and equipment | 6,263,667 | 433,663 | (133,248) | 6,564,082 |
| Total capital assets being depreciated | <u>234,932,087</u> | <u>473,012</u> | <u>(215,954)</u> | <u>235,189,145</u> |
| Less accumulated depreciation for: | | | | |
| Dams | (26,770,161) | (797,994) | - | (27,568,155) |
| Building, structures and improvements | (72,041,815) | (3,236,339) | 82,706 | (75,195,448) |
| D & R canal dredging | (21,160,273) | - | - | (21,160,273) |
| Machinery and equipment | (5,280,526) | (308,448) | 133,248 | (5,455,726) |
| Total accumulated depreciation | <u>(125,252,775)</u> | <u>(4,342,781)</u> | <u>215,954</u> | <u>(129,379,602)</u> |
| Total capital assets being depreciated, net | <u>109,679,312</u> | <u>(3,869,769)</u> | <u>0</u> | <u>105,809,543</u> |
| Total capital assets, net | <u>\$143,500,274</u> | <u>(\$2,345,185)</u> | <u>\$0</u> | <u>\$141,155,089</u> |

New Jersey Water Supply Authority

Notes to Financial Statements (continued)

4. Cash and Investments

New Jersey statutes permit the deposit of public funds in the State of New Jersey Cash Management Fund or in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation ("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 United States 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 certificate of deposit of commercial banks which are members of the Federal Reserve System, investments in the State of New Jersey Cash Management Fund and direct and general obligations of any State which meets the minimum requirements of the resolution.

a. Cash

As of September 30, 2014 and June 30, 2014, the Authority's bank balance was \$2,621,978 and 3,065,674, respectively, of which \$250,000 was covered through the FDIC. The remaining balance of \$2,371,978 and \$2,815,674 as of September 30, 2014 and June 30, 2014, respectively, was collateralized, and the cash balance per the statement of net position is shown exclusive of outstanding checks totaling \$107,726 and \$47,922, respectively. The statement of net position amount includes petty cash totaling \$300 as of September 30, 2014 and June 30, 2014, respectively.

b. 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 has a deposit policy for custodial credit risk. The Authority's bank balance of \$2,621,978 and \$3,065,674 as of September 30, 2014 and June 30, 2014, respectively, was exposed to custodial credit risk as follows:

| | September 30, 2014 | June 30, 2014 |
|--------------------------------|-----------------------|------------------|
| Uninsured and uncollateralized | <u>\$0</u> | <u>\$0</u> |

c. Investments and Cash Equivalents

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

As of September 30, 2014 the Authority had the following investments and cash equivalents, and maturities:

| Investment and Cash Equivalent Type | Fair Value | Investment Maturities (in Years) | |
|--|---------------------|----------------------------------|---------------------|
| | | Less than 1 | 1-5 |
| U.S. Treasuries | \$42,806,192 | \$42,806,192 | \$ - |
| N/J G/O Bonds | 12,556,408 | - | 12,556,408 |
| Total | \$55,362,600 | \$42,806,192 | \$12,556,408 |

As of June 30, 2014 the Authority had the following investments and cash equivalents, and maturities:

| Investment and Cash Equivalent Type | Fair Value | Investment Maturities (in Years) | |
|--|---------------------|----------------------------------|---------------------|
| | | Less than 1 | 1-5 |
| U.S. Treasuries | \$46,618,855 | \$46,618,855 | \$ - |
| N/J G/O Bonds | 12,416,669 | - | 12,416,669 |
| Total | \$59,035,524 | \$46,618,855 | \$12,416,669 |

New Jersey Water Supply Authority

Notes to Financial Statements (continued)

4. Cash and Investments (continued)

d. Investment Income

The following comprises investment income of \$227,245 and \$185,911 for the three months ended September 30, 2014 and 2013, respectively:

| | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|
| Interest earned on bank accounts and certificates of deposit | 74,785 | 75,366 |
| Interest earned on securities | 144,945 | 101,457 |
| Increase (decrease) in fair value of securities | 7,515 | 9,088 |
| | <u>\$227,245</u> | <u>\$185,911</u> |

5. Major Water Customers

During fiscal years 2014 and 2013, the Authority supplied water to approximately 29 customers of the Raritan Basin System and 13 customers of the Manasquan System.

