

NEW JERSEY WATER SUPPLY AUTHORITY



2011 ANNUAL REPORT

AND THE

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New Jersey Water Supply Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Sandson

President

Jeffrey R. Enos

Executive Director

NEW JERSEY WATER SUPPLY AUTHORITY

2011 ANNUAL REPORT

AND THE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

A COMPONENT UNIT
OF THE STATE OF NEW JERSEY



FOR THE YEAR ENDED
JUNE 30, 2011

Prepared by:
Finance and Accounting Staff

Henry S. Patterson
Executive Director

2011 Annual Report

Governor
Chris Christie



Authority Members

Bob Martin
Chair

Steven J. Picco
Vice Chair
Chair, Audit Committee

Shing-Fu Hsueh
Secretary
Chair, Insurance Committee

Louis C. Mai
Treasurer
Chair, Finance Committee
Chair, Capital Projects Committee

Susan Blew
Chair, Watershed Lands Acquisition Committee
Chair, Personnel Committee

Robert J. Iacullo
Chair, Public Participation Committee

Staff

Henry S. Patterson
Executive Director

Helene P. Chudzik, Esq.
Sr. Deputy Attorney General

2012 Monthly Meetings

The 2012 Monthly Meetings of the New Jersey Water Supply Authority are scheduled to be held in the Conference Room of the Authority's Clinton Administration Building, 1851 Highway 31, Clinton, New Jersey, unless otherwise indicated, beginning at 2:00 p.m. on the following Mondays:

January 9, 2012

February 6, 2012

March 5, 2012

April 2, 2012

May 7, 2012

June 4, 2012 (Canal Office)

July 2, 2012 (Canal Office)

August 6, 2012 (Manasquan Office)

September 10, 2012

October 1, 2012

November 5, 2012

December 3, 2012

The period from 12:00 p.m. to 2:00 p.m. on the above dates is set aside, as needed, for separate Committee meetings of the Personnel, Finance, Capital Projects and other Committees of the Authority.

Cover Photo
Sunrise at Round Valley Reservoir

The New Jersey Water Supply Authority was created on October 7, 1981 (P.L. 1981, c. 293) to operate, on a self-supporting basis, the existing State water supply facilities and to develop future State water supply projects as recommended in the State Water Supply Master Plan. The Authority's Spruce Run/Round Valley Reservoirs System and the Delaware and Raritan Canal Water Transmission Complex (the Raritan Basin System), provides the basic source of water supply to a number of public and private water utilities serving more than 1,500,000 people in central New Jersey. The Manasquan Water Supply System in Monmouth County commenced delivery of this new surface water supply to a number of public and private water utilities, serving more than 250,000 people in the Monmouth County area, on July 1, 1990. Under agreement with the Southeast Monmouth Municipal Utilities Authority, the Authority also operates and maintains a four million gallon per day water treatment plant and distribution system for five municipalities in Monmouth County.

 Printed on Recycled Paper

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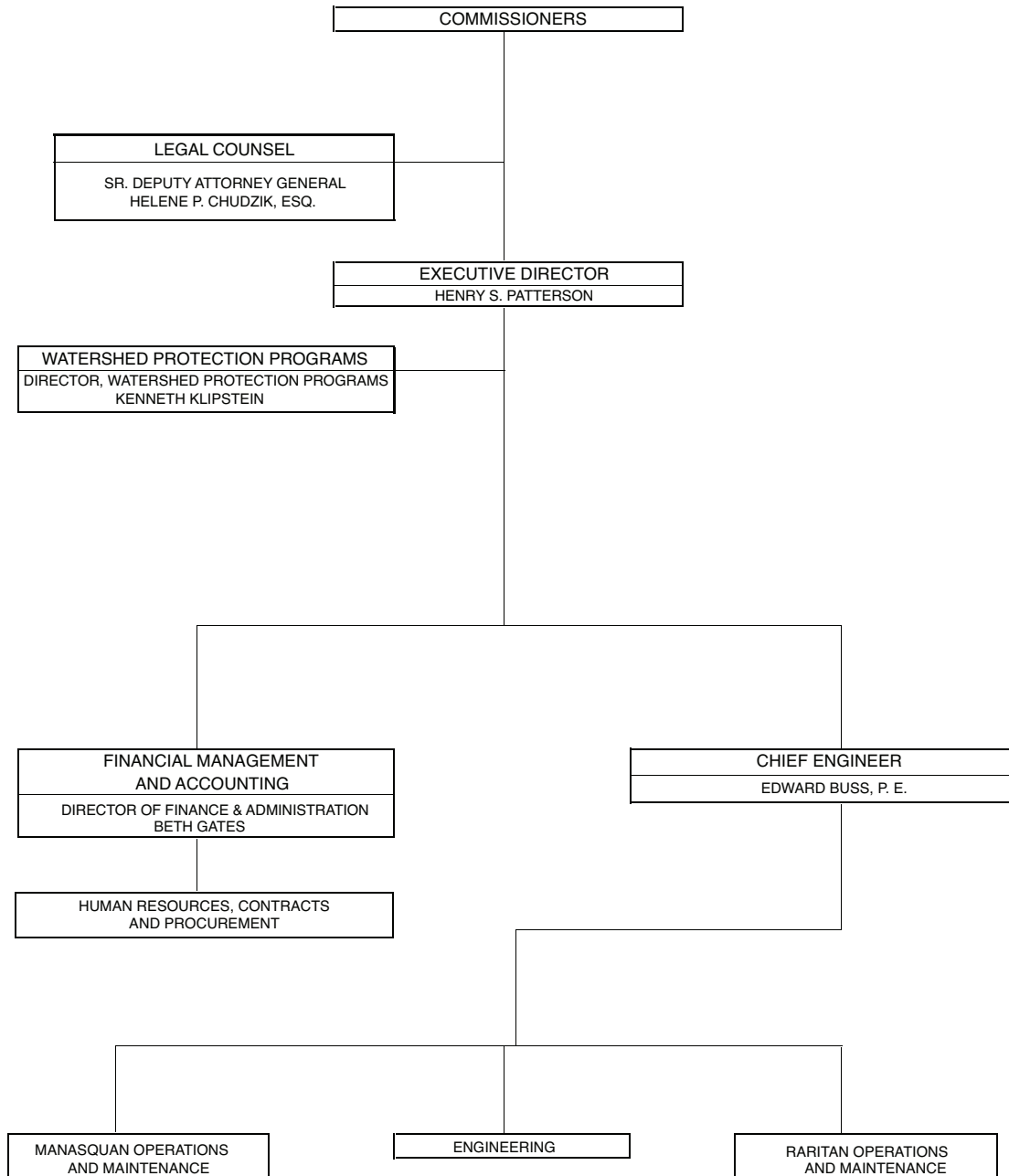
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Letter to Governor and Legislature



NEW JERSEY WATER SUPPLY AUTHORITY

Post Office Box 5196 • Clinton, NJ 08809 • (908) 638-6121
www.njwsa.org FAX • (908) 638-5241

February 2012

To the Honorable Chris Christie, Governor
and Members of the New Jersey Legislature

I am pleased to submit the 30th Annual Report of the New Jersey Water Supply Authority. The Authority was created on October 7, 1981 (P.L. 1981, c.293) and was established in but not of the Department of Environmental Protection of the State of New Jersey. The "New Jersey Water Supply Authority Act" under N.J.S.A. 58:1 B-20 calls for the Authority to publish an Annual Report of its finances on or before the last day of February for the preceding calendar year. This report contains the Authority's Independent Auditor's Report, and all required reporting to be in compliance with Executive Order No. 37 (2006), for FY2011.

Calendar year 2011 has become the State's wettest year with 64.84 inches of rain through the end of December breaking the old record of 59.98 inches set in 1996.

In late August, Hurricane Irene exacerbated the already soaked soil conditions, causing damage in several areas of the Delaware & Raritan Canal, which was further aggravated two weeks later by Tropical Storm Lee. Historic peaks of record were established at river gauges all over New Jersey including the Millstone River at Blackwells Mills, the North Branch of the Raritan River near Raritan, the Stony Brook at Princeton and the Manasquan River at both Squankum and Allenwood.

Through the dedicated efforts of the Authority staff, there were no flow disruptions and water was contractually supplied to all public and investor owned water utility customers.

The New Jersey Water Supply Authority continues to acquire watershed properties. In 2011, the Authority, along with its partners, has purchased an additional 294 acres of critical watershed properties. To date, more than 4,400 acres of land with high water resource value have been purchased or approved for purchase. The Authority has dedicated \$8 per million gallons from the Source Water Protection Component of the rate to fund the acquisition of these watershed properties.

The Authority was presented with the "Certificate of Achievement for Excellence in Financial Reporting Award" from the Government Finance Officers Association for FY2010, our 19th consecutive award.

Sincerely,



Henry S. Patterson
Executive Director

Operations

In late August, Hurricane Irene caused a breach of the Delaware & Raritan Canal embankment adjacent to the Workhouse Spillway in Hopewell Township in Mercer County.

The heavy rainfall of late summer including Hurricane Irene and Tropical Storm Lee caused sloughing of the western embankment in Stockton to a point where the embankment came precariously close to breaching.

The Canal Flood Guard embankment was breached from Hurricane Irene in the vicinity of Quaker Road and Province Line Road at the border of Princeton and Lawrence Townships in Mercer County. The Port Mercer Dike, that separates the Stony Brook in the Raritan Basin from the Shipetaukin Creek in the Delaware Basin, was also breached and suffered extensive scouring along its length.

The breach adjacent to the Workhouse Spillway began to drain the 32 mile section of the Canal between the Lambertville and Kingston Locks. Stop Logs were installed at Lower Ferry Road and flow was diverted into the Canal from Carnegie Lake to meet the contractual needs of down Canal water customers. The Raritan River flooded the Ten Mile Pumping Station causing equipment damage that could not be repaired until the river elevation dropped, which allowed access to the pumping station. The Ten Mile Pumping Station was restored and placed in service to supplement the Carnegie Lake diversion.

The flow in the Canal from the Delaware River was restored on November 10, 2011. Through the efforts of Authority staff, there were no flow disruptions to all public and investor owned utilities.

Dam Inspections

In accordance with the State Dam Safety Regulations, Authority staff conducted the annual dam inspection at the Manasquan Reservoir on September 13, 2011. Authority staff conducted the annual dam inspections at the Spruce Run and Round Valley Reservoirs

on September 27, 2011. All embankments at the Manasquan, Spruce Run and Round Valley Reservoirs were characterized as “safe” and only minor routine repairs were recommended. The Authority also continued its program of quarterly inspections of the dams, dikes and appurtenances in accordance with the Authority’s Internal Management Program.

Asset Management Planning

Asset management planning is designed to prioritize rehabilitation programs at a facility to maximize use of financial resources while ensuring longevity of the equipment.

The Authority developed an asset management plan for the Manasquan Water Treatment Plant (MWTP) in 2008. The asset management plan development included a thorough evaluation of the condition of the existing equipment and an analysis of proposed legislation or changes in regulations that could impact on plant operations.

The asset management plan provided the Authority and the Monmouth County Improvement Authority (MCIA), predecessor of the Southeast Monmouth Municipal Utilities Authority (SMMUA), current owners of the MWTP, a projected capital expenditure plan for the MWTP over the next twenty years.

The asset management plan was presented to the customer communities for their acceptance so essential projects such as the replacement of the ozone system, the instrumentation, the chemical storage tanks, improvements to the sludge lagoon and recycle system and construction of new finished water storage could proceed.

The South Branch Pumping Station was completed in 1965 as a part of the Spruce Run/Round Valley Reservoirs Complex in the Raritan River Basin. It is located on the South Branch Raritan River, about 3 miles downstream from the Spruce Run Reservoir. It is used to pump water from the South Branch Raritan River to the Round Valley

Reservoir. Ten 40 mgd pumps, each operated by a 2,000 HP motor, can transfer up to 350 mgd to the Reservoir through a 3.2 mile long, 108-inch diameter force main.

A program is being implemented to refurbish/rehabilitate the main pumps and motors including replacement of the baseplates for the refurbished units. The grout beneath the baseplates has failed and the units are vibrating and alignment between the pumps and motors cannot be maintained. Two units will be rehabilitated in 2012. Additional units will be rehabilitated in subsequent years.

Dredging of the D & R Canal

Flow in the 10.5-mile section of the Canal, Franklin Township, Somerset County between Route 27 and Amwell Road, near Millstone Borough, is being impeded by sediment accumulation. This is compounded by the growth of weeds during the summer months when flow demand is the greatest. The water surface elevation is typically raised during these periods, which causes water to discharge over the lower elevation spillways.

A program is being developed to remove an estimated 270,000 cubic yards of sediment from the Canal. Development of the program includes a proactive public participation element including meetings with stakeholders along the Canal and the setup of a website to keep the public informed about the status of the project. The website can be accessed at http://www.njwsa.org/html/canal_dredging.html.

An initial open house and public meeting was conducted on December 13, 2010 to introduce the project to interested parties.

The project includes sediment sampling and characterization, identifying staging areas, dredging and dewatering activities, sediment disposal options, and the preparation of an Environmental Information Document (EID). The project schedule is as follows: 1) Evaluation of dredging methodologies completed, 2) Design work complete by December 2010, and 3) funding in place by

November 2012. Two construction periods are expected starting in 2013.

The Consultant considered four alternatives for the proposed dredging project; mechanical excavation (in dry), mechanical dredging (in wet), hydraulic dredging with geobags, and hydraulic dredging mechanical.

After reviewing the alternatives, two technologies were dismissed from further consideration for varying reasons including cost (Mechanical Dredging and Hydraulic Dredging with mechanical dewatering).

While uncertainties exist in all of the alternatives evaluated, the degree to which potential risk elements could be controlled varies between other alternatives. Mechanical excavation in the dry will necessitate draining various reaches of the waterway while the dredging takes place. This may pose difficulties in providing water to the customers. The mechanical excavation in the dry will significantly increase truck traffic on the Canal towpath and other local roads that are not intended to carry the heavy truck traffic. This alternative will necessitate the construction of a number of access ramps to the Canal bed which will disturb additional wetlands and natural and historic resources. Another major drawback of this alternative is weather, since the reach being dredged must be dewatered and runoff into the Canal from precipitation events will continue making it difficult to keep the reach dry. Hydraulic dredging reduces these concerns since the slurry will be conveyed in a pipe in the Canal that will convey the material to a temporary staging area where it will be dewatered using geobags. The staging area will be selected to minimize truck traffic on local roads.

After reviewing the alternatives, the recommended methodology being pursued is the hydraulic dredging with geobags.

Staff presented its preferred alternative to the Governor's Authorities Unit, the Authority Commissioners and the water users. A second public open house and public meeting was held on September 15, 2011 to discuss the preferred dredging methodology.

The Authority submitted a letter of intent to the NJEIFP for funding during the Fiscal Year 2013 funding cycle.

Capital Improvements - Manasquan Water Treatment Plant

The raw water supply for the MWTP contains significant levels of color, organic compounds, iron and manganese. There is also potential for the formation of taste and odor causing compounds. Ozone is used as the pre-disinfectant at the plant.

The Authority completed a project to improve and optimize the ozone system, thereby achieving the following benefits: reducing operations and maintenance costs, correcting system deficiencies, extending system life and facilitating compliance with current and future water quality regulations.

This project encompassed the installation of an entirely new ozone system including conversion of the ozone system to pure oxygen rather than the dried air as supplied to the original ozone system. The New Jersey Environmental Infrastructure Financing Program (NJEIFP) is providing a low interest rate loan to SMMUA. A construction contract in the amount of \$3,360,000 was awarded for the ozone system project. The new system was completed and went on line in July of 2011. The MWTP is seeing reduced maintenance costs. Staff is analyzing operations costs to determine savings being realized.

The asset management plan also highlighted the need to upgrade the instrumentation at the MWTP. The instrumentation at the plant is outdated and replacement parts are difficult to obtain. Any failure of the instrumentation system has the potential of shutting down the treatment plant. The NJEIFP provided a low interest rate loan to SMMUA. A construction contract in the amount of \$1,115,000 was awarded for the upgrade of the instrumentation system. Construction upgrades occurred in 2011. The system is functioning well and providing data

collection and improved operator visibility and documented operational efficiencies.

The asset management plan also identified the need to rehabilitate the existing caustic and zinc orthophosphate chemical storage and feed system and to construct new finished water storage and a filter-to-waste system. The Authority is proceeding with these improvements.