During fiscal years 2014 and 2013, two customers accounted for approximately 84% of total Raritan Basin System operating revenue. Three customers accounted for approximately 82% of total Manasquan System operating revenue.

6. Risk Management

The Authority carries insurance for all of its facilities covering direct physical loss or damage and loss of revenue resulting therefrom, with 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

Combining Schedule of Net Position

September 30, 2014

Unaudited

| | Raritan Basin System | Manasquan Reservoir System | Elimination Entries | Combined Total |
|---|----------------------------|----------------------------------|------------------------|----------------------|
| Assets | | | | |
| Current assets: | | | | |
| Unrestricted assets: | | | | |
| Cash and cash equivalents | \$26,692,153 | \$10,363,908 | | \$37,056,061 |
| Unbilled sales | 1,503,741 | | | 1,503,741 |
| Accounts receivable, less allowance for doubtful accounts of \$1,000 at September 30, 2014 | 1,496,443 | 1,950,586 | (185,780) | 3,261,249 |
| Interest receivable | 123,692 | 8,532 | | 132,224 |
| Prepaid expenses and other current assets | 524,003 | 147,260 | | 671,263 |
| Costs to be recovered from future revenues | (649,261) | 937,879 | | 288,618 |
| Total unrestricted assets | <u>29,690,771</u> | <u>13,408,165</u> | <u>(185,780)</u> | <u>42,913,156</u> |
| Restricted assets: | | | | |
| Cash equivalents | 523,188 | 2,584,621 | | 3,107,809 |
| Investments | 0 | 5,156,874 | | 5,156,874 |
| Total restricted assets | <u>523,188</u> | <u>7,741,495</u> | <u>0</u> | <u>8,264,683</u> |
| Total current assets | <u>30,213,959</u> | <u>21,149,660</u> | <u>(185,780)</u> | <u>51,177,839</u> |
| Noncurrent assets: | | | | |
| Investments | 11,418,239 | 1,005,945 | | 12,424,184 |
| Costs to be recovered from future revenues | (15,220,603) | 14,358,544 | | (862,059) |
| Deferred issuance cost | 0 | 0 | | 0 |
| Capital assets net of accumulated depreciation of \$130,306,757 at September 30, 2014 | 82,152,703 | 58,570,151 | | 140,722,854 |
| Total noncurrent assets | <u>78,350,339</u> | <u>73,934,640</u> | <u>0</u> | <u>152,284,979</u> |
| Total assets | <u>\$108,564,298</u> | <u>\$95,084,300</u> | <u>(\$185,780)</u> | <u>\$203,462,818</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Current portion of bonds, notes and loans payable | \$147,697 | \$39,191 | | \$186,888 |
| Accounts payable | 224,341 | 293,941 | (185,780) | 332,502 |
| Accrued liabilities | 1,568,972 | 659,618 | | 2,228,590 |
| Unearned revenue | 0 | 3,031,174 | | 3,031,174 |
| Total current liabilities | <u>1,941,010</u> | <u>4,023,924</u> | <u>(185,780)</u> | <u>5,779,154</u> |
| Non-current liabilities: | | | | |
| Non-current portion of bonds, notes and loans payable | 11,759,085 | 63,551,799 | | 75,310,884 |
| Total liabilities | <u>13,700,095</u> | <u>67,575,723</u> | <u>(185,780)</u> | <u>81,090,038</u> |
| Net position | | | | |
| Invested in capital assets, net of related debt | 70,245,921 | 20,542,345 | | 90,788,266 |
| Restricted for repayment of debt principal and interest | 523,188 | 4,710,321 | | 5,233,509 |
| Unrestricted | 24,095,094 | 2,255,911 | - | 26,351,005 |
| Total net position | <u>\$94,864,203</u> | <u>\$27,508,577</u> | <u>\$0</u> | <u>\$122,372,780</u> |

New Jersey Water Supply Authority
Combining Schedule of Revenues, Expenses
and Changes in Net Position

September 30, 2014

Unaudited

| | Raritan Basin System | Manasquan Reservoir System | Manasquan Water Treatment Plant | Combined Total |
|--|----------------------------|----------------------------------|--|----------------------|
| Operating revenues: | | | | |
| Water Sales | \$4,034,339 | \$1,967,682 | | \$6,002,021 |
| Reimbursement of operating expenses | | | 660,600 | 660,600 |
| Total operating revenues | <u>4,034,339</u> | <u>1,967,682</u> | <u>660,600</u> | <u>6,662,621</u> |
| Operating expenses: | | | | |
| Payroll | 1,367,601 | 213,644 | 227,097 | 1,808,342 |
| Operations and maintenance (direct) | 1,316,157 | 212,464 | 246,829 | 1,775,450 |
| Operations and maintenance (general and administrative) | | 25,741 | 20,367 | 46,108 |
| Fringe benefits | 823,535 | 112,105 | 112,805 | 1,048,445 |
| Headquarters overhead | (194,753) | 169,000 | 25,753 | 0 |
| Depreciation | 673,389 | 414,732 | | 1,088,121 |
| Total operating expenses | <u>3,985,929</u> | <u>1,147,686</u> | <u>632,851</u> | <u>5,766,466</u> |
| Income from operations | <u>48,410</u> | <u>819,996</u> | <u>27,749</u> | <u>896,155</u> |
| Non-operating revenues: | | | | |
| State of New Jersey - Grant Programs | - | | | 0 |
| Investment income | 149,593 | 76,669 | 983 | 227,245 |
| Rental income | 43,140 | 0 | | 43,140 |
| Other income | 12,892 | 9,073 | | 21,965 |
| Total non-operating revenues | <u>205,625</u> | <u>85,742</u> | <u>983</u> | <u>292,350</u> |
| Non-operating expenses: | | | | |
| Interest component of debt service to the State of New Jersey | 47,227 | 309,451 | | 356,678 |
| Amortization of issuance costs - D & R System Revenue Refunding Bonds, Series 1998 | 0 | | | 0 |
| Bond Discount/Insurance Premium Expense | | 7,144 | | 7,144 |
| Costs to be recovered from future revenue | (208,802) | 314,209 | 28,732 | 134,139 |
| Total non-operating expenses | <u>(161,575)</u> | <u>630,804</u> | <u>28,732</u> | <u>497,961</u> |
| Changes in net position | <u>415,610</u> | <u>274,934</u> | <u>0</u> | <u>690,544</u> |
| Net position, beginning of year | 94,448,593 | 27,233,643 | - | 121,682,236 |
| Net position, end of year | <u>\$94,864,203</u> | <u>\$27,508,577</u> | <u>\$0</u> | <u>\$122,372,780</u> |

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System
For the three months ended September 30, 2014

| | 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, 2014 | \$1,200,179 | \$465,496 | \$30,000 | \$809,869 | \$3,971,321 | \$1,045,132 | \$3,501,291 | \$775,422 | \$7,008,209 | \$2,343,247 | \$19,418,381 |
| Cash receipts: | | | | | | | | | | | |
| Water sales operations and maintenance | 1,461,492 | | | | | | | | | | 1,461,492 |
| Water sales debt service | 285,335 | | | | | | | | | | 285,335 |
| Water sales capital fund | 342,407 | | | | | | | | | | 342,407 |
| Water sales source water protection fund | 273,922 | | | | | | | | | | 273,922 |
| Water sales overdrafts | 75 | | | | | | | | | | 75 |
| Rental income | 30,434 | | | | | | | | | | 30,434 |
| Manasquan reservoir support | | | | | 6,185 | | | | | | 6,185 |
| Headquarters overhead | | | | 186,353 | | | | | | | 186,353 |
| Disposition of property | | | | | | | 20,736 | | | | 20,736 |
| Recycling revenue | | | | | | | | | | | - |
| Sale of investment securities | | | | | | | | | | | - |
| Nonrefundable bid deposits | | | | | | | | | | | - |
| Insurance reimbursement | | | | | | | | | | | - |
| Miscellaneous expense reimbursement | 8,647 | | | | 16,774 | | | | | | 25,421 |
| Transfers: | | | | | | | | | | | |
| Contributions from operating fund | | 2,664,018 | 830,537 | (5,059,237) | | | | 37,500 | | 91,600 | (1,435,582) |
| Contributions to operating fund | | | | 2,081,020 | | | (3,116) | | | (7,541) | 2,070,363 |
| Transfers for operations | (2,565,320) | | | 2,565,320 | | | | | | | - |
| Transfers for investments | | | | | | | | | | | - |
| Distribution from reserves to operations | | 6,659 | | | | | | | | | 6,659 |
| Investment income | | | | 482 | 40,399 | 18,478 | 42,480 | 318 | 156,264 | 1,000 | 259,421 |
| Per resolution, Section 603: | | | | | | | | | | | |
| Investment income, transfer from | 257,478 | | | (482) | (40,399) | (18,478) | (41,689) | | (156,250) | | 180 |
| Investment income, transfer to | (257,478) | | | | 215,609 | | 41,689 | | | | (180) |
| Unrealized gain/(loss) on fair value | | | | | 2,289 | 1,068 | 2,679 | | (645) | | 5,391 |
| Total cash receipts | (163,008) | 2,670,677 | 830,537 | (226,544) | 240,857 | 1,068 | 62,779 | 37,818 | (631) | 85,059 | 3,538,612 |
| Total available cash and investments | \$1,037,171 | \$3,136,173 | \$860,537 | \$583,325 | \$4,212,178 | \$1,046,200 | \$3,564,070 | \$813,240 | \$7,007,578 | \$2,428,306 | \$24,688,778 |