A consultant was retained and worked with engineering and operations throughout the year to design this next plant improvement. Work included developing recommendations for the sizes of the chemical storage tanks, the location and size of the finished water storage tank and enhancing the residuals handling systems through the addition of settling tanks and another drying bed. The finished water storage tank will allow the plant to shut down for brief periods of maintenance while still providing water to our customers.

The Authority has submitted documentation to the NJEIFP for funding during the 2012 funding cycle.

Watershed Protection Programs Unit

Watershed Protection Program is a coordinated framework for implementing prioritized and integrated water quality protection and restoration strategies driven by environmental objectives. The Authority's Watershed Protection Programs Unit's core activities are funded by the source water protection component of the Authority's rate. This dedicated portion of the rate has given the Authority the ability to design programs that will effectively minimize increases in our customer's future treatment costs by protecting against the introduction of potential contamination. Not only do these programs add a margin of safety; they also help to raise community awareness of the risks of drinking water contamination and provide information and practical strategies for stakeholder groups to implement for the protection of their drinking water sources.

Based on the results of a detailed watershed planning performed by the Watershed Protection Programs staff in the Raritan Basin and the Manasquan River Watershed, high priority areas and issues of concern include: Agricultural runoff in the upper Raritan watersheds; Erosion and sediment transport rates in the Lockatong and Wickecheoke watersheds; Sediment transport and deposition in the last 11 miles of the D&R Canal directly upstream of some of the major water supply intakes; Peak runoff rates in the Peter Brook and other watersheds with a high percentage of impervious coverage; and Chemical processes that result in a yellow coloration of the source water in the Manasquan River.

The Authority has made a significant commitment of resources to target and reduce agricultural runoff in Raritan Basin watersheds where agriculture is the dominant land use. Our commitment is matched by a \$750,000 grant from the NJDEP and additional financial and staff support from the US and NJ Departments of Agriculture. In 2011, our agricultural assistance program continued to work with farmers to develop nutrient management plans. The River Friendly Farm Certification Program administered through North Jersey Resource Conservation and Development Council has 41 farms participating in the program representing 3,900 acres of farmland.

The Authority is working with funding from a \$952,500 grant to implement innovative stormwater Best Management Practices (BMP) in roadside drainage systems and other drainage areas designed to reduce sediment transport in the Lockatong and Wickecheoke Creek watersheds. In 2011, four ISCO monitoring units were installed and activated at selected sites where BMP will be constructed in order to establish baseline conditions from which BMP effectiveness can be assessed. From May thru September, nine storms were sampled at points along the hydrograph for nutrients, solids, chlorides, and turbidity. Project partners are working with

Authority staff to modify runoff and loading models currently being used to simulate storm-runoff events based on the new data. BMP design work is underway and it is anticipated that implementation in some of the project sites will begin in 2012.

The Authority's study of all stormwater infalls that flow into the last 11 miles of the canal resulted in a \$2.2 million non-point source grant from the NJDEP to address the largest sediment contributors in that segment. In 2011, we completed the designs and awarded a construction contract for "Infall 21" located in South Bound Brook Borough. Work will begin in early 2012. Progress on designing and advancing the implementations of additional priority projects has been slowed by reluctance on the part of the stormwater infrastructure owners (municipal, county or state agencies) to agree to a long-term maintenance commitment of the recommended BMPs. The Authority is now working through the issue with the appropriate parties and expects to have a resolution in 2012.

Addressing urban stormwater runoff is challenging for a number of reasons - two of the biggest are 1) the cost to retrofit existing urban infrastructure and 2) the expense to maintain stormwater infrastructure with higher removal rates. Many cities have begun to look at more innovative and low cost approaches to address the problem. The most common programs involve promoting the disconnection of residential roofs and paved areas from storm drain pipes and diverting the water to rain barrels and rain gardens. The Authority has adopted this approach on a watershed basis in the Peters Brook with promising results. The Authority donated 18 rain barrels with automatic diverters for installation in the nine new Habitat for Humanity homes in Bridgewater.

Beginning in the fall of 2010, the Authority began working with Rutgers University to understand the chemical makeup of the seasonal yellow coloration of the Manasquan River source water. In 2012, the Authority will

be utilizing the ISCO monitoring units to assist in the identification and tracking of the persistent summertime coloration of the source water.

Policies and Economic Growth Strategies of the State of New Jersey

The Highlands Water Protection and Planning Act, N.J.S.A. 13:20-1 et seq. protects drinking water for over 5.4 million people and helps preserve New Jersey's dwindling open space. Approximately 17 percent of the Raritan Basin is in the Highlands, providing nearly all of the water stored in Round Valley and Spruce Run Reservoirs. During 2011, the Authority committed \$1,150,000 to purchase and preserve along with its partners, 667 acres within Raritan Basin. To date, more than 4,400 acres are either closed or authorized to be preserved.

One of the stated goals of the NJDEP is to ensure that adequate, safe and reliable water supplies are provided to the people of the State of New Jersey. Specifically, the State ensures that surface and ground water diversions do not exceed the sustainable yield of available water resources. The Raritan Basin Safe Yield Model was developed based on the results of the Authority's operations model, and the Manasquan Reservoir System Safe Yield Model, currently under development, will be used in support of future water allocation permit applications and System operations.

During 2011, the Authority's operations continued to support the sustainability of the State's water resources through its operation of the reservoir systems, through managing passing flow requirements at certain stations along the river system, and through continuous maintenance and dredging of the Delaware and Raritan Canal to assure adequate flow and the long-term integrity of that structure.

Annual Review of Authority Operations

Each year during the budget process, senior management of the Authority reviews operations to identify inefficiencies and cost savings which, when implemented, will provide direct benefit to the Authority's customers. During 2011, the Authority undertook several steps to implement cost savings measures totaling \$886,644. The Authority reviewed staffing levels and determined to eliminate funding for one position within Executive Office and those duties were either eliminated or consolidated in the Engineering Department. This resulted in an annual savings of \$88,415. Funding for insurance was reduced for an additional savings of \$36,200. Insurance brokerage and risk management services are in the second year of a three year contract, which, when rebid, saved the Authority \$8,000 in 2011. Management raises were again deferred in 2011 saving \$39,000. Titles were restructured in the Manasquan System after the retirement of a long-term employee, saving \$28,044. The capital equipment budget request was reviewed carefully, and \$38,500 in expenses was trimmed for 2011. A review of the general operations and maintenance budget revealed savings of \$136,900 composed of maintenance supplies, service and maintenance contracts, staff training and travel recognizing there hasn't yet been a lift on the out-of-state travel ban, and special and professional services. Finally, the Authority identified \$600,000 in excess funds which were used to offset the rate paid by the contract customers in 2011.

Letter of Transmittal - Chief Financial Officer



NEW JERSEY WATER SUPPLY AUTHORITY

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October 3, 2011

Formal Transmittal of the CAFR

To the Commissioners of the New Jersey Water Supply Authority

The Comprehensive Annual Financial Report of the New Jersey Water Supply Authority ("Authority") for the year ended June 30, 2011 is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the Authority's financial position, results of operations, and cash flows in accordance with generally accepted accounting principles. In accordance with these accounting principles, the Authority is a component unit of the State of New Jersey and, as such, is included in the State of New Jersey's Annual Report.

Profile of the Government

Reporting Entity and its Services

The Authority was created on October 7, 1981 (P.L. 1981, c.293) and was established in but not of the Department of Environmental Protection of the State of New Jersey. This "New Jersey Water Supply Authority Act" established the Authority to acquire, finance, construct, and operate water systems under certain circumstances, and authorizes the issuance of bonds of the Authority.

The Authority operates three separate systems: the Raritan Basin System, the Manasquan Water Supply System, and the Manasquan Water Treatment Plant and Transmission System. The Manasquan Water Treatment Plant and Transmission System is owned by the Southeast Monmouth Municipal Utilities Authority (SMMUA), and is operated and maintained by the Authority under the terms of an operating agreement. Each of these systems provides sufficient revenues to cover their own operating expenses, and each System's debt service.

A seven member Board of Commissioners governs the Authority. The Authority's Executive Director heads a full-time staff of professional, technical, and operational personnel totaling 126 employees, consisting of 99 employees of the Raritan Basin System and 27 employees of the Manasquan Reservoir System.

The meetings of the Authority are normally scheduled for the first working Monday of each month. Four members of the Authority constitute a quorum at any meeting. Action may be taken, and motions and resolutions adopted by the Authority at any meeting by the affirmative vote of at least four members of the Authority. All meetings held by the Authority are in accordance with the Open Public Meetings Act, which requires that all meetings of public bodies be open to the public.

Accounting System and Budgetary Control

The Authority's financial statements are prepared in accordance with generally

accepted accounting principles. The Authority operates and reports as a single enterprise fund utilizing the accrual basis of accounting. The enterprise fund concept is similar to how private business enterprises are financed and operated. The intent is that the costs of providing service to water users on a continuing basis be financed primarily through user charges.

In an effort to ensure compliance with the Authority's By-laws and to safeguard its assets, an internal control structure has been developed and implemented by management. The internal control structure is outlined in Accounting Policies and Procedures Manuals maintained by the Authority and include: description of methods, procedures and accounting principles to be followed with explanations and examples of principal transactions; standards setting out authorization levels for expenditure of Authority funds and very specific procedures to follow when executing purchase orders, receiving goods and payment for services; separation of accounts payable and receivable function; limitations on access to the vendor management system; bank reconciliation review; controls over deposits and generation of automated and manual checks. The internal control structure also includes approved organization structures, and approved budgets for capital and operating expenditures.

The Authority's By-laws also set out standards for procurement, which have been codified in policies and procedures. The standards include a threshold, after which the Board of Directors must approve all transactions. The Authority is in compliance with Executive Order No. 37 (2006) with respect to procurement, and has amended its procedures to ensure 100 percent compliance.

To the best of our knowledge and belief, the Authority followed all of its standards, procedures and internal control safeguards for the year in question.

The Authority adopts an annual budget for its operations and establishes water rates accordingly.

Information Useful in Assessing the Government's Economic Condition

Financial Position

The total assets of the Authority as of June 30, 2011 were \$210,105,767 a decrease of one percent over the previous year's total of \$211,509,973. The Capital Assets, net of accumulated depreciation decreased \$823,259, or one percent, from \$144,956,581 to \$144,133,322.

The total of cash, cash equivalents and investments for the Authority increased \$2,463,457, or five percent, from \$51,931,464 to \$54,394,921. The increase in cash is mainly attributable to the increase of our compensating balance in the operating account of the Manasquan Reservoir System. Current liabilities increased \$128,809, or one percent, from \$9,381,563 to \$9,510,372. The increase is primarily due to the increase in current payable. Total Net Assets of the Authority increased \$2,053,545, or two percent, from \$111,978,796 to \$114,032,341.

Total Operating Revenues decreased by \$24,658, or one percent, from \$25,621,079 to \$25,596,421 due to a decrease in overdraft water billing in the Raritan Basin System. Total Operating Expenses increased \$846,907, or four percent, from \$19,802,840 to \$20,649,747 due to contractual increases in salary and fringe benefits. Non-operating Revenues decreased \$49,105, or seven percent, from \$681,411 to \$632,306 due to the 27 percent decrease in Investment Income.

Investment Income decreased \$93,059, or 27 percent from the previous year. Non-operating expenses decreased \$271,052, or six percent, from \$4,796,487 to \$4,525,435 due to a decrease in the Interest Component of Debt Service.

Risk Management

The Authority carries property 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 Liability Insurance and Automotive coverage, with self-insured retainers as it deems appropriate. Public Officials Liability coverage with enhanced Employment Liability coverage is also maintained with deductibles. Workers' Compensation coverage is also maintained as required by State law. The Authority hired a Risk Management Consultant to assist the Authority in the renewal of the insurance program for March 1, 2011.

Independent Audit

In accordance with the "New Jersey Water Supply Authority Act" (P.L. 1981, c.293), before the last day of February, an Annual Report of the Authority's activities of the preceding calendar year is due to the Governor and the Legislature. This Annual Report must include an audit of the Authority's books and accounts. Mercadien, P.C., Certified Public Accountants, was retained to perform an audit of the 2011 Fiscal Year in accordance with Auditing Standards generally accepted in the United States and *Government Auditing Standards* issued by the Comptroller General of the United States. In June 1999, the GASB adopted their Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and*

Local Governments. The Authority adopted GASB Statement No. 34 in Fiscal Year 2001, including the Management's Discussion and Analysis ("MD&A"). The MD&A is considered to be required supplemental data and precedes the financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the Report of Independent Auditors. Mercadien, P.C. reports directly to the Audit Committee of the Board of Commissioners. Mercadien, P.C., also performed, as part of the annual audit, a review of the internal control.

The Authority has previously established rates, and intends to continue establishing rates on the basis of its cash needs in any fiscal year to meet its requirements for Operations and Maintenance Expenses, Debt Service, Capital Fund and the Source Water Component.

Awards and Acknowledgments

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the New Jersey Water Supply Authority for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the 19th consecutive year that the Authority has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Financial and Accounting staff of the New Jersey Water Supply Authority. Any financial report is also only as good as the accounting records that supply its supporting data. The Authority's entire staff deserves recognition for their dedication, perseverance and attention to detail that result in the Authority's records being kept in a manner which reflects credit on the staff as a unit as well as each employee individually.

Economic Outlook

The continuing economic viability of the Authority is ensured by the water contracts the Authority maintains with our water users. The water users have entered into long-term contracts for a supply of water for their respective systems, which they are authorized to continuously withdraw without interruption, for potable or industrial water supply purposes. During Fiscal Year 2011, the Authority supplied water to 26 contractual customers of the Raritan Basin System, which provided water to approximately 1,500,000 people in central New Jersey, and 13 contractual customers of the Manasquan System, which provides water to approximately 250,000 people in the Monmouth County area. Two customers accounted for approximately 85 percent of

total Raritan Basin System operating revenues. Three customers accounted for approximately 82 percent of total Manasquan System operating revenues.

The total sales base for the Raritan Basin System was unchanged at 182.073 million gallons per day for fiscal year 2011, and the total sales base for the Manasquan Reservoir System was unchanged at 20.560 million gallons per day. We are expecting our major water customers in both Systems to continue to increase their contractual water allocations in the future. Payments for uninterruptible service are based upon the mgd amount specified in each water user contract, and are payable to the Authority whether or not the water user actually withdraws the full amount of water available as defined in the contract as daily uninterruptible service.



Henry S. Patterson
Executive Director



Beth Gates
Director Finance and Administration



Michael R. Citarelli
Chief Financial Officer

Financial Section

Report of Independent Auditors

Management's Discussion and Analysis

Basic Financial Statements

Statements of Net Assets

Statements of Revenues, Expenses and

Changes in Net Assets

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Combining Statements and Schedules



INDEPENDENT AUDITORS' REPORT

To the Commissioners of
New Jersey Water Supply Authority

We have audited the accompanying financial statements of New Jersey Water Supply Authority (the "Authority"), as of and for the years ended June 30, 2011 and 2010. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Water Supply Authority as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 3, 2011 and October 4, 2010, as of and for the years ended June 30, 2011 and June 30, 2010, respectively, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

The Management's Discussion and Analysis on pages 18 through 23 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mercaderes, P.C.
Certified Public Accountants

October 3, 2011



New Jersey Water Supply Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2011

This section of the Annual Financial Report of the New Jersey Water Supply Authority (the "Authority"), a Component Unit of the State of New Jersey, presents discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2011. Please read it in conjunction with the Authority's basic financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Operating revenue for fiscal year 2011 was \$26.6 million, an increase of 3.81% over fiscal year 2010, which was the result of a 4.8% increase in Raritan, and a 4.1% increase in Manasquan sales. In the Raritan Basin System, there was no change in the rate at \$231.00 per million gallons, and the sales base decreased .04%, from 182.154 million gallons per day to 182.073 million gallons per day. Manasquan Reservoir System rates increased 3.2%, from \$980.05 per million gallons to \$1,011.39 per million gallons. The fiscal year 2011 sales base remained the same at 20.560 million gallons per day.
- Cash and cash equivalents for fiscal year 2011 were \$31.3 million, an increase of 9.90% from fiscal year 2010. Income from operations increased for the Raritan System 8.35% and decreased .99% for the Manasquan System.
- Total liabilities for fiscal year 2011 were \$96.1 million, a decrease of 3.48% from fiscal year 2010. The Authority continues to pay down long-term debt in both systems.
- Total operating expenses for fiscal year 2011 increased to \$20.6 million, which represents a 4.28% increase from fiscal year 2010. Payroll increased because of the ending of the State mandated 10-day furlough, and increased pension and health benefit expenses. Operations and maintenance expenses increased 1.8% to \$5.3 million because of an increase in fuel and energy costs.
- Other changes for fiscal year 2011 include the following: non-operating revenue decreased 7.21% to \$632,306, investment income decreased 26.8% because of receding market conditions; and the receipt of grant programs increased 14.08% from the previous year.
- Non-operating expenses for fiscal year 2011 decreased 5.65% to \$4.5 million. The interest component of debt service decreased 10.0% with the continued pay-down of the system debt. There was a decrease in the reduction in costs to be recovered from future revenue, and the change in the rate model is outlined in Note 2 to the basic financial statements.



New Jersey Water Supply Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the financial statements. The Authority is a self-supporting entity and follows enterprise fund accounting. The enterprise fund concept is similar to the manner in which private business enterprises are financed and operated. The Authority presents its financial statements on the accrual basis of accounting. The statements offer short and long-term financial information about the activities and operations of the Authority. The intent is that the costs of providing service to water users on a continuing basis are financed primarily through user charges. The Authority has established certain restricted "funds or accounts," as directed by internal resolution and bond indentures. In an effort to ensure compliance with the Authority's by-laws and to safeguard its assets, internal controls have been developed and implemented by management. These internal controls include policies, procedures, approved organizational structures and approved budgets for capital and operating expenditures.

FINANCIAL ANALYSIS OF THE AUTHORITY

The Authority's total net assets were approximately \$114 million as of June 30, 2011. In fiscal year 2011, total assets decreased .66% to \$210.1 million due to a 22.46% decrease in costs to be recovered from future revenues, and total liabilities decreased 3.47% to \$96 million, due to the continued pay down of long-term debt. Total net assets as of June 30, 2010, were approximately \$112 million. Total assets that year decreased 1.43% to \$211.5 million, and total liabilities decreased 4.57% to \$99.5 million. Changes in assets, liabilities and net assets between June 30, 2011, 2010 and 2009, are summarized in the following table:

| | 2011 | 2010 | 2009 | Percentage Change 2011-2010 |
|-------------------------------------|---------------|---------------|---------------|-----------------------------------|
| Current assets | \$ 36,101,110 | \$ 33,994,171 | \$ 39,944,371 | 6.20% |
| Capital assets, net | 144,133,322 | 144,956,581 | 147,744,318 | (.57) |
| Other non-current assets | 29,871,335 | 32,559,221 | 26,889,454 | (8.26) |
| Total assets | 210,105,767 | 211,509,973 | 214,578,143 | (.66) |
| Long-term debt | 86,563,054 | 90,149,614 | 95,483,571 | (3.98) |
| Other liabilities | 9,510,372 | 9,381,563 | 8,818,939 | 1.37 |
| Total liabilities | 96,073,426 | 99,531,177 | 104,302,510 | (3.47) |
| Net assets invested in | | | | |
| capital assets, net of related debt | 77,691,938 | 75,184,140 | 72,841,074 | 3.33 |
| Restricted | 12,011,721 | 12,006,417 | 12,447,252 | .04 |
| Unrestricted | 24,328,682 | 24,788,239 | 24,987,307 | (1.85) |
| Total net assets | \$114,032,341 | \$111,978,796 | \$110,275,633 | 1.83 |



New Jersey Water Supply Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2011

OPERATING ACTIVITIES

The Authority operates three separate systems: the Raritan Basin System, the Manasquan Water Supply System, and the Manasquan Water Treatment Plant and Transmission System. The Manasquan Water Treatment Plant and Transmission System is owned by the Southeast Monmouth Municipal Utilities Authority, which sets the rates, and is operated and maintained by the Authority under the terms of an operating agreement. Each system must generate sufficient revenue each year to cover its own operating expenses and debt service. The following rates were adopted at the April 2011 and 2010 Authority meetings, respectively, based on anticipated operating expenses:

| | <u>Rate</u> <u>7/01/2011</u> | <u>Rate</u> <u>7/01/2010</u> | <u>Percent</u> <u>Change</u> |
|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Raritan Basin System | \$ 231.00/mg | \$ 231.00/mg | -% |
| Manasquan Water Supply System | | | |
| Initial Users | \$ 1,015.90/mg | \$ 980.48/mg | 3.61% |
| Delayed Water Users | \$ 1,168.71/mg | \$ 1,167.98/mg | .06% |

The Authority's total operating revenue for fiscal year 2011 was \$26.6 million, an increase of 3.8% over fiscal year 2010, due to a 4.83% increase in Raritan and a 4.14% increase in Manasquan water sales. The Authority's total operating expenses for fiscal year 2011 were \$20.6 million, an increase of 4.28% from fiscal year 2010, because of increases in Raritan salary and fringe benefits. The Authority's total operating revenue for fiscal year 2010 was \$25.6 million, an increase of .52% from fiscal year 2009. The Authority's total operating expenses for fiscal year 2010 were \$19.8 million, a decrease of 5.08% from fiscal year 2009. The following table summarizes the changes in revenue, expenses and net assets between fiscal years 2011, 2010 and 2009:



New Jersey Water Supply Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2011

| | 2011 | 2010 | 2009 | Percentage Change 2011-2010 |
|--|----------------------|----------------------|----------------------|--|
| Operating revenue: | | | | |
| Water sales | \$ 24,095,286 | \$ 23,031,803 | \$ 22,975,438 | 4.62% |
| Reimbursement of operating expenses | 2,501,135 | 2,589,276 | 2,512,417 | (3.40) |
| Total operating revenue | <u>26,596,421</u> | <u>25,621,079</u> | <u>25,487,855</u> | 3.81 |
| Non-operating revenue: | | | | |
| State of New Jersey - Grant Programs | 233,650 | 204,820 | 293,485 | 14.08 |
| Investment income | 253,672 | 346,731 | 403,057 | (26.84) |
| Rental income | 66,109 | 65,509 | 67,352 | .92 |
| Other income | 78,875 | 64,351 | 31,297 | 22.57 |
| Total non-operating revenue | <u>632,306</u> | <u>681,411</u> | <u>795,191</u> | (7.21) |
| Total revenue | <u>27,228,727</u> | <u>26,302,490</u> | <u>26,283,046</u> | 3.52 |
| Operating expenses: | | | | |
| Payroll | 7,371,024 | 6,953,871 | 7,134,275 | 6.00 |
| Operations and maintenance | 5,268,967 | 5,175,847 | 6,314,068 | 1.80 |
| Fringe benefits | 3,658,603 | 3,260,980 | 3,037,613 | 12.19 |
| Depreciation | 4,351,153 | 4,412,142 | 4,376,997 | (1.38) |
| Total operating expenses | <u>20,649,747</u> | <u>19,802,840</u> | <u>20,862,953</u> | 4.28 |
| Non-operating expenses: | | | | |
| Interest component of debt service of the State of New Jersey | 2,185,254 | 2,428,362 | 2,620,507 | (10.01) |
| Amortization of issuance costs-D&R System Revenue Refunding Bonds, Series 1998 | 25,229 | 25,229 | 25,229 | - |
| Amortization of issuance costs- Manasquan State Loan Notes | 65,319 | 65,319 | 65,319 | - |
| Reduction in costs to be recovered from future revenues | 2,249,633 | 2,277,577 | 1,857,073 | (1.23) |
| Total non-operating expenses | <u>4,525,435</u> | <u>4,796,487</u> | <u>4,568,128</u> | (5.65) |
| Total expenses | <u>25,175,182</u> | <u>24,599,327</u> | <u>25,431,081</u> | 2.34 |
| Change in net assets | 2,053,545 | 1,703,163 | 851,965 | 20.57 |
| Net assets, beginning of year | <u>111,978,796</u> | <u>110,275,633</u> | <u>109,423,668</u> | 1.54 |
| Net assets, end of year | <u>\$114,032,341</u> | <u>\$111,978,796</u> | <u>\$110,275,633</u> | 1.83 |



New Jersey Water Supply Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2011

CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2011, the Authority had a total of \$144,133,322 invested in the Systems that it operates: \$83,764,689 invested in the Raritan Basin System and \$60,368,633 invested in the Manasquan System. This total amount represents a .57% decrease from last year.

The following table summarizes the changes in capital assets, net of depreciation, between fiscal years 2011, 2010 and 2009:

| | 2011 | 2010 | 2009 | Percentage Change 2011-2010 |
|--|----------------------|----------------------|----------------------|-----------------------------------|
| Land and land rights | \$ 22,364,310 | \$ 21,257,327 | \$ 21,025,293 | 5.21% |
| Dams | 52,194,990 | 52,992,984 | 53,790,979 | (1.51) |
| Building, structures and improvements | 60,756,881 | 60,965,078 | 64,103,267 | (.34) |
| Machinery and equipment | 1,281,313 | 1,511,915 | 1,458,960 | (15.25) |
| Construction work in progress | 7,535,828 | 8,229,277 | 7,365,819 | (8.43) |
| Total capital assets, net | <u>\$144,133,322</u> | <u>\$144,956,581</u> | <u>\$147,744,318</u> | (.57) |

More detailed information about the Authority's capital assets is presented in Note 3 to the basic financial statements.

The following table summarizes the changes in capital debt between fiscal years 2011, 2010 and 2009:

| | 2011 | 2010 | 2009 | Percentage Change 2011-2010 |
|---|----------------------|----------------------|-----------------------|-----------------------------------|
| Bonds payable | \$ 45,524,920 | \$ 50,234,457 | \$ 54,751,978 | (9.38)% |
| Notes payable | 33,657,001 | 33,659,135 | 33,661,151 | (.01) |
| Loans payable | 12,822,647 | 11,442,033 | 12,053,299 | 12.07 |
| Total bonds, notes and loans payable | <u>\$ 92,004,568</u> | <u>\$ 95,335,625</u> | <u>\$ 100,466,428</u> | (3.49) |

At year-end, the Authority had \$92,004,568 in bonds, notes and loans principal outstanding, compared to \$95,335,625 at June 30, 2010. This change represents a decrease of 3.49%, as shown in the above table.

More detailed information about the Authority's long-term debt is presented in Note 5 to the basic financial statements.



New Jersey Water Supply Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2011

CURRENT AND NEW BUSINESS

During fiscal year 2011, the Authority supplied water to 26 contractual customers of the Raritan Basin System, who, in turn, supplied water to approximately 1,500,000 people in central New Jersey. Two customers accounted for approximately 84% of total Raritan Basin System operating revenue. Effective July 1, 2011, there was the addition of NJ Department of Corrections (.025mgd), and Heron Glen (.013mgd), and a decrease of Duke Farms (.075mgd), for a decrease of (.037mgd) to the sales base. This will decrease the total sales base for the Raritan Basin System to 182.036mgd as of June 30, 2012, down from 182.073mgd at June 30, 2011. In addition, during fiscal year 2011, the Authority provided water to 13 contractual customers of the Manasquan Water Supply System, who provided water to approximately 250,000 people in the Monmouth County area. Three customers accounted for approximately 81% of total Manasquan System operating revenue. Effective July 1, 2011, the total sales base for the Manasquan Reservoir System remains unchanged at 20.560mgd.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the water customers, New Jersey citizens, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability as a self-supporting entity. If you have questions about this report or need additional financial information, you can contact the New Jersey Water Supply Authority at 1851 Highway 31, P.O. Box 5196, Clinton, New Jersey 08809, (908) 638-6121 or visit our website at www.njwsa.org.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Statements of Net Assets

| | June 30, | |
|---|----------------------|----------------------|
| | 2011 | 2010 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 30,060,420 | \$ 27,341,917 |
| Unbilled sales | 968,757 | 870,373 |
| Accounts receivable, less allowance for doubtful accounts of \$1,000 at June 30, 2011 and 2010 | 1,800,751 | 2,621,461 |
| Interest receivable | 23,264 | 23,310 |
| Prepaid expenses and other current assets | 851,765 | 948,935 |
| Costs to be recovered from future revenue | 2,396,153 | 2,188,175 |
| Total current assets | <u>36,101,110</u> | <u>33,994,171</u> |
| Non-current assets: | | |
| Restricted assets: | | |
| Cash equivalents | 1,256,433 | 1,152,716 |
| Investments | 12,400,279 | 12,635,290 |
| Investments | 10,677,789 | 10,801,541 |
| Costs to be recovered from future revenue | 5,070,910 | 7,441,546 |
| Deferred issuance cost | 465,924 | 528,128 |
| Capital assets, net | <u>144,133,322</u> | <u>144,956,581</u> |
| Total non-current assets | <u>174,004,657</u> | <u>177,515,802</u> |
| Total assets | <u>210,105,767</u> | <u>211,509,973</u> |
| Liabilities | | |
| Current liabilities: | | |
| Current portion of bonds, notes and loans payable | 5,441,514 | 5,186,011 |
| Accounts payable | 247,899 | 304,915 |
| Accrued liabilities | 2,175,968 | 2,109,048 |
| Unearned revenue | 1,644,991 | 1,781,589 |
| Total current liabilities | <u>9,510,372</u> | <u>9,381,563</u> |
| Non-current liabilities: | | |
| Long-term portion of bonds, notes and loans payable | <u>86,563,054</u> | <u>90,149,614</u> |
| Total liabilities | <u>96,073,426</u> | <u>99,531,177</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | 77,691,938 | 75,184,140 |
| Restricted for repayment of debt principal and interest | 12,011,721 | 12,006,417 |
| Unrestricted | 24,328,682 | 24,788,239 |
| Total net assets | <u>\$114,032,341</u> | <u>\$111,978,796</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 Assets

| | Year Ended June 30, | |
|--|----------------------------|----------------------|
| | 2011 | 2010 |
| Operating revenue: | | |
| Water sales | \$ 24,095,286 | \$ 23,031,803 |
| Reimbursement of operating expenses | 2,501,135 | 2,589,276 |
| Total operating revenue | <u>26,596,421</u> | <u>25,621,079</u> |
| Operating expenses: | | |
| Payroll | 7,371,024 | 6,953,871 |
| Operations and maintenance | 5,268,967 | 5,175,847 |
| Fringe benefits | 3,658,603 | 3,260,980 |
| Depreciation | 4,351,153 | 4,412,142 |
| Total operating expenses | <u>20,649,747</u> | <u>19,802,840</u> |
| Income from operations | <u>5,946,674</u> | <u>5,818,239</u> |
| Non-operating revenue: | | |
| State of New Jersey – Grant Programs | 233,650 | 204,820 |
| Investment income | 253,672 | 346,731 |
| Rental income | 66,109 | 65,509 |
| Other income | 78,875 | 64,351 |
| Total non-operating revenue | <u>632,306</u> | <u>681,411</u> |
| Non-operating expenses: | | |
| Interest component of debt service to the State of | | |
| New Jersey | 2,185,254 | 2,428,362 |
| Amortization of issuance costs - D & R System | | |
| Revenue Refunding Bonds, Series 1998 | 25,229 | 25,229 |
| Amortization of issuance costs - Manasquan State | | |
| Loan Notes | 65,319 | 65,319 |
| Reduction in costs to be recovered from future revenue | 2,249,633 | 2,277,577 |
| Total non-operating expenses | <u>4,525,435</u> | <u>4,796,487</u> |
| Change in net assets | 2,053,545 | 1,703,163 |
| Net assets, beginning of year | 111,978,796 | 110,275,633 |
| Net assets, end of year | <u>\$114,032,341</u> | <u>\$111,978,796</u> |

See accompanying notes.