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)
For the three months ended September 30, 2014

| | Subtotal | Parity SWP Bond Fund | Subordinated SWP Bond Fund | Major Rehabilitation | Water Reuse & Recycling Fund | 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 | \$19,418,381 | \$283,621 | \$551,700 | \$1,177,067 | \$0 | \$14,464,185 | \$20,090 | \$1,664,412 | \$0 | \$85,818 | \$883,353 | \$38,548,627 |
| Cash receipts: | | | | | | | | | | | | |
| Water sales operations and maintenance | 1,461,492 | | | | | | | | | | | 1,461,492 |
| Water sales debt service | 285,335 | | | | | | | | | | | 285,335 |
| Water sales capital fund | 342,407 | | | | | | | | | | | 342,407 |
| Water sales source water protection fund | 273,922 | | | | | | | | | | | 273,922 |
| Water sales overdrafts | 75 | | | | | | | | | | | 75 |
| Rental income | 30,434 | | | | | | | | | | | 30,434 |
| Manasquan reservoir support | 6,185 | | | | | | | | | | | 6,185 |
| Headquarters overhead | 186,353 | | | | | | | | | | | 186,353 |
| Disposition of property | 20,736 | | | | | | | | | | | 20,736 |
| Recycling revenue | - | | | | | | | | | | | - |
| Sale of investment securities | - | | | | | | | | | | | - |
| Nonrefundable bid deposits | - | | | | | | | | | | | - |
| Insurance reimbursement | - | | | | | | | | | | | - |
| Miscellaneous expense reimbursement | 25,421 | | | | | | | | | | | 25,421 |
| Transfers: | | | | | | | | | | | | |
| Contributions from operating fund | (1,435,582) | 87,750 | 174,000 | | | 498,969 | | 415,814 | 37,500 | | 221,549 | - |
| Contributions to operating fund | 2,070,363 | | | (7,529) | | (485,234) | | (1,577,600) | | | | - |
| Transfers for operations | - | | | | | | | | | | | - |
| Transfers for investments | - | | | | | | | | | | | - |
| Distribution from reserves to operations | 6,659 | | | | | | | | | | (6,659) | - |
| Investment income | 259,421 | 51 | 80 | 487 | | 6,219 | 8 | 464 | 2 | 18 | 325 | 267,075 |
| Per resolution, Section 603: | | | | | | | | | | | | |
| Investment income, transfer from | 180 | | | | | | | | | | | 180 |
| Investment income, transfer to | (180) | | | | | | | | | | | (180) |
| Unrealized gain/(loss) on fair value | 5,391 | | | | | | | | | | | 5,391 |
| Total cash receipts | 3,538,612 | 87,801 | 174,080 | (7,042) | - | 19,954 | 8 | (1,161,322) | 37,502 | 18 | 215,215 | 2,904,826 |
| Total available cash and investments | \$24,688,778 | \$371,422 | \$725,780 | \$1,170,025 | \$0 | \$14,484,139 | \$20,098 | \$503,090 | \$37,502 | \$85,836 | \$1,098,568 | \$41,453,453 |