New Jersey Water Supply Authority

A Component Unit of the State of New Jersey

Statements of Cash Flows

| | Year Ended June 30, | |
|---|----------------------------|----------------------------|
| | 2011 | 2010 |
| Cash flows from operating activities | | |
| Cash received from water sales | \$25,282,906 | \$23,438,399 |
| Cash received from reimbursable expenses | 2,597,758 | 2,713,793 |
| Cash received from rental income | 34,091 | 49,225 |
| Cash paid to or on behalf of employees | (10,852,017) | (10,106,749) |
| Cash paid to suppliers | (5,291,800) | (5,375,172) |
| Net cash provided by operating activities | <u>11,770,938</u> | <u>10,719,496</u> |
| Cash flows from noncapital financing activities | | |
| Cash received for grant programs | 233,650 | 202,821 |
| Net cash provided by noncapital financing activities | <u>233,650</u> | <u>202,821</u> |
| Cash flows from capital and related financing activities | | |
| Proceeds from borrowing | 2,054,338 | 590,493 |
| Principal paid on bonds, notes and loans | (5,611,795) | (5,517,745) |
| Interest paid on bonds, notes and loans | (2,237,604) | (2,498,267) |
| Acquisition and construction of capital assets | (4,017,823) | (1,339,361) |
| Proceeds from sale of capital assets | 18,035 | 49,163 |
| Net cash used in capital and related financing activities | <u>(9,794,849)</u> | <u>(8,715,717)</u> |
| Cash flows from investing activities | | |
| Sale of investment securities | 9,590,086 | 12,967,328 |
| Purchase of investment securities | (9,231,323) | (20,353,959) |
| Interest received on investments | 253,718 | 363,087 |
| Net cash provided by (used in) investing activities | <u>612,481</u> | <u>(7,023,544)</u> |
| Net increase (decrease) in cash and cash equivalents | 2,822,220 | (4,816,944) |
| Cash and cash equivalents, beginning of year | 28,494,633 | 33,311,577 |
| Cash and cash equivalents, end of year | <u><u>\$31,316,853</u></u> | <u><u>\$28,494,633</u></u> |
| Reconciliation of income from operations to net cash provided by operating activities: | | |
| Income from operations | \$ 5,946,674 | \$ 5,818,239 |
| Adjustments to reconcile income from operations to net cash provided by operating activities: | | |
| Non-cash items expensed to operations and maintenance | (75,168) | 65,509 |
| Cash received for operating activity included in other income | 126,949 | 15,188 |
| Depreciation | 4,351,153 | 4,412,142 |
| Increase (decrease) in cash from: | | |
| Unbilled sales | (98,384) | 872 |
| Accounts receivable | 1,379,896 | 512,180 |
| Prepaid expenses and other current assets | 97,170 | 2,715 |
| Accounts payable | (51,105) | (185,723) |
| Accrued liabilities | 16,622 | 8,860 |
| Accrued payroll and taxes | 77,131 | 69,514 |
| Net cash provided by operating activities | <u><u>\$11,770,938</u></u> | <u><u>\$10,719,496</u></u> |
| Non-cash investing activities | | |
| Decrease in fair value of investments | <u><u>\$ (123,752)</u></u> | <u><u>\$ (69,864)</u></u> |

See accompanying notes.

New Jersey Water Supply Authority

A Component Unit of the State of New Jersey

Notes to Financial Statements

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, 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 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 the budget 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 revenue 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 principles 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 Practice 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 Principles Board Opinions 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
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

Other significant accounting policies are:

Revenue

Charges for wholesale water usage are established to provide revenue 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 revenue and expenses from non-operating items. Operating revenue 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 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 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 and 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
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

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*.

Accounts Receivable

The Authority considers most of its accounts receivable to be collectible; accordingly, the change in net assets 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, 2011 and 2010, accounts receivable included amounts due from the New Jersey Environmental Infrastructure Financing Program ("NJEIFP") for \$931,278 and \$372,587, respectively.

During fiscal years 2011 and 2010, respectively, two customers accounted for approximately 85% of total Raritan Basin System accounts receivable, and five customers accounted for approximately 88% 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 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.

New Jersey Water Supply Authority

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Notes to Financial Statements (continued)

Net Assets

Net assets represent the difference between assets and liabilities and are classified into three categories:

- *Invested in Capital Assets, Net of Related Debt* - This reflects the net assets of the Authority that are invested in capital assets, net of related debt. This indicates that these net assets are not accessible for other purposes.
- *Restricted Net Assets* - This represents the net assets that are not accessible for general use because their use is subject to restrictions enforceable by third parties.
- *Unrestricted Net Assets* - This represents those net assets that are available for general use. 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.

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. 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 years ended June 30, 2011 and 2010, were determined as follows:

| | 2011 | 2010 |
|---|--------------------|--------------------|
| Raritan Basin System | | |
| Cost excluded from rate model: | | |
| Depreciation of debt-financed capital assets recoverable from rate payers | \$ 848,107 | \$ 863,566 |
| Excess vacation expense over vacation paid | 25,470 | 10,755 |
| | <u>873,577</u> | <u>874,321</u> |
| Cost included in rate model: | | |
| Debt principal repayment | (2,230,000) | (2,125,000) |
| | <u>(1,356,423)</u> | <u>(1,250,679)</u> |

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

| | <u>2011</u> | <u>2010</u> |
|--|--------------------|--------------------|
| Manasquan System | | |
| Cost excluded from rate model: | | |
| Depreciation of debt-financed capital assets | | |
| recoverable from rate payers | 1,540,854 | 1,542,207 |
| Excess vacation expense over vacation paid | 47 | 5,213 |
| | <u>1,540,901</u> | <u>1,547,420</u> |
| Cost included in rate model: | | |
| Debt principal repayment | (2,347,136) | (2,272,016) |
| | <u>(806,235)</u> | <u>(724,596)</u> |
| Total Raritan Basin and Manasquan | <u>(2,162,658)</u> | <u>(1,975,275)</u> |
| Balance, beginning of year | <u>9,629,721</u> | 11,604,996 |
| Balance, end of year | <u>\$7,467,063</u> | <u>\$9,629,721</u> |

As shown in the statements of revenue, expenses and changes in net assets for the years ended June 30, 2011 and 2010, respectively, the costs to be recovered from future revenue of \$2,249,633 and \$2,277,577 includes a debit balance of \$61,458, and a debit balance of \$286,334 of Manasquan Water Treatment Plant deferred revenue, which is not part of the rate model, and does not include a debit balance of \$25,517, and a credit balance of \$15,968 of accrued vacation.

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 statements of net assets. These excess costs or billings will be recovered or recognized in future periods. As of June 30, 2011 and 2010, unearned revenue amounting to \$1,112,857 and \$1,051,399, respectively, was determined as follows:

| | <u>2011</u> | <u>2010</u> |
|-------------------------------------|--------------------|--------------------|
| Reimbursement of operating expenses | \$2,503,288 | \$2,592,298 |
| Operating expenses | 2,441,830 | 2,305,964 |
| Unearned revenue | 61,458 | 286,334 |
| Balance, beginning of year | <u>1,051,399</u> | <u>765,065</u> |
| Balance, end of year | <u>\$1,112,857</u> | <u>\$1,051,399</u> |

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

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 June 30, 2011 and 2010, the amount included in unearned revenue was \$532,134, and \$730,190, respectively.

Accounting for Watershed Protection Program

For the fiscal years ended June 30, 2011 and 2010, the Authority received \$208,150 and \$202,820, respectively, from the NJDEP 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 June 30, 2011, 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 No. 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's multiple-employer cost-sharing plan (Public Employees' 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 billings from the State PERS. Required financial statement disclosures are included in Note 6 of these audited financial statements.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

3. Capital Assets

Capital assets activity for the years ended June 30, 2011 and 2010, was as follows:

| | 2011 Beginning Balance | Additions | Retirements | 2011 Ending Balance |
|--|------------------------------|-------------|---------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 21,257,327 | \$1,106,983 | \$ - | \$ 22,364,310 |
| Construction work in progress | 8,229,277 | 2,414,558 | (3,108,007) | 7,535,828 |
| Total capital assets not being depreciated | 29,486,604 | 3,521,541 | (3,108,007) | 29,900,138 |
| Capital assets being depreciated: | | | | |
| Dams | 77,369,160 | - | - | 77,369,160 |
| Building, structures and improvements | 123,614,447 | 2,922,373 | - | 126,536,820 |
| D & R canal dredging | 21,160,274 | - | - | 21,160,274 |
| Machinery and equipment | 6,095,309 | 193,211 | (148,097) | 6,140,423 |
| Total capital assets being depreciated | 228,239,190 | 3,115,584 | (148,097) | 231,206,677 |
| Less accumulated depreciation for: | | | | |
| Dams | (24,376,176) | (797,995) | - | (25,174,171) |
| Building, structures and improvements | (62,649,369) | (3,130,570) | - | (65,779,939) |
| D & R canal dredging | (21,160,273) | - | - | (21,160,273) |
| Machinery and equipment | (4,583,395) | (422,588) | 146,873 | (4,859,110) |
| Total accumulated depreciation | (112,769,213) | (4,351,153) | 146,873 | (116,973,493) |
| Total capital assets, being depreciated, net | 115,469,977 | (1,235,569) | (1,224) | 114,233,184 |
| Total capital assets, net | \$144,956,581 | \$2,285,972 | \$(3,109,231) | \$144,133,322 |

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

| | 2010 Beginning Balance | Additions | Retirements | 2010 Ending Balance |
|--|------------------------------|---------------|-------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 21,025,293 | \$ 232,034 | \$ - | \$ 21,257,327 |
| Construction work in progress | 7,365,819 | 863,458 | - | 8,229,277 |
| Total capital assets not being depreciated | 28,391,112 | 1,095,492 | - | 29,486,604 |
| Capital assets being depreciated: | | | | |
| Dams | 77,369,160 | - | - | 77,369,160 |
| Building, structures and improvements | 123,588,267 | 26,180 | - | 123,614,447 |
| D & R canal dredging | 21,160,274 | - | - | 21,160,274 |
| Machinery and equipment | 5,889,826 | 502,733 | (297,250) | 6,095,309 |
| Total capital assets being depreciated | 228,007,527 | 528,913 | (297,250) | 228,239,190 |
| Less accumulated depreciation for: | | | | |
| Dams | (23,578,181) | (797,995) | - | (24,376,176) |
| Building, structures and improvements | (59,485,000) | (3,164,369) | - | (62,649,369) |
| D & R canal dredging | (21,160,273) | - | - | (21,160,273) |
| Machinery and equipment | (4,430,867) | (449,778) | 297,250 | (4,583,395) |
| Total accumulated depreciation | (108,654,321) | (4,412,142) | 297,250 | (112,769,213) |
| Total capital assets, being depreciated, net | 119,353,206 | (3,883,229) | - | 115,469,977 |
| Total capital assets, net | \$147,744,318 | \$(2,787,737) | \$ - | \$144,956,581 |

4. Cash and Cash and 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.

a. Cash

As of June 30, 2011 and 2010, the Authority's bank balance was \$3,106,216 and \$5,349,847, respectively, of which \$250,000 was covered through the FDIC. The remaining balance of \$2,856,216 and \$5,099,847 as of June 30, 2011 and 2010, respectively, was collateralized, and the cash balance per the statement of net assets is shown exclusive of outstanding checks totaling \$258,676 and \$115,254, respectively. The statements of net assets amount includes petty cash totaling \$300 and \$350, respectively, as of June 30, 2011 and 2010.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

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 does not have a deposit policy for custodial credit risk. The Authority's bank balance of \$3,106,216 and \$5,349,847 as of June 30, 2011 and 2010, respectively, was exposed to custodial credit risk as follows:

| | 2011 | 2010 |
|--------------------------------|------|------|
| Uninsured and uncollateralized | \$ 0 | \$ 0 |

c. 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.

As of June 30, 2011, 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 | \$40,869,292 | \$40,869,292 | \$ - |
| U.S. Agencies | 10,701,053 | - | 10,701,053 |
| Total | \$51,570,345 | \$40,869,292 | \$10,701,053 |

As of June 30, 2010, 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 | \$35,894,980 | \$35,894,980 | \$ - |
| U.S. Treasury Note | 10,824,851 | - | 10,824,851 |
| Total | \$46,719,831 | \$35,894,980 | \$10,824,851 |

Credit and Custodial Credit Risk

In order to limit exposure to credit risk, the Authority follows the investment policies set forth by the NJCME. 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 NJCME, as well as limiting investments to certain types of marketable securities.

New Jersey Water Supply Authority

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Notes to Financial Statements (continued)

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 as of June 30, 2010, has entered into an agreement with PNC Bank and TD Bank to collateralize all deposits held at a market rate equal to 102% of the daily combined total of all deposits.

d. Investment Income

The following comprises investment income of \$253,672 and \$346,731 for the years ended June 30, 2011 and 2010, respectively:

| | 2011 | 2010 |
|--|------------------|------------------|
| Interest earned on bank accounts and certificates of deposit | \$190,279 | \$188,422 |
| Interest earned on securities | 187,146 | 228,173 |
| Decrease in fair value of securities | (123,753) | (69,864) |
| | <u>\$253,672</u> | <u>\$346,731</u> |

5. Bonds, Notes and Loans Payable

A. Notes due to State of New Jersey

The Authority has a contractual obligation to repay the following debt:

The \$63,600,000 of Manasquan Reservoir Water Supply System State Loan Notes (the "State Loan Notes") issued June 3, 1987, pursuant to the terms of the State Loan Agreement between the Authority and the State of New Jersey (the "State Loan Agreement"), from monies authorized by the 1981 bond appropriation of \$72,000,000 for construction of the Manasquan System and the \$7,416,000 of Interim Advance Notes issued September 12, 1988, from monies made available from the General Fund of the State to finance completion costs of the Manasquan System. The State Loan Notes and the Completion Loan Notes bear interest at 5.93% and 6.24%, respectively, and are collateralized by the property and revenues of the Manasquan System.

In accordance with the terms of the State Loan Agreement, the State Loan Notes are classified as either Current Debt Service Portion Notes ("Current Notes") or Deferred Debt Service Portion Notes ("Deferred Notes"). Principal of the Deferred Notes will be discharged solely by exchange for Current Notes or by the expiration of a period of forty years from the date of their issuance, which was June 3, 1987. The Deferred Notes must be exchanged for Current Notes on a pro rata basis to the extent that the Authority enters into additional long-term contracts to sell water from the Manasquan System on an annual basis. Such Current Notes are payable over a thirty-year period commencing from such date as is defined in the State Loan.

New Jersey Water Supply Authority

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Notes to Financial Statements (continued)

Interest on the Deferred Notes accreted as principal through July 31, 1993, and is not payable until they have been exchanged for Current Notes. The interest that accreted as principal through July 31, 1990, accrued interest; however, the interest that accreted for the period from August 1, 1990 through July 31, 1993, did not accrue interest. The accretion of interest to the principal amount for the Current Notes and the Deferred Notes is \$25,563,184 at June 30, 2011 and 2010.

At June 30, 2011 and 2010, the State Loan Notes and Completion Notes are summarized as follows:

| State Loan Notes | 2011 | 2010 |
|------------------|---------------------|---------------------|
| Current Notes | \$ 81,482 | \$ 83,419 |
| Deferred Notes | 30,365,115 | 30,365,115 |
| | | |
| Completion Notes | | |
| Current Notes | 8,627 | 8,824 |
| Deferred Notes | 3,201,777 | 3,201,777 |
| | <u>\$33,657,001</u> | <u>\$33,659,135</u> |

B. Manasquan Reservoir Water Supply System Revenue Bonds, Series 2005

On August 5, 2005, the Authority issued \$47,535,000 in Manasquan Reservoir Water Supply System Revenue Bonds, Series 2005. The proceeds, together with other monies on deposit, were used to prepay \$49,293,438 in Current Manasquan State Loan Notes and Completion Notes.

The Revenue Bonds, Series 2005, have a principal balance of \$36,510,000 at June 30, 2011, carry a bond yield of 3.95%, and mature in incremental annual principal amounts through 2031. Principal maturities for the year ending June 30, 2012, are \$2,425,000. The property and revenue of the Manasquan System are pledged as collateral for the 2005 Bonds.

The balance of the defeased current Manasquan State Loan Notes and Completion Notes is \$0.

For the years ended June 30, 2011 and 2010, interest expense on the 2005 Bonds amounted to \$1,827,818 and \$1,900,560, respectively, and the related interest income earned on the restricted investments amounted to \$321 and \$122, respectively.

C. D & R System Revenue Refunding Bonds, Series 1998

On August 4, 1998, the Authority issued Water System Revenue Refunding Bonds, Series 1998 (the "Refunding Bonds") in the amount of \$28,290,000. The Refunding Bonds are serial bonds of which \$7,410,000 are outstanding at June 30, 2011, and that bear interest at varying rates from 4.5% to 5.375% and mature in incremental annual principal amounts through 2013. Principal maturities for the year ending June 30, 2012 are \$2,345,000. The Refunding Bonds maturing on or after November 1, 2009, are subject to redemption prior to their stated maturity dates at the option of the Authority on or after November 1, 2008. The property and revenue of the Raritan System are pledged as collateral for the Refunding Bonds.

New Jersey Water Supply Authority

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Notes to Financial Statements (continued)

The balance of the defeased 1988 Delaware and Raritan System Revenue Bonds is \$0.

For the years ended June 30, 2011 and 2010, interest expense on the Refunding Bonds amounted to \$458,219 and \$573,931, respectively, and the related interest income earned on the restricted investments amounted to \$30 and \$155, respectively.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$6,029,573. The difference is reported with bonds payable on the statements of net assets and is being charged to operations using a method that approximates the effective interest method over the shorter of the remaining life of the old debt or the life of the new debt. The economic gain was a net present value debt savings of \$4,207,590.

D. New Jersey Environmental Infrastructure Financing Program ("NJEIFP")

The New Jersey Water Supply Authority, a Component Unit of the State of New Jersey, obtained loans from the New Jersey Environmental Infrastructure Trust (the "Trust") for the acquisition of source water watershed properties critical to the Raritan Basin System. Under the NJEIFP, the borrowers benefit from a loan formula under which participants borrow a percentage of the cost from the State Revolving Fund maintained by the NJDEP at zero interest and the remaining percentage from the Trust at the same interest rate the Trust pays on its bonds. Under the State's Smart Growth Initiative, the interest rate is equivalent to 25 percent of the lowest available rate. Each NJEIFP loan carries a 20-year life, property and revenue of the Raritan Basin System are pledged as collateral for the loans.

The following table summarizes the NJEIFP loans outstanding as of June 30, 2011:

| NJEIFP Series | Date of Issuance | State Revolving Fund Principal | Percent | Trust Principal | Percent | Blended Interest Rate | Outstanding Principal | Maturity |
|---------------|------------------|--------------------------------|---------|-----------------|---------|-----------------------|-----------------------|----------|
| 2003A | 11/06/2003 | \$627,019 | 75% | \$235,000 | 25% | 1.194% | \$576,555 | 8/1/2023 |
| 2004A | 11/04/2004 | 1,030,000 | 75% | 350,000 | 25% | 1.310% | 1,011,821 | 8/1/2024 |
| 2005A | 11/10/2005 | 2,940,974 | 75% | 1,050,000 | 25% | 1.251% | 2,547,620 | 8/1/2025 |
| 2006A | 11/09/2006 | 2,099,363 | 75% | 745,000 | 25% | 1.260% | 2,312,737 | 8/1/2026 |
| 2007A | 11/08/2007 | 1,740,563 | 75% | 620,000 | 25% | 1.055% | 2,069,457 | 8/1/2027 |
| 2008A | 11/06/2008 | 1,152,000 | 64% | 660,000 | 36% | 1.740% | 1,687,559 | 8/1/2028 |
| 2010A | 03/10/2010 | 300,493 | 51% | 290,000 | 49% | 1.685% | 562,560 | 8/1/2029 |
| 2010B | 12/02/2010 | 1,064,338 | 52% | 990,000 | 48% | 1.870% | 2,054,338 | 8/1/2030 |
| TOTAL | | \$10,954,750 | | \$4,940,000 | | | \$12,822,647 | |

New Jersey Water Supply Authority
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Notes to Financial Statements (continued)

The following table summarizes the changes in bonds, notes and loans payable between fiscal years 2011 and 2010:

| | Fiscal Year 2010 | Less Payments, Net of Amortization | Debt Issued | Fiscal Year 2011 | Due Within One Year |
|---------------|---------------------|--|--------------------|---------------------|------------------------|
| Bonds payable | \$50,234,457 | \$4,709,537 | \$ - | \$45,524,920 | \$4,770,000 |
| Notes payable | 33,659,135 | 2,134 | - | 33,657,001 | 2,264 |
| Loans payable | 11,442,033 | 673,724 | 2,054,338 | 12,822,647 | 669,250 |
| TOTAL | \$95,335,625 | \$5,385,395 | \$2,054,338 | \$92,004,568 | \$5,441,514 |

Principal and interest on aggregate maturities and bonds, notes and loans, net of unamortized issuance cost and unamortized deferral, are as follows:

| Year ending June 30, | Raritan Basin System | Notes Payable Manasquan System | Delaware & Raritan 1998 Water Revenue Refunding Bonds | Manasquan System Revenue Bonds Series 2005 | Totals |
|---------------------------------------|----------------------------|--------------------------------------|--|--|---------------------|
| 2012 | \$ 838,570 | \$ 7,566 | \$2,680,266 | \$ 4,171,688 | \$ 7,698,090 |
| 2013 | 884,933 | 7,562 | 2,670,997 | 4,166,125 | 7,729,617 |
| 2014 | 925,928 | 7,558 | 2,669,875 | 4,171,500 | 7,774,861 |
| 2015 | 932,317 | 7,553 | - | 4,170,125 | 5,109,995 |
| 2016 | 924,238 | 7,549 | - | 4,171,750 | 5,103,537 |
| 2017-2021 | 4,761,749 | 37,661 | - | 20,821,000 | 25,620,410 |
| 2022-2026 | 4,056,293 | 37,491 | - | 3,615,000 | 7,708,784 |
| 2027-2031 | 1,501,657 | 37,264 | - | 3,574,250 | 5,113,171 |
| 2032-2036 | - | 7,419 | - | 712,375 | 719,794 |
| Deferred Portion | - | 33,566,892 | - | - | 33,566,892 |
| Subtotal | 14,825,685 | 33,724,515 | 8,021,138 | 49,573,813 | 106,145,151 |
| Less amounts representing interest | 2,003,038 | 67,514 | 611,138 | 13,063,813 | 15,745,503 |
| Unamortized deferral amount | - | - | 63,457 | 342,888 | 406,345 |
| Plus unamortized bond premium | - | - | 128,231 | 1,883,034 | 2,011,265 |
| Subtotal | 12,822,647 | 33,657,001 | 7,474,774 | 38,050,146 | 92,004,568 |
| Less: | | | | | |
| Current principal portion | 669,250 | 2,264 | 2,345,000 | 2,425,000 | 5,441,514 |
| Total | \$12,153,397 | \$33,654,737 | \$5,129,774 | \$35,625,146 | \$86,563,054 |

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Notes to Financial Statements (continued)

6. Employee Benefits

Pension and Retirement Plans

Full-time employees of the Authority are covered by the Public Employees' Retirement System of the State of New Jersey ("PERS"). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of PERS and charges employers annually for their respective contributions. PERS provides retirement and disability benefits, annual cost of living adjustments and benefits to plan members and beneficiaries. PERS is a cost-sharing, multiple-employer defined benefit plan and, as such, does not maintain separate records for each employer in the state; therefore, the actuarial data for the Authority is not available. The Division of Pensions issues a publicly available financial report for PERS, including financial statements and required supplementary information. Please refer to State website www.state.nj.us for more information regarding the plan. The PERS financial report may be obtained by writing to the State of New Jersey, Department of The Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

As a condition of employment, all Authority full-time employees are required to be members of PERS. A member may retire on a service retirement allowance as early as age 60; no minimum service is required. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the Final Average Salary. For a few employees hired after May 21, 2010, the formula changes and years of service is divided by 60, times the Final Average Salary. Final Average Salary means the average of the salaries received by the member for the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the largest benefit. For employees hired after May 21, 2010, Final Average Salary means the average of the salaries received by the member for the last highest five fiscal years of membership service, whichever provides the largest benefit. Pension benefits fully vest on reaching 10 years of service. Vested employees who were enrolled prior to July 1, 2007 and who have established 25 years or more of creditable service may retire without penalty at or after age 55 and receive full retirement benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Covered Authority employees are required by PERS to contribute 5.5% of their salaries. State statute requires the Authority to contribute the remaining amounts necessary to pay benefits when due. The amount of the Authority's contribution is certified each year by PERS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest.

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

The payroll for employees covered by PERS for the years ended June 30, 2011, 2010 and 2009, was \$7,082,301, \$6,664,220 and \$6,895,114, respectively. The Authority's total payroll for the years ended June 30, 2011, 2010 and 2009, was \$7,422,082, \$6,975,811 and \$7,152,187, respectively. The actuarial contribution requirements and the contributions made for the years ended June 30, 2011, 2010 and 2009, were \$1,141,373, \$1,146,076 and \$962,626, respectively, which consisted of \$754,621, \$765,242 and \$581,226 from the Authority and \$386,752, \$380,834 and \$381,400 from the employees, respectively. The employer and employee contributions represented 10.66% and 5.46% of covered payroll for the year ended June 30, 2011, 9.07% and 5.71% of covered payroll for the year ended June 30, 2010, and 8.43% and 5.53% of covered payroll for the year ended June 30, 2009, respectively. Contributions were made in accordance with the actuarial funding requirement.

Post-Retirement Health Care Benefits

The Authority provides continued health care benefits to employees retiring after twenty-five years of service and their eligible dependents. Benefits, contributions, funding and the manner of administration are determined by the State Legislature. The Authority's portion of this liability and cost will be included in the State's comprehensive annual financial report on an annual basis. As such the liability for Authority employees is covered under the State plan. The Division of Pensions within the New Jersey Treasury Department administers the funds. Monthly, the Division of Pensions charges the Authority for its contribution. The total number of employees receiving benefits was 45, 42 and 38 at June 30, 2011, 2010 and 2009, respectively. Total cost for these post-retirement benefits, included in fringe benefits, approximated \$501,871, \$456,045 and \$408,978 for the years ended June 30, 2011, 2010 and 2009, respectively.

7. Major Water Customers

During fiscal years 2011 and 2010, the Authority supplied water to approximately 26 customers of the Raritan Basin System and 13 customers of the Manasquan System.

During fiscal years 2011 and 2010, two customers accounted for approximately 85% of total Raritan Basin System operating revenue. Three customers accounted for approximately 82% of total Manasquan System operating revenue.

8. 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 such 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.

New Jersey Water Supply Authority

A Component Unit of the State of New Jersey

Notes to Financial Statements (continued)

9. Contingencies

The Authority is party to various legal actions and disputes. Although the ultimate effect, if any, of these matters is not presently determinable, management believes that collectively they will not have a material effect on the results of operations or the financial position of the Authority.

10. Subsequent Event

Management has evaluated subsequent events that occurred after the statement of net assets date but before October 3, 2011 the date the financial statements were available to be issued. No matters were determined by management to require disclosure.

11. Information by Business Segment

The Authority issued revenue bonds to finance the construction of various capital assets, including the construction of the reservoir systems for both the Manasquan and Raritan Basin Systems. Each of these Systems must provide sufficient revenue each year to cover its own operating expenses and debt service. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the operating segments are presented below:

| | June 30, 2011 | |
|--|----------------------------|-------------------------------------|
| | Raritan Basin System | Manasquan Water Supply System |
| Condensed statement of net assets | | |
| Assets: | | |
| Current assets | \$25,502,511 | \$10,598,599 |
| Restricted assets | 5,174,439 | 8,482,273 |
| Capital assets | 83,764,689 | 60,368,633 |
| Other non-current assets | (2,860,958) | 19,075,581 |
| Total assets | 111,580,681 | 98,525,086 |
| Liabilities: | | |
| Current liabilities | 4,279,975 | 5,230,397 |
| Non-current liabilities | 17,283,172 | 69,279,882 |
| Total liabilities | 21,563,147 | 74,510,279 |
| Net assets: | | |
| Invested in capital assets, net | | |
| of related debt | 63,467,267 | 14,224,671 |
| Restricted | 5,174,439 | 6,837,282 |
| Unrestricted | 21,554,795 | 2,773,887 |
| Total net assets | \$90,196,501 | \$23,835,840 |

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Notes to Financial Statements (continued)

| | June 30, 2011 | |
|---|----------------------------|-------------------------------------|
| | Raritan Basin System | Manasquan Water Supply System |
| Condensed statement of revenue, expenses and changes in net assets | | |
| Total operating revenue | \$ 16,107,400 | \$ 7,987,886 |
| Operating expenses | 11,249,930 | 2,606,834 |
| Depreciation | 2,697,586 | 1,653,567 |
| Operating income | 2,159,884 | 3,727,485 |
| Non-operating revenue | 455,370 | 174,783 |
| Non-operating expense | 1,946,680 | 2,517,297 |
| Change in net assets | 668,574 | 1,384,971 |
| Net assets, beginning of year | 89,527,927 | 22,450,869 |
| Net assets, end of year | \$90,196,501 | \$23,835,840 |
| Condensed statement of cash flows | | |
| Net cash provided by (used in): | | |
| Operating activities | \$ 4,834,722 | \$ 6,964,184 |
| Non-capital financing activities | 233,650 | - |
| Capital and related financing activities | (5,303,485) | (4,519,332) |
| Investing activities | 477,774 | 134,707 |
| Net increase in cash and cash equivalents | 242,661 | 2,579,559 |
| Beginning cash and cash equivalent balances | 20,838,892 | 7,655,741 |
| Ending cash and cash equivalent balances | \$21,081,553 | \$10,235,300 |

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Supplemental Information

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Combining Schedule of Net Assets

June 30, 2011

| | Raritan Basin System | Manasquan Reservoir System | Elimination Entries | Combined Total |
|--|----------------------------|----------------------------------|------------------------|-------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$21,061,548 | \$ 8,998,872 | \$ - | \$ 30,060,420 |
| Unbilled sales | 968,757 | - | - | 968,757 |
| Accounts receivable, less allowance for doubtful accounts of \$1,000 | 1,450,819 | 528,899 | (178,967) | 1,800,751 |
| Interest receivable | 21,219 | 2,045 | - | 23,264 |
| Prepaid expenses and other current assets | 669,391 | 182,374 | - | 851,765 |
| Costs to be recovered from future revenue | 1,509,744 | 886,409 | - | 2,396,153 |
| Total current assets | 25,681,478 | 10,598,599 | (178,967) | 36,101,110 |
| Non-current assets: | | | | |
| Restricted assets: | | | | |
| Cash equivalents | 20,005 | 1,236,428 | - | 1,256,433 |
| Investments | 5,154,434 | 7,245,845 | - | 12,400,279 |
| Investments | 9,739,028 | 938,761 | - | 10,677,789 |
| Costs to be recovered from future revenue | (12,659,016) | 17,729,926 | - | 5,070,910 |
| Deferred issuance cost | 59,030 | 406,894 | - | 465,924 |
| Capital assets, net of accumulated depreciation of \$116,973,493 at June 30, 2011 | 83,764,689 | 60,368,633 | - | 144,133,322 |
| Total non-current assets | 86,078,170 | 87,926,487 | - | 174,004,657 |
| Total assets | 111,759,648 | 98,525,086 | (178,967) | 210,105,767 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Current portion of bonds, notes and loans payable | 3,014,250 | 2,427,264 | - | 5,441,514 |
| Accounts payable | 129,366 | 297,500 | (178,967) | 247,899 |
| Accrued liabilities | 1,136,359 | 1,039,609 | - | 2,175,968 |
| Unearned revenue | - | 1,644,991 | - | 1,644,991 |
| Total current liabilities | 4,279,975 | 5,409,364 | (178,967) | 9,510,372 |
| Non-current liabilities: | | | | |
| Long-term portion of bonds, notes and loans payable | 17,283,172 | 69,279,882 | - | 86,563,054 |
| Total liabilities | 21,563,147 | 74,689,246 | (178,967) | 96,073,426 |
| Net assets | | | | |
| Invested in capital assets, net of related debt | 63,467,267 | 14,224,671 | - | 77,691,938 |
| Restricted | 5,174,439 | 6,837,282 | - | 12,011,721 |
| Unrestricted | 21,554,795 | 2,773,887 | - | 24,328,682 |
| Total net assets | \$90,196,501 | \$23,835,840 | \$ - | \$114,032,341 |

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Combining Schedule of Revenue, Expenses
and Changes in Net Assets