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)
For the three months ended September 30, 2014

| | 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 | \$1,037,171 | \$3,136,173 | \$860,537 | \$583,325 | \$4,212,178 | \$1,046,200 | \$3,564,070 | \$813,240 | \$7,007,578 | \$2,428,306 | \$24,688,778 |
| Cash disbursements: | | | | | | | | | | | |
| Payroll | | | 830,537 | | | | | | | | 830,537 |
| Fringe benefits | | 13,405 | | 226,440 | | | | | | | 239,845 |
| Employee deferred compensation and credit union | | 101,585 | | 72,170 | | | | | | | 173,755 |
| Operations and maintenance | | 2,486,012 | | | | | | | | | 2,486,012 |
| Prepaid insurance | | | | | | | | | | | - |
| Miscellaneous disbursements | | | | | | | 8,136 | | | | 8,136 |
| Watershed Management Fund | | | | | | | | | | | - |
| Capital improvements: | | | | | | | | | | | |
| Capital assets | | | | | | | | | | | - |
| New five year construction project | | | | | | | | | | | - |
| Purchase of investments securities | | | | | | | | | | | - |
| 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 | - | 2,601,002 | 830,537 | 298,610 | - | - | 8,136 | - | - | - | 3,738,285 |
| Cash and investments - September 30, 2014 | \$1,037,171 | \$535,171 | \$30,000 | \$284,715 | \$4,212,178 | \$1,046,200 | \$3,555,934 | \$813,240 | \$7,007,578 | \$2,428,306 | \$20,950,493 |
| Summary of cash and investments: | | | | | | | | | | | |
| Cash | \$1,037,171 | \$535,171 | \$30,000 | | | | | | | | \$1,602,342 |
| Short-term investments | | | | \$284,715 | \$2,606,064 | \$296,680 | \$1,426,443 | \$813,240 | \$74,464 | \$2,428,306 | 7,929,912 |
| Long-term investments | | | | | 1,606,114 | 749,520 | 2,129,491 | | 6,933,114 | | 11,418,239 |
| Restricted Investments (current) | | | | | | | | | | | - |
| Restricted Investments (long-term) | | | | | | | | | | | - |
| Total cash and investments | \$1,037,171 | \$535,171 | \$30,000 | \$284,715 | \$4,212,178 | \$1,046,200 | \$3,555,934 | \$813,240 | \$7,007,578 | \$2,428,306 | \$20,950,493 |

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)
For the three months ended September 30, 2014

| | Subtotal | Parity SWP Bond Fund | Subordinated SWP Bond Fund | Major Rehabilitation | Water Reuse & Recycling Fund | 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 | \$24,688,778 | \$371,422 | \$725,780 | \$1,170,025 | \$0 | \$14,484,139 | \$20,098 | \$503,090 | \$37,502 | \$85,836 | \$1,098,568 | \$43,185,238 |
| Cash disbursements: | | | | | | | | | | | | |
| Payroll | 830,537 | | | | | | | | | | | 830,537 |
| Fringe benefits | 239,845 | | | | | | | | | | | 239,845 |
| Employee deferred compensation and credit union | 173,755 | | | | | | | | | | | 173,755 |
| Operations and maintenance | 2,486,012 | | | | | | | | | | | 2,486,012 |
| Prepaid insurance | - | | | | | | | | | | | - |
| Miscellaneous disbursements | 8,136 | | | | | | | | | | 7,871 | 16,007 |
| Watershed Management Fund | - | | | | | | | | | | | - |
| Capital improvements: | | | | | | | | | | | | |
| Capital assets | - | | | | | | | | | | | - |
| New five year construction project | - | | | | | | | | | | | - |
| Purchase of investments securities | - | | | | | | | | | | | - |
| Principal on 1981 bonds | - | | | | | | | | | | | - |
| Interest on 1981 bonds | - | | | | | | | | | | | - |
| Principal on 1998 bonds | - | | | | | | | | | | | - |
| Interest on 1998 revenue bonds | - | | | | | | | | | | | - |
| Principal on NJEIT bonds | - | 257,801 | 438,164 | | | | | | | | | 695,965 |
| Interest on NJEIT revenue bonds | - | 23,162 | 86,375 | | | | | | | | | 109,537 |
| Total cash disbursements | 3,738,285 | 280,963 | 524,539 | - | - | - | - | - | - | - | 7,871 | 4,551,658 |
| Cash and investments - September 30, 2014 | \$20,950,493 | \$90,459 | \$201,241 | \$1,170,025 | \$0 | \$14,484,139 | \$20,098 | \$503,090 | \$37,502 | \$85,836 | \$1,090,697 | \$38,633,580 |
| Summary of cash and investments: | | | | | | | | | | | | |
| Cash | \$1,602,342 | | | | | | | | | | \$43,690 | \$1,646,032 |
| Short-term investments | 7,929,912 | \$90,459 | \$201,241 | \$1,170,025 | \$0 | \$14,484,139 | \$20,098 | \$503,090 | \$37,502 | \$85,836 | 1,047,007 | 25,569,309 |
| Long-term investments | 11,418,239 | | | | | | | | | | | 11,418,239 |
| Restricted Investments (current) | - | | | | | | | | | | | - |
| Restricted Investments (long-term) | - | | | | | | | | | | | - |
| Total cash and investments | \$20,950,493 | \$90,459 | \$201,241 | \$1,170,025 | \$0 | \$14,484,139 | \$20,098 | \$503,090 | \$37,502 | \$85,836 | \$1,090,697 | \$38,633,580 |

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System
For the three months ended September 30, 2014

| | 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 | | | | | | | | | |
| Cash and investments - July 1, 2014 | \$159,380 | \$903,195 | \$20,000 | \$2,858,063 | \$1,490,891 | \$253,063 | \$2,922,249 | \$30,023 | \$1,477,169 | \$400,432 | \$162,269 | \$113,297 | \$10,790,031 |
| Cash receipts: | | | | | | | | | | | | | |
| Water sales operations and maintenance | 652,992 | | | | | | | | | | | | 652,992 |
| Water sales debt service | 1,196,805 | | | | | | | | | | | | 1,196,805 |
| Source water protection | 27,467 | | | | | | | | | | | | 27,467 |
| Water sales debt service NJEIT | 44,716 | | | | | | | | | | | | 44,716 |
| Water sales overdrafts | | | | | | | | | | | | | - |
| NJ-American pumping costs | | | | | | | | | | | | | - |
| Headquarters overhead | | | | | | | | | | | | | - |
| Reimbursement of WTP capital expenses | | | | | | | | | | | | | - |
| Disposition of assets | | | | | | | | | | | | | - |
| Reimbursement from Raritan Basin | | | | | | | | | | | | | - |
| Sale of investments securities | | | | | | | | | | | | | - |
| Nonrefundable bid deposits | | | | | | | | | | | | | - |
| Miscellaneous reimbursement | | | | | 72,826 | | 1,250 | | | 8,136 | | | 82,212 |
| Transfers: | | | | | | | | | | | | | |
| Contributions from operating fund | | 707,209 | 284,749 | (2,895,623) | | | 30,000 | | 28,142 | | | 2,500 | (1,843,023) |
| Contributions to operating fund | | | | 1,417,714 | | | (210,829) | | (1,365) | | | | 1,205,520 |
| Transfers for operations | (2,019,525) | | | 2,019,525 | | | | | | | | | - |
| Distribution from reserves to operations | | 2,218 | | | | | | | | | | | 2,218 |
| Investment income | | | | 1,141 | 10,937 | 5,515 | 1,242 | 12 | 622 | 8,226 | 992 | 25 | 28,712 |
| Per resolution, Section 603: | | | | | | | | | | | | | |
| Investment income, transfer from | 26,841 | | | (1,141) | (10,937) | (5,515) | | | | (8,212) | (992) | (25) | 19 |
| Investment income, transfer to | (26,841) | | | 1,666 | 16,963 | | | | | 8,212 | | | - |
| Unrealized gain/(loss) on fair value | | | | 610 | | 324 | | | | 1,062 | 131 | | 2,127 |
| Total cash receipts | (97,545) | 709,427 | 284,749 | 543,282 | 90,399 | 324 | (178,337) | 12 | 27,399 | 17,424 | 131 | 2,500 | 1,399,765 |
| Total cash and investments | \$61,835 | \$1,612,622 | \$304,749 | \$3,401,345 | \$1,581,290 | \$253,387 | \$2,743,912 | \$30,035 | \$1,504,568 | \$417,856 | \$162,400 | \$115,797 | \$12,189,796 |