Year Ended June 30, 2011

| | Raritan Basin System | Manasquan Reservoir System | Manasquan Water Treatment Plant | Combined Total |
|---|-------------------------------------|---|--|---------------------------|
| Operating revenue: | | | | |
| Water sales | \$16,107,400 | \$ 7,987,886 | \$ - | \$ 24,095,286 |
| Reimbursement of operating expenses | - | - | 2,501,135 | 2,501,135 |
| Total operating revenue | 16,107,400 | 7,987,886 | 2,501,135 | 26,596,421 |
| Operating expenses: | | | | |
| Payroll | 5,691,500 | 732,281 | 947,243 | 7,371,024 |
| Operations and maintenance (direct) | 3,474,498 | 772,424 | 867,173 | 5,114,095 |
| Operations and maintenance (general and administrative) | - | 89,515 | 65,357 | 154,872 |
| Fringe benefits | 2,879,232 | 332,714 | 446,657 | 3,658,603 |
| Headquarters overhead | (795,300) | 679,900 | 115,400 | - |
| Depreciation | 2,697,586 | 1,653,567 | - | 4,351,153 |
| Total operating expenses | 13,947,516 | 4,260,401 | 2,441,830 | 20,649,747 |
| Income from operations | 2,159,884 | 3,727,485 | 59,305 | 5,946,674 |
| Non-operating revenue: | | | | |
| State of New Jersey - Grant Programs | 233,650 | - | - | 233,650 |
| Investment income | 92,075 | 159,444 | 2,153 | 253,672 |
| Rental income | 66,109 | - | - | 66,109 |
| Other income | 63,536 | 15,339 | - | 78,875 |
| Total non-operating revenue | 455,370 | 174,783 | 2,153 | 632,306 |
| Non-operating expenses: | | | | |
| Interest component of debt service to the State of New Jersey | 539,558 | 1,645,696 | - | 2,185,254 |
| Amortization of issuance costs - D&R System Revenue Refunding Bonds, Series 1998 | 25,229 | - | - | 25,229 |
| Amortization of issuance costs - Manasquan State Loan Notes | - | 65,319 | - | 65,319 |
| Costs to be recovered from future revenue | 1,381,893 | 806,282 | 61,458 | 2,249,633 |
| Total non-operating expenses | 1,946,680 | 2,517,297 | 61,458 | 4,525,435 |
| Change in net assets | 668,574 | 1,384,971 | - | 2,053,545 |
| Net assets, beginning of year | 89,527,927 | 22,450,869 | - | 111,978,796 |
| Net assets, end of year | \$90,196,501 | \$23,835,840 | \$ - | \$114,032,341 |

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System

Year Ended June 30, 2011

| | | Operating Fund | | | |
|---|-----------------|---------------------|--------------------|--------------------|--------------------|
| | Revenue Fund | Operating Account | Payroll Account | Operating Fund | Reserve for O&M |
| Cash and investments - July 1, 2010 | \$60,652 | \$3,725,005 | \$30,000 | \$455,138 | \$1,708,543 |
| Cash receipts: | | | | | |
| Water sales operations and maintenance | 9,444,374 | - | - | - | - |
| Water sales debt service | 2,676,120 | - | - | - | - |
| Water sales capital fund | 2,182,376 | - | - | - | - |
| Water sales source water protection fund | 991,990 | - | - | - | - |
| Water sales overdrafts | 749,156 | - | - | - | - |
| Rental income | 34,090 | - | - | - | - |
| Manasquan reservoir support | - | - | - | - | 210,758 |
| Headquarters overhead | - | - | - | 766,475 | - |
| Disposition of property | - | - | - | - | 3,735 |
| Recycling revenue | - | - | - | - | - |
| Sale of investment securities | - | - | - | - | - |
| Nonrefundable bid deposits | - | - | - | - | 5,140 |
| Insurance reimbursement | - | - | - | - | 52,591 |
| Miscellaneous expense reimbursement | 4,086 | - | - | - | 180,891 |
| Transfers: | | | | | |
| Contributions from operating fund | - | 8,533,123 | 3,528,996 | (21,116,898) | - |
| Contributions to operating fund | - | (400,000) | - | 6,490,568 | (253,465) |
| Transfers for operations | (16,141,955) | - | - | 16,141,955 | - |
| Transfers for investments | - | - | - | - | - |
| Distribution from reserves to operations | - | 23,101 | - | - | - |
| Investment income | - | - | - | 1,893 | 26,622 |
| Per resolution, Section 603: | | | | | |
| Investment income, transfer from | 172,450 | - | - | (1,924) | (26,623) |
| Investment income, transfer to | (172,450) | - | - | - | 137,329 |
| Unrealized loss on fair value | - | - | - | - | (17,461) |
| Total cash receipts | (59,763) | 8,156,224 | 3,528,996 | 2,282,069 | 319,517 |
| Total available cash and investments | \$889 | \$11,881,229 | \$3,558,996 | \$2,737,207 | \$2,028,060 |

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)

Year Ended June 30, 2011

| Self-Insurance Reserve | Depreciation Reserve | Pumping Reserve | Capital Improvements Investments II | Source Water Protection Fund | Subtotal |
|---------------------------|-------------------------|--------------------|---|------------------------------------|--------------|
| \$713,645 | \$3,531,799 | \$621,079 | \$6,163,889 | \$3,296,176 | \$20,305,926 |
| - | - | - | - | - | 9,444,374 |
| - | - | - | - | - | 2,676,120 |
| - | - | - | - | - | 2,182,376 |
| - | - | - | - | - | 991,990 |
| - | - | - | - | - | 749,156 |
| - | - | - | - | - | 34,090 |
| - | - | - | - | - | 210,758 |
| - | - | - | - | - | 766,475 |
| - | - | - | - | - | 3,735 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 5,140 |
| - | - | - | - | - | 52,591 |
| - | 2,880 | - | - | 1,374,277 | 1,562,134 |
| 282,000 | 91,667 | 137,500 | - | 225,411 | (8,318,201) |
| - | (19,207) | - | - | (308,319) | 5,509,577 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 23,101 |
| 12,528 | 38,070 | 1,293 | 97,330 | 6,718 | 184,454 |
| (12,513) | (35,000) | - | (96,250) | - | 140 |
| - | 35,000 | - | - | - | (121) |
| (8,148) | (23,281) | - | (64,024) | - | (112,914) |
| 273,867 | 90,129 | 138,793 | (62,944) | 1,298,087 | 15,964,975 |
| \$987,512 | \$3,621,928 | \$759,872 | \$6,100,945 | \$4,594,263 | \$36,270,901 |

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)

Year Ended June 30, 2011

| | Subtotal | Parity SWP Bond Fund | Subordinated SWP Bond Fund | Major Rehabilitation | Water Reuse & Recycling Fund |
|---|---------------------|----------------------------|----------------------------------|-------------------------|------------------------------------|
| Cash and investments - July 1, 2010 | \$20,305,926 | \$286,367 | \$425,644 | \$1,413,173 | \$237,409 |
| Cash receipts: | | | | | |
| Water sales operations and maintenance | 9,444,374 | - | - | - | - |
| Water sales debt service | 2,676,120 | - | - | - | - |
| Water sales capital fund | 2,182,376 | - | - | - | - |
| Water sales source water protection fund | 991,990 | - | - | - | - |
| Water sales overdrafts | 749,156 | - | - | - | - |
| Rental income | 34,090 | - | - | - | - |
| Manasquan reservoir support | 210,758 | - | - | - | - |
| Headquarters overhead | 766,475 | - | - | - | - |
| Disposition of property | 3,735 | - | - | - | - |
| Recycling revenue | - | - | - | - | - |
| Sale of investment securities | - | - | - | - | - |
| Nonrefundable bid deposits | 5,140 | - | - | - | - |
| Insurance reimbursement | 52,591 | - | - | - | - |
| Miscellaneous expense reimbursement | 1,562,134 | - | - | - | - |
| Transfers: | | | | | |
| Contributions from operating fund | (8,318,201) | 334,400 | 357,500 | - | - |
| Contributions to operating fund | 5,509,577 | - | - | (212,741) | - |
| Transfers for operations | - | - | - | - | - |
| Transfers for investments | - | - | - | - | - |
| Distribution from reserves to operations | 23,101 | - | - | - | - |
| Investment income | 184,454 | 332 | 387 | 2,593 | 377 |
| Per resolution, Section 603: | | | | | |
| Investment income, transfer from | 140 | - | - | - | - |
| Investment income, transfer to | (121) | - | - | - | - |
| Unrealized loss on fair value | (112,914) | - | - | - | - |
| Total cash receipts | 15,964,975 | 334,732 | 357,887 | (210,148) | 377 |
| Total available cash and investments | \$36,270,901 | \$621,099 | \$783,531 | \$1,203,025 | \$237,786 |

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)

Year Ended June 30, 2011

| Capital Improvement Fund | D & R Mitigation Fund | Employment Benefit Funds | 1998 Bonds Debt Service Account | 1998 Bonds Debt Service Reserve | Rate Stabilization Fund | Totals |
|--------------------------------|-----------------------------|--------------------------------|---------------------------------------|---------------------------------------|-------------------------------|--------------|
| \$7,402,263 | \$0 | \$620,051 | \$101,297 | \$2,741,696 | \$2,584,227 | \$36,118,053 |
| - | - | - | - | - | - | 9,444,374 |
| - | - | - | - | - | - | 2,676,120 |
| - | - | - | - | - | - | 2,182,376 |
| - | - | - | - | - | - | 991,990 |
| - | - | - | - | - | - | 749,156 |
| - | - | - | - | - | - | 34,090 |
| - | - | - | - | - | - | 210,758 |
| - | - | - | - | - | - | 766,475 |
| - | - | - | - | - | - | 3,735 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 5,140 |
| - | - | - | - | - | - | 52,591 |
| - | 20,000 | 10,750 | - | - | - | 1,592,884 |
| 2,010,313 | - | 619,157 | 2,652,151 | - | 2,344,680 | - |
| (2,110,353) | - | (605,004) | - | - | (2,581,479) | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | (23,101) | - | - | - | - |
| 15,420 | 5 | 1,201 | 30 | 149 | 42 | 204,990 |
| - | - | - | - | (121) | (19) | - |
| 121 | - | - | - | - | - | - |
| - | - | - | - | - | - | (112,914) |
| (84,499) | 20,005 | 3,003 | 2,652,181 | 28 | (236,776) | 18,801,765 |
| \$7,317,764 | \$20,005 | \$623,054 | \$2,753,478 | \$2,741,724 | \$2,347,451 | \$54,919,818 |

New Jersey Water Supply Authority
A Component Unit of State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)

Year Ended June 30, 2011

| | Revenue Fund | Operating Fund | | | |
|---|--------------|--------------------|-----------------|--------------------|--------------------|
| | | Operating Account | Payroll Account | Operating Fund | Reserve for O&M |
| Total available cash and investments | \$889 | \$11,881,229 | \$3,558,996 | \$2,737,207 | \$2,028,060 |
| Cash disbursements: | | | | | |
| Payroll | - | - | 3,528,996 | - | - |
| Fringe benefits | - | 3,276,297 | - | 1,054,208 | - |
| Employee deferred comp. and credit union | - | 545,577 | - | 255,285 | - |
| Operations and maintenance | - | 2,434,842 | - | - | 9,440 |
| Prepaid insurance | - | 935,908 | - | - | - |
| Miscellaneous disbursements | - | - | - | - | - |
| Watershed Management Fund | - | - | - | - | - |
| Capital improvements: | | | | | |
| Capital assets | - | 108,851 | - | - | - |
| New five-year construction project | - | 2,410,224 | - | - | - |
| Purchase of investments securities | - | - | - | - | - |
| Principal on 1981 bonds | - | - | - | - | - |
| Interest on 1981 bonds | - | - | - | - | - |
| Principal on 1998 revenue bonds | - | - | - | - | - |
| Interest on 1998 revenue bonds | - | - | - | - | - |
| Principal on NJEIT revenue bonds | - | - | - | - | - |
| Interest on NJEIT revenue bonds | - | - | - | - | - |
| Total cash disbursements | - | 9,711,699 | 3,528,996 | 1,309,493 | 9,440 |
| Cash and investments - June 30, 2011 | \$889 | \$2,169,530 | \$30,000 | \$1,427,714 | \$2,018,620 |
| Summary of cash and investments: | | | | | |
| Cash | \$889 | \$2,169,530 | \$30,000 | \$ - | \$ - |
| Short-term investments | - | - | - | 1,427,714 | 512,585 |
| Long-term investments | - | - | - | - | 1,506,035 |
| Restricted investments (current) | - | - | - | - | - |
| Total cash and investments | \$889 | \$2,169,530 | \$30,000 | \$1,427,714 | \$2,018,620 |

New Jersey Water Supply Authority
A Component Unit of State of New Jersey
Schedule of Changes in Cash and Investments
Raritan Basin System (continued)

Year Ended June 30, 2011

| Self-Insurance Reserve | Depreciation Reserve | Pumping Reserve | Capital Improvements Investments II | Source Water Protection Fund | Subtotal |
|---------------------------|-------------------------|--------------------|---|------------------------------------|--------------|
| \$987,512 | \$3,621,928 | \$759,872 | \$6,100,945 | \$4,594,263 | \$36,270,901 |
| - | - | - | - | - | 3,528,996 |
| - | - | - | - | - | 4,330,505 |
| - | - | - | - | - | 800,862 |
| - | - | - | - | 917,707 | 3,361,989 |
| - | - | - | - | - | 935,908 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 108,851 |
| - | - | - | - | - | 2,410,224 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 917,707 | 15,477,335 |
| \$987,512 | \$3,621,928 | \$759,872 | \$6,100,945 | \$3,676,556 | \$20,793,566 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,200,419 |
| 284,694 | 1,613,881 | 759,872 | 578,817 | 3,676,556 | 8,854,119 |
| 702,818 | 2,008,047 | - | 5,522,128 | - | 9,739,028 |
| - | - | - | - | - | - |
| \$987,512 | \$3,621,928 | \$759,872 | \$6,100,945 | \$3,676,556 | \$20,793,566 |

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)

Year Ended June 30, 2011

| | Subtotal | Parity SWP Bond Fund | Subordinated SWP Bond Fund | Major Rehabilitation | Water Reuse & Recycling Fund |
|---|---------------------|----------------------------|----------------------------------|-------------------------|------------------------------------|
| Total available cash and investments | \$36,270,901 | \$621,099 | \$783,531 | \$1,203,025 | \$237,786 |
| Cash disbursements: | | | | | |
| Payroll | 3,528,996 | - | - | - | - |
| Fringe benefits | 4,330,505 | - | - | - | - |
| Employee deferred comp. and credit union | 800,862 | - | - | - | - |
| Operations and maintenance | 3,361,989 | - | - | - | - |
| Prepaid insurance | 935,908 | - | - | - | - |
| Miscellaneous disbursements | - | - | - | - | - |
| Watershed Management Fund | - | - | - | - | - |
| Capital improvements: | | | | | |
| Capital assets | 108,851 | - | - | - | - |
| New five-year construction project | 2,410,224 | - | - | - | - |
| Purchase of investment securities | - | - | - | - | - |
| Principal on 1981 bonds | - | - | - | - | - |
| Interest on 1981 bonds | - | - | - | - | - |
| Principal on 1998 revenue bonds | - | - | - | - | - |
| Interest on 1998 revenue bonds | - | - | - | - | - |
| Principal on NJEIT revenue bonds | - | 257,572 | 351,303 | - | - |
| Interest on NJEIT revenue bonds | - | 26,206 | 94,200 | - | - |
| Total cash disbursements | 15,477,335 | 283,778 | 445,503 | - | - |
| Cash & investments - June 30, 2011 | \$20,793,566 | \$337,321 | \$338,028 | \$1,203,025 | \$237,786 |
| Summary of cash and investments: | | | | | |
| Cash | \$ 2,200,419 | \$ - | \$ - | \$ - | \$ - |
| Short-term investments | 8,854,119 | 337,321 | 338,028 | 1,203,025 | 237,786 |
| Long-term investments | 9,739,028 | - | - | - | - |
| Restricted investments (current) | - | - | - | - | - |
| Total cash and investments | \$20,793,566 | \$337,321 | \$338,028 | \$1,203,025 | \$237,786 |

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)

Year Ended June 30, 2011

| Capital Improvement Fund | D & R Mitigation Fund | Employment Benefit Funds | 1998 Bonds Debt Service Account | 1998 Bonds Debt Service Reserve | Rate Stabilization Fund | Totals |
|--------------------------------|-----------------------------|--------------------------------|---------------------------------------|---------------------------------------|-------------------------------|--------------|
| \$7,317,764 | \$20,005 | \$623,054 | \$2,753,478 | \$2,741,724 | \$2,347,451 | \$54,919,818 |
| - | - | - | - | - | - | 3,528,996 |
| - | - | - | - | - | - | 4,330,505 |
| - | - | - | - | - | - | 800,862 |
| - | - | - | - | - | - | 3,361,989 |
| - | - | - | - | - | - | 935,908 |
| - | - | 49,968 | - | - | - | 49,968 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 108,851 |
| - | - | - | - | - | - | 2,410,224 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 2,230,000 | - | - | 2,838,875 |
| - | - | - | 458,219 | - | - | 578,625 |
| - | - | 49,968 | 2,688,219 | - | - | 18,944,803 |
| \$7,317,764 | \$20,005 | \$573,086 | \$65,259 | \$2,741,724 | \$2,347,451 | \$35,975,015 |
| \$ - | \$ - | \$ 21,773 | \$ - | \$ - | \$ - | \$ 2,222,192 |
| 7,317,764 | - | 551,313 | - | - | - | 18,839,356 |
| - | - | - | - | - | - | 9,739,028 |
| - | \$20,005 | - | 65,259 | 2,741,724 | 2,347,451 | 5,174,439 |
| \$7,317,764 | \$20,005 | \$573,086 | \$65,259 | \$2,741,724 | \$2,347,451 | \$35,975,015 |