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System (continued)
For the three months ended September 30, 2014

| | Water Treatment Plant/Transmission System | | | | | | | NJFIT Debt Service | 2005 Debt Service Account | 2005 Debt Service Reserve | 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 Filler Reserve | Self- Insurance Reserve | Capital Improvement Reserve | | | | | | | | | |
| Total available cash and investments | \$12,189,796 | \$799,621 | \$890,933 | \$9,491 | \$98,473 | \$253,300 | \$1,227,297 | \$379,579 | \$4,695,547 | \$3,550,611 | \$17,998 | \$9,551 | \$149,956 | \$41,198 | \$352,964 | \$24,666,315 |
| Cash disbursements: | | | | | | | | | | | | | | | | |
| Payroll | 284,749 | | | | | | | | | | | | | | | 284,749 |
| Fringe benefits | 122,619 | | | | | | | | | | | | | | | 122,619 |
| Employee deferred compensation and credit union | 38,379 | | | | | | | | | | | | | | | 38,379 |
| Operations and maintenance | 607,758 | 668,741 | | | | | | | | | | | | | | 1,276,499 |
| NJ-American pumping costs | - | | | | | | | | | | | | | | | - |
| Prepaid Insurance | - | | | | | | | | | | | | | | | - |
| Headquarters overhead | 160,600 | | 25,753 | | | | | | | | | | | | | 186,353 |
| Capital assets reservoir | - | | | | | | | | | | | | | | | - |
| Capital improvement program (reservoir) | - | | | | | | | | | | | | | | | - |
| Purchase of Investments securities | - | | | | | | | | | | | | | | | - |
| Principal on bonds | - | | | | | | | 103,381 | 2,795,000 | | 2,693 | | | | | 2,901,074 |
| Interest on bonds | - | | | | | | | 20,324 | 722,500 | | 2,470 | | | | | 745,294 |
| Total cash disbursements | 1,214,105 | 668,741 | 25,753 | - | - | - | - | 123,705 | 3,517,500 | - | 5,163 | - | - | - | - | 5,554,967 |
| Cash and investments - September 30, 2014 | \$10,975,691 | \$130,880 | \$865,180 | \$9,491 | \$98,473 | \$253,300 | \$1,227,297 | \$255,874 | \$1,178,047 | \$3,550,611 | \$12,835 | \$9,551 | \$149,956 | \$41,198 | \$352,964 | \$19,111,348 |
| Summary of cash and investments: | | | | | | | | | | | | | | | | |
| Cash (Manasquan) | \$737,641 | | | | | | | | | | | | | | | \$737,641 |
| Cash (Water Treatment Plant/TS) | - | \$130,880 | | | | | | | | | | | | | | 130,880 |
| Short-term investments | 9,232,105 | | | | | | | | | | | | | \$41,198 | \$352,964 | 9,626,267 |
| Short-term investments (Water Treatment Plant/TS) | - | | \$865,180 | \$9,491 | \$98,473 | \$253,300 | \$1,227,297 | | | | | | | | | 2,453,741 |
| Long-term investments | 1,005,945 | | | | | | | | | | | | | | | 1,005,945 |
| Restricted investments (current) | - | | | | | | | \$255,874 | \$1,178,047 | \$3,550,611 | \$12,835 | \$9,551 | \$149,956 | | | 5,156,874 |
| Restricted investments (long-term) | - | | | | | | | | | | | | | | | - |
| Total cash and investments | \$10,975,691 | \$130,880 | \$865,180 | \$9,491 | \$98,473 | \$253,300 | \$1,227,297 | \$255,874 | \$1,178,047 | \$3,550,611 | \$12,835 | \$9,551 | \$149,956 | \$41,198 | \$352,964 | \$19,111,348 |