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

Year Ended June 30, 2011

| | Revenue Fund | Operating Fund | | | |
|--|-----------------|--------------------|--------------------|--------------------|------------------|
| | | Operating Account | Payroll Account | Operating Fund | Reserve for O&M |
| Cash and investments - July 1, 2010 | \$5 | \$1,189,735 | \$20,000 | \$284,366 | \$941,204 |
| Cash receipts: | | | | | |
| Water sales operations and maintenance | 3,496,229 | - | - | - | - |
| Water sales debt service | 5,392,531 | - | - | - | - |
| Source water protection | 132,169 | - | - | - | - |
| Water sales overdrafts | 310,720 | - | - | - | - |
| NJ-American pumping costs | 361,450 | - | - | - | - |
| Headquarters overhead | - | - | - | - | - |
| Reimbursement of WTP capital expenses | - | - | - | - | - |
| Disposition of assets | - | - | - | - | - |
| Sale of investment securities | - | - | - | - | - |
| Miscellaneous reimbursement | 2,500 | - | - | - | 20,195 |
| Transfers: | | | | | |
| Contributions from operating fund | - | 2,831,614 | 1,097,078 | (9,011,734) | - |
| Contributions to operating fund | - | - | - | 2,124,588 | (3,296) |
| Transfers for operations | (9,642,630) | - | - | 9,642,630 | - |
| Distribution from reserves to operations | - | 167,687 | - | - | - |
| Investment income | - | - | - | 1,876 | 7,984 |
| Per resolution, Section 603: | | | | | |
| Investment income, transfer from | 20,665 | - | - | (1,748) | (7,994) |
| Investment income, transfer to | (20,665) | - | - | 3,461 | 11,112 |
| Unrealized (loss) gain on fair value | - | - | - | - | (4,638) |
| Total cash receipts | 52,969 | 2,999,301 | 1,097,078 | 2,759,073 | 23,363 |
| Total cash and investments | \$52,974 | \$4,189,036 | \$1,117,078 | \$3,043,439 | \$964,567 |

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)

Year Ended June 30, 2011

| Self-Insurance Reserve | Renewal & Replacement Account | Water Reuse & Recycling | Source Water Protection | Depreciation Reserve | Pumping Reserve | Sediment Reserve | Subtotal |
|------------------------|-------------------------------|-------------------------|-------------------------|----------------------|-----------------|------------------|--------------|
| \$240,810 | \$2,425,351 | \$29,842 | \$1,073,684 | \$475,770 | \$160,202 | \$73,303 | \$6,914,272 |
| - | - | - | - | - | - | - | 3,496,229 |
| - | - | - | - | - | - | - | 5,392,531 |
| - | - | - | - | - | - | - | 132,169 |
| - | - | - | - | - | - | - | 310,720 |
| - | - | - | - | - | - | - | 361,450 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 12,420 | - | - | 35,115 |
| - | 260,000 | - | 112,568 | - | - | 10,000 | (4,700,474) |
| - | (267,700) | - | (13,496) | (46,089) | - | - | 1,794,007 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 167,687 |
| 3,568 | 4,836 | 54 | 2,197 | 5,434 | 773 | 130 | 26,852 |
| (3,569) | - | - | - | (5,250) | (773) | (144) | 1,187 |
| - | - | - | - | 5,250 | - | - | (842) |
| (2,319) | - | - | - | (3,477) | (406) | - | (10,840) |
| (2,320) | (2,864) | 54 | 101,269 | (31,712) | (406) | 9,986 | 7,005,791 |
| \$238,490 | \$2,422,487 | \$29,896 | \$1,174,953 | \$444,058 | \$159,796 | \$83,289 | \$13,920,063 |

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)

Year Ended June 30, 2011

| | Subtotal | Water Treatment Plant/Transmission System | | | | | |
|--|---------------------|---|------------------|-------------------|-----------------------|------------------------|-----------------------------|
| | | Operating Account | Operating Fund | Residuals Reserve | Carbon Filter Reserve | Self-Insurance Reserve | Capital Improvement Reserve |
| Cash and investments - July 1, 2010 | \$6,914,272 | \$198,578 | \$185,320 | \$9,498 | \$98,591 | \$164,276 | \$496,452 |
| Cash receipts: | | | | | | | |
| Water sales operations and maintenance | 3,496,229 | - | - | - | - | - | - |
| Water sales debt service | 5,392,531 | - | - | - | - | - | - |
| Source water protection | 132,169 | - | - | - | - | - | - |
| Water sales overdrafts | 310,720 | - | - | - | - | - | - |
| NJ-American pumping costs | 361,450 | - | - | - | - | - | - |
| Headquarters overhead | - | - | 2,501,135 | - | - | - | - |
| Reimbursement of WTP capital expenses | - | - | - | - | - | - | - |
| Disposition of assets | - | - | - | - | - | - | - |
| Sale of investment securities | - | - | - | - | - | - | - |
| Miscellaneous reimbursement | 35,115 | 76 | 18,994 | - | - | 89,065 | 4,795,870 |
| Transfers: | | | | | | | |
| Contributions from operating fund | (4,700,474) | 5,665,000 | (5,674,869) | - | - | - | - |
| Contributions to operating fund | 1,794,007 | - | 3,084,821 | - | - | - | (4,438,862) |
| Transfers for operations | - | - | - | - | - | - | - |
| Distribution from reserves to operations | 167,687 | - | 43,923 | - | - | - | (44,471) |
| Investment income | 26,852 | - | 499 | 17 | 90 | 405 | 1,143 |
| Per resolution, Section 603: | | | | | | | |
| Investment income, transfer from | 1,187 | - | - | (28) | (264) | (550) | - |
| Investment income, transfer to | (842) | - | 842 | - | - | - | - |
| Unrealized (loss) gain on fair value | (10,840) | - | - | - | - | - | - |
| Total cash receipts | 7,005,791 | 5,665,076 | (24,655) | (11) | (174) | 88,920 | 313,680 |
| Total cash and investments | \$13,920,063 | \$5,863,654 | \$160,665 | \$9,487 | \$98,417 | \$253,196 | \$810,132 |

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)

Year Ended June 30, 2011

| 2005 Debt Service Account | 2005 Debt Service Reserve | Debt Service Account | Debt Service Reserve | Rebate Fund | General Reserve Fund | Employment Benefit Funds | Totals |
|---------------------------------|---------------------------------|-------------------------|-------------------------|----------------|----------------------------|--------------------------------|--------------|
| \$3,402,390 | \$3,624,881 | \$27,237 | \$4,291 | \$149,271 | \$341,181 | \$197,172 | \$15,813,410 |
| - | - | - | - | - | - | - | 3,496,229 |
| - | - | - | - | - | - | - | 5,392,531 |
| - | - | - | - | - | - | - | 132,169 |
| - | - | - | - | - | - | - | 310,720 |
| - | - | - | - | - | - | - | 361,450 |
| - | - | - | - | - | - | - | 2,501,135 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 4,939,120 |
| 4,213,471 | - | 4,648 | 1,163 | - | 329,283 | 161,778 | - |
| - | (140,000) | - | - | - | (299,966) | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | (167,139) | - |
| 322 | 138,363 | 1 | - | 195 | 344 | 331 | 168,562 |
| - | - | - | - | - | (345) | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | (10,840) |
| 4,213,793 | (1,637) | 4,649 | 1,163 | 195 | 29,316 | (5,030) | 17,291,076 |
| \$7,616,183 | \$3,623,244 | \$31,886 | \$5,454 | \$149,466 | \$370,497 | \$192,142 | \$33,104,486 |

New Jersey Water Supply Authority
A Component of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System (continued)

Year Ended June 30, 2011

| | Revenue Fund | Operating Account | Operating Fund Payroll Account | Operating Fund | Reserve for O&M |
|--|-----------------|----------------------|--------------------------------------|-------------------|--------------------|
| Total available cash and investments | \$52,974 | \$4,189,036 | \$1,117,078 | \$3,043,439 | \$964,567 |
| Cash disbursements: | | | | | |
| Payroll | - | - | 1,097,078 | - | - |
| Fringe benefits | - | 2,090,415 | - | (1,547,343) | - |
| Employee deferred comp. and credit union | - | 154,218 | - | 174,825 | - |
| Operations and maintenance | - | 842,231 | - | 493,135 | - |
| NJ-American pumping costs | - | 238,822 | - | - | - |
| Prepaid insurance | - | 197,416 | - | - | - |
| Headquarters overhead | - | - | - | 651,075 | - |
| Capital assets reservoir | - | 103,059 | - | - | - |
| Capital improvement program (reservoir) | - | 50,138 | - | - | - |
| Purchase of Investments securities | - | - | - | - | - |
| Principal on bonds | - | - | - | - | - |
| Interest on bonds | - | - | - | - | - |
| Total cash disbursements | - | 3,676,299 | 1,097,078 | (228,308) | - |
| Cash and investments - June 30, 2011 | \$52,974 | \$512,737 | \$20,000 | \$3,271,747 | \$964,567 |
| Summary of cash and investments: | | | | | |
| Cash (Manasquan) | \$52,974 | \$512,737 | \$20,000 | \$ - | \$ - |
| Cash (Water Treatment Plant/TS) | - | - | - | - | - |
| Short-term investments | - | - | - | 3,271,747 | 562,958 |
| Short-term investments (WTP/TS) | - | - | - | - | - |
| Long-term investments | - | - | - | - | 401,609 |
| Restricted investments (current) | - | - | - | - | - |
| Restricted investments (long-term) | - | - | - | - | - |
| Total cash and investments | \$52,974 | \$512,737 | \$20,000 | \$3,271,747 | \$964,567 |

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)

Year Ended June 30, 2011

| Self- Insurance Reserve | Renewal and Replacement Account | Water Reuse & Recycling | Source Water Protection | Depreciation Reserve | Pumping Reserve | Sediment Reserve | Subtotal |
|-------------------------------|---------------------------------------|----------------------------|----------------------------|-------------------------|--------------------|---------------------|--------------|
| \$238,490 | \$2,422,487 | \$29,896 | \$1,174,953 | \$444,058 | \$159,796 | \$83,289 | \$13,920,063 |
| - | - | - | - | - | - | - | 1,097,078 |
| - | - | - | - | - | - | - | 543,072 |
| - | - | - | - | - | - | - | 329,043 |
| - | - | - | - | - | - | - | 1,335,366 |
| - | - | - | - | - | - | - | 238,822 |
| - | - | - | - | - | - | - | 197,416 |
| - | - | - | - | - | - | - | 651,075 |
| - | - | - | - | - | - | - | 103,059 |
| - | - | - | - | - | - | - | 50,138 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 4,545,069 |
| \$238,490 | \$2,422,487 | \$29,896 | \$1,174,953 | \$444,058 | \$159,796 | \$83,289 | \$9,374,994 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 585,711 |
| - | - | - | - | - | - | - | - |
| 37,686 | 2,422,487 | 29,896 | 1,174,953 | 142,851 | 124,655 | 83,289 | 7,850,522 |
| - | - | - | - | - | - | - | - |
| 200,804 | - | - | - | 301,207 | 35,141 | - | 938,761 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| \$238,490 | \$2,422,487 | \$29,896 | \$1,174,953 | \$444,058 | \$159,796 | \$83,289 | \$9,374,994 |

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)

Year Ended June 30, 2011

| | Water Treatment Plant/Transmission System | | | | | | |
|---|---|-------------------|-----------------|-------------------|-----------------------|------------------------|-----------------------------|
| | Subtotal | Operating Account | Operating Fund | Residuals Reserve | Carbon Filter Reserve | Self-Insurance Reserve | Capital Improvement Reserve |
| Total available cash and investments | \$13,920,063 | \$5,863,654 | \$160,665 | \$9,487 | \$98,417 | \$253,196 | \$810,132 |
| Cash disbursements: | | | | | | | |
| Payroll | 1,097,078 | - | - | - | - | - | - |
| Fringe benefits | 543,072 | - | - | - | - | - | - |
| Employee deferred comp. and credit union | 329,043 | - | - | - | - | - | - |
| Operations and maintenance | 1,335,366 | 5,774,678 | - | - | - | - | - |
| NJ-American pumping costs | 238,822 | - | - | - | - | - | - |
| Prepaid insurance | 197,416 | 69,045 | - | - | - | - | - |
| Headquarters overhead | 651,075 | - | 115,400 | - | - | - | - |
| Capital assets reservoir | 103,059 | - | - | - | - | - | - |
| Capital improvement program (reservoir) | 50,138 | - | - | - | - | - | - |
| Purchase of Investments securities | - | - | - | - | - | - | - |
| Principal on bonds | - | - | - | - | - | - | - |
| Interest on bonds | - | - | - | - | - | - | - |
| Total cash disbursements | 4,545,069 | 5,843,723 | 115,400 | - | - | - | - |
| Cash and investments - June 30, 2011 | \$9,374,994 | \$19,931 | \$45,265 | \$9,487 | \$98,417 | \$253,196 | \$810,132 |
| Summary of cash and investments: | | | | | | | |
| Cash (Manasquan) | \$ 585,711 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cash (Water Treatment Plant/TS) | - | 19,931 | - | - | - | - | - |
| Short-term investments | 7,850,522 | - | - | - | - | - | - |
| Short-term investments (WTP/TS) | - | - | 45,265 | 9,487 | 98,417 | 253,196 | 810,132 |
| Long-term investments | 938,761 | - | - | - | - | - | - |
| Restricted investments (current) | - | - | - | - | - | - | - |
| Restricted investments (long-term) | - | - | - | - | - | - | - |
| Total cash and investments | \$9,374,994 | \$19,931 | \$45,265 | \$9,487 | \$98,417 | \$253,196 | \$810,132 |

New Jersey Water Supply Authority
A Component of the State of New Jersey
Schedule of Changes in Cash and Investments
Manasquan Water Supply System (continued)

Year Ended June 30, 2011

| 2005 Debt Service Account | 2005 Debt Service Reserve | Debt Service Account | Debt Service Reserve | Rebate Fund | General Reserve Fund | Employment Benefit Funds | Totals |
|---------------------------------|---------------------------------|-------------------------|-------------------------|----------------|----------------------------|--------------------------------|--------------|
| \$7,616,183 | \$3,623,244 | \$31,886 | \$5,454 | \$149,466 | \$370,497 | \$192,142 | \$33,104,486 |
| - | - | - | - | - | - | - | 1,097,078 |
| - | - | - | - | - | - | - | 543,072 |
| - | - | - | - | - | - | - | 329,043 |
| - | - | - | - | - | - | - | 7,110,044 |
| - | - | - | - | - | - | - | 238,822 |
| - | - | - | - | - | - | - | 266,461 |
| - | - | - | - | - | - | - | 766,475 |
| - | - | - | - | - | - | - | 103,059 |
| - | - | - | - | - | - | - | 50,138 |
| - | - | - | - | - | - | - | - |
| 2,345,000 | - | 2,136 | - | - | - | - | 2,347,136 |
| 1,827,818 | - | 5,434 | - | - | - | - | 1,833,252 |
| 4,172,818 | - | 7,570 | - | - | - | - | 14,684,580 |
| \$3,443,365 | \$3,623,244 | \$24,316 | \$5,454 | \$149,466 | \$370,497 | \$192,142 | \$18,419,906 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 585,711 |
| - | - | - | - | - | - | - | 19,931 |
| - | - | - | - | - | 370,497 | 192,142 | 8,413,161 |
| - | - | - | - | - | - | - | 1,216,497 |
| - | - | - | - | - | - | - | 938,761 |
| 3,443,365 | 3,623,244 | 24,316 | 5,454 | 149,466 | - | - | 7,245,845 |
| - | - | - | - | - | - | - | - |
| \$3,443,365 | \$3,623,244 | \$24,316 | \$5,454 | \$149,466 | \$370,497 | \$192,142 | \$18,419,906 |

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Statistical Section

FINANCIAL TREND DATA

These schedules contain trend information on the Authority's financial performance over time.

| | |
|---|-------------|
| Summary of Financial Information | 2002 - 2011 |
| Summary of Raritan Basin System Water Use Contracts | 2002 - 2011 |
| Summary of Manasquan Water Supply System Water Use Contracts | 2002 - 2011 |

DEBT CAPACITY DATA

The schedules present information on the Authority's current levels of outstanding debt and the ability to issue debt in the future.

| | |
|--|-------------|
| Raritan Basin System Revenue Bond Coverage | 2002 - 2011 |
| Manasquan System Revenue Bond Coverage | 2002 - 2011 |

REVENUE CAPACITY DATA

These schedules contain information on the Authority's most significant revenue source.

| | |
|---|-------------|
| Raritan Basin System Water Charges | 1997 - 2012 |
| Manasquan Water Supply System Water Charges | 1997 - 2012 |

OPERATING INFORMATION

These schedules contain operational and infrastructure data in relation to the services the Authority provides.

| | |
|--|-------------|
| Spruce Run Rain Gauge | 2002 - 2011 |
| West Windsor Rain Gauge | 2002 - 2011 |
| Spruce Run Reservoir Storage | 2002 - 2011 |
| Round Valley Reservoir Storage | 2002 - 2011 |
| Manasquan System Rainfall | 2002 - 2011 |
| Manasquan Reservoir Storage Data | 2002 - 2011 |

New Jersey Water Supply Authority

SUMMARY OF FINANCIAL INFORMATION 2002 - 2011

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|--------------|--------------|--------------|--------------|---------------|
| REVENUE AND EXPENSES | | | | | |
| Water sales | \$19,912,921 | \$19,564,798 | \$20,258,371 | \$22,037,389 | \$23,249,130 |
| Reimbursement of operating exp | \$1,419,068 | \$1,463,670 | \$1,578,686 | \$1,723,723 | \$1,844,055 |
| Total operating revenues | 21,331,989 | 21,028,468 | 21,837,057 | 23,761,112 | 25,093,185 |
| Operating expense | 16,450,755 | 17,339,427 | 17,905,912 | 18,461,671 | 18,911,050 |
| Income from operations | 4,881,234 | 3,689,041 | 3,931,145 | 5,299,441 | 6,182,135 |
| Nonoperating revenues | 1,687,459 | 907,349 | 584,425 | 3,020,168 | 2,456,177 |
| Nonoperating expenses | 4,981,693 | 4,534,643 | 4,715,508 | 5,151,673 | 5,460,653 |
| Change in net assets | 1,587,000 | 61,747 | (199,938) | 3,167,936 | 3,177,659 |
| Net assets, beginning of year | 92,790,592 | 94,377,592 | 94,439,339 | 94,239,401 | 97,407,337 |
| Net assets, end of year | 94,377,592 | 94,439,339 | 94,239,401 | 97,407,337 | 100,584,996 |
| ASSETS | | | | | |
| Current assets | 24,575,360 | 23,535,975 | 27,718,480 | 29,835,264 | 37,416,567 |
| Noncurrent assets | 193,044,591 | 191,875,994 | 183,664,331 | 181,818,542 | 176,312,628 |
| Total assets | 217,619,951 | 215,411,969 | 211,382,811 | 211,653,806 | 213,729,195 |
| LIABILITIES | | | | | |
| Current liabilities | 7,055,124 | 9,077,827 | 9,066,943 | 9,878,233 | 10,231,778 |
| Noncurrent liabilities | 116,187,235 | 111,894,803 | 108,076,467 | 104,368,236 | 102,912,421 |
| Total liabilities | 123,242,359 | 120,972,630 | 117,143,410 | 114,246,469 | 113,144,199 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 34,845,644 | 35,978,635 | 36,025,900 | 37,445,316 | 36,451,123 |
| Restricted | 10,804,128 | 11,721,789 | 11,089,206 | 12,045,911 | 11,900,344 |
| Unrestricted | 48,727,820 | 46,738,915 | 47,124,295 | 47,916,110 | 52,233,529 |
| Total net assets | \$94,377,592 | \$94,439,339 | \$94,239,401 | \$97,407,337 | \$100,584,996 |

New Jersey Water Supply Authority

SUMMARY OF FINANCIAL INFORMATION 2002 - 2011

| 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------|---------------|---------------|---------------|---------------|
| \$22,508,685 | \$23,466,842 | \$22,975,438 | \$23,031,803 | \$24,095,286 |
| \$2,100,466 | \$2,377,166 | \$2,512,417 | \$2,589,276 | \$2,501,135 |
| 24,609,151 | 25,844,008 | 25,487,855 | 25,621,079 | 26,596,421 |
| 21,299,226 | 20,849,880 | 20,862,953 | 19,802,840 | 20,649,747 |
| 3,309,925 | 4,994,128 | 4,624,902 | 5,818,239 | 5,946,674 |
| 3,947,914 | 4,841,828 | 795,191 | 681,411 | 632,306 |
| 3,692,672 | 4,562,451 | 4,568,128 | 4,796,487 | 4,525,435 |
| 3,565,167 | 5,273,505 | 851,965 | 1,703,163 | 2,053,545 |
| 100,584,996 | 104,150,163 | 109,423,668 | 110,275,633 | 111,978,796 |
| 104,150,163 | 109,423,668 | 110,275,633 | 111,978,796 | 114,032,341 |
| 37,981,903 | 40,411,128 | 39,944,371 | 33,994,171 | 36,101,110 |
| 177,020,383 | 177,459,476 | 174,633,772 | 177,515,802 | 174,004,657 |
| 215,002,286 | 217,870,604 | 214,578,143 | 211,509,973 | 210,105,767 |
| 9,613,559 | 8,881,283 | 8,818,939 | 9,381,563 | 9,510,372 |
| 101,238,564 | 99,565,653 | 95,483,571 | 90,149,614 | 86,563,054 |
| 110,852,123 | 108,446,936 | 104,302,510 | 99,531,177 | 96,073,426 |
| 38,594,390 | 43,790,111 | 47,277,890 | 75,184,140 | 77,691,938 |
| 12,388,041 | 12,082,047 | 12,447,252 | 12,006,417 | 12,011,721 |
| 53,167,732 | 53,551,510 | 50,550,491 | 24,788,239 | 24,328,682 |
| \$104,150,163 | \$109,423,668 | \$110,275,633 | \$111,978,796 | \$114,032,341 |

**New Jersey Water Supply Authority
RARITAN BASIN SYSTEM
SUMMARY OF WATER USE CONTRACTS
DAILY CONTRACT IN MILLION GALLONS PER DAY - MGD**

| <u>WATER USER</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| UNITED WATER LAMBERTVILLE, INC | 0.200 | 0.200 | 0.200 | 0.490 | 0.490 |
| MERCER COUNTY PARK COMMISSION | 0.100 | 0.100 | 0.100 | 0.132 | 0.132 |
| TRENTON COUNTRY CLUB | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 |
| MERCER COUNTY PARK COMMISSION | 0.135 | 0.135 | 0.135 | - | - |
| PRINCETON UNIVERSITY | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| NORTH BRUNSWICK TOWNSHIP | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 |
| SELODY SOD FARMS, INC. | 0.100 | 0.100 | 0.100 | 0.025 | 0.025 |
| NEW JERSEY AMERICAN WATER | 104.000 | 104.000 | 124.100 | 124.100 | 124.100 |
| EAST BRUNSWICK TOWNSHIP | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 |
| NEW BRUNSWICK, CITY OF | 10.500 | 10.500 | 10.500 | 10.500 | 10.500 |
| MIDDLESEX WATER COMPANY | 20.000 | 20.000 | 27.000 | 27.000 | 27.000 |
| ROYCE BROOK GOLF CLUB | 0.536 | 0.536 | 0.536 | 0.536 | 0.536 |
| FLEMINGTON FILM PRODUCTS | 0.012 | 0.012 | 0.012 | - | - |
| DUKE FARMS | - | 0.058 | 0.058 | 0.058 | 0.058 |
| BOROUGH OF GLEN GARDNER | - | - | - | - | 0.008 |
| RIDGE AT BACK BROOK | - | - | - | 0.111 | 0.111 |
| ROXBURY WATER COMPANY | - | - | - | 0.074 | 0.074 |
| HUNTERDON COUNTY (HERON GLEN GOLF) | - | - | - | 0.261 | 0.261 |
| RARITAN VALLEY COUNTRY CLUB | - | - | - | 0.012 | 0.012 |
| EAST WINDSOR MUA | - | - | - | 0.011 | 0.011 |
| SOMERSET CTY (NESCHANIC VALLEY GOLF) | - | - | - | 0.116 | 0.116 |
| TRUMP NATIONAL GOLF CLUB | - | - | - | 0.080 | 0.080 |
| MORRIS COUNTY MUA | - | - | - | 0.079 | 0.079 |
| APPLIED WATER MGMT (MT. OLIVE TWP) | - | - | - | 0.010 | 0.010 |
| WASHINGTON TOWNSHIP MUA | - | - | - | - | - |
| ROXITICUS GOLF CLUB | - | - | - | - | - |
| HAMILTON GOLF CLUB | - | - | - | - | - |
| SPRINGDALE GOLF CLUB | - | - | - | - | - |
| NJ DEPT OF CORRECTIONS | - | - | - | - | - |
| SYSTEM TOTAL | 152.333 | 152.391 | 179.491 | 180.345 | 180.353 |

**New Jersey Water Supply Authority
RARITAN BASIN SYSTEM
SUMMARY OF WATER USE CONTRACTS
DAILY CONTRACT IN MILLION GALLONS PER DAY - MGD**

| <u>WATER USER</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| UNITED WATER LAMBERTVILLE, INC | 0.490 | 0.490 | 0.490 | 0.490 | 0.490 |
| MERCER COUNTY PARK COMMISSION | 0.132 | 0.132 | 0.132 | 0.132 | 0.132 |
| TRENTON COUNTRY CLUB | 0.250 | 0.250 | 0.126 | 0.126 | 0.126 |
| MERCER COUNTY PARK COMMISSION | - | - | - | - | - |
| PRINCETON UNIVERSITY | 0.500 | 0.500 | 0.150 | 0.150 | 0.150 |
| NORTH BRUNSWICK TOWNSHIP | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 |
| SELODY SOD FARMS, INC. | 0.025 | 0.025 | 0.025 | - | - |
| NEW JERSEY AMERICAN WATER | 124.100 | 124.100 | 126.600 | 126.600 | 126.600 |
| EAST BRUNSWICK TOWNSHIP | 8.000 | 8.000 | 8.000 | 8.000 | 8.000 |
| NEW BRUNSWICK, CITY OF | 10.500 | 10.500 | 10.500 | 10.500 | 10.500 |
| MIDDLESEX WATER COMPANY | 27.000 | 27.000 | 27.000 | 27.000 | 27.000 |
| ROYCE BROOK GOLF CLUB | 0.536 | 0.536 | 0.165 | 0.165 | 0.165 |
| FLEMINGTON FILM PRODUCTS | - | - | - | - | - |
| DUKE FARMS | 0.058 | 0.058 | 0.058 | 0.075 | 0.075 |
| BOROUGH OF GLEN GARDNER | 0.008 | 0.008 | 0.008 | 0.008 | 0.008 |
| RIDGE AT BACK BROOK | 0.111 | 0.111 | 0.111 | 0.111 | 0.111 |
| ROXBURY WATER COMPANY | 0.074 | 0.074 | 0.074 | 0.074 | 0.074 |
| HUNTERDON COUNTY (HERON GLEN GOLF) | 0.261 | 0.261 | 0.261 | 0.261 | 0.066 |
| RARITAN VALLEY COUNTRY CLUB | 0.012 | 0.012 | 0.012 | 0.012 | 0.012 |
| EAST WINDSOR MUA | 0.011 | 0.011 | 0.011 | 0.011 | 0.011 |
| SOMERSET CTY (NESCHANIC VALLEY GOLF) | 0.116 | 0.116 | 0.116 | 0.116 | 0.142 |
| TRUMP NATIONAL GOLF CLUB | 0.080 | 0.080 | 0.080 | 0.080 | 0.080 |
| MORRIS COUNTY MUA | 0.079 | 0.079 | 0.079 | 0.079 | 0.079 |
| APPLIED WATER MGMT (MT. OLIVE TWP) | 0.010 | 0.010 | 0.010 | 0.010 | 0.010 |
| WASHINGTON TOWNSHIP MUA | 0.025 | 0.025 | 0.025 | 0.025 | 0.025 |
| ROXITICUS GOLF CLUB | 0.046 | 0.046 | 0.046 | 0.046 | 0.046 |
| HAMILTON GOLF CLUB | - | - | 0.138 | 0.138 | 0.138 |
| SPRINGDALE GOLF CLUB | - | - | 0.098 | 0.098 | 0.098 |
| NJ DEPT OF CORRECTIONS | - | - | - | 0.025 | - |
| SYSTEM TOTAL | 180.424 | 180.424 | 182.315 | 182.332 | 182.138 |

**New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
SUMMARY OF WATER USE CONTRACTS
DAILY CONTRACT IN MILLION GALLONS PER DAY - MGD**

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| WALL TOWNSHIP | 2.300 | 2.300 | 2.300 | 2.275 | 2.275 |
| BOROUGH OF AVON | 0.142 | 0.142 | 0.142 | 0.142 | 0.142 |
| SHORELANDS WATER COMPANY | 1.900 | 1.900 | 1.900 | 1.900 | 1.900 |
| NEW JERSEY AMERICAN WATER | 11.000 | 11.000 | 11.000 | 12.500 | 12.500 |
| BOROUGH OF RED BANK | 0.778 | 0.778 | 0.778 | 0.778 | 0.778 |
| BOROUGH OF SEA GIRT | 0.075 | 0.075 | 0.075 | 0.075 | 0.075 |
| BOROUGH OF SPRING LAKE | 0.310 | 0.310 | 0.310 | 0.310 | 0.310 |
| BOROUGH OF SPRING LAKE HEIGHTS | 0.450 | 0.450 | 0.450 | 0.425 | 0.425 |
| BOROUGH OF BELMAR | 0.650 | 0.650 | 0.650 | 0.650 | 0.650 |
| BOROUGH OF BRIELLE | 0.400 | 0.400 | 0.400 | 0.450 | 0.450 |
| BOROUGH OF KEYPORT | 0.458 | 0.458 | 0.458 | 0.458 | 0.458 |
| BOROUGH OF MATAWAN | 0.469 | 0.469 | 0.469 | 0.469 | 0.469 |
| BOROUGH OF LAKE COMO | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 |
| | <u>19.032</u> | <u>19.032</u> | <u>19.032</u> | <u>20.532</u> | <u>20.532</u> |
| | | | | | |
| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| WALL TOWNSHIP | 2.275 | 2.275 | 2.275 | 2.275 | 2.275 |
| BOROUGH OF AVON | 0.142 | 0.142 | 0.142 | 0.142 | 0.142 |
| SHORELANDS WATER COMPANY | 1.927 | 1.928 | 1.928 | 1.928 | 1.928 |
| NEW JERSEY AMERICAN WATER | 12.500 | 12.500 | 12.500 | 12.500 | 12.500 |
| BOROUGH OF RED BANK | 0.778 | 0.778 | 0.778 | 0.778 | 0.778 |
| BOROUGH OF SEA GIRT | 0.075 | 0.075 | 0.075 | 0.075 | 0.075 |
| BOROUGH OF SPRING LAKE | 0.310 | 0.310 | 0.310 | 0.310 | 0.310 |
| BOROUGH OF SPRING LAKE HEIGHTS | 0.425 | 0.425 | 0.425 | 0.425 | 0.425 |
| BOROUGH OF BELMAR | 0.650 | 0.650 | 0.650 | 0.650 | 0.650 |
| BOROUGH OF BRIELLE | 0.450 | 0.450 | 0.450 | 0.450 | 0.450 |
| BOROUGH OF KEYPORT | 0.458 | 0.458 | 0.458 | 0.458 | 0.458 |
| BOROUGH OF MATAWAN | 0.469 | 0.469 | 0.469 | 0.469 | 0.469 |
| BOROUGH OF LAKE COMO | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 |
| | <u>20.559</u> | <u>20.560</u> | <u>20.560</u> | <u>20.560</u> | <u>20.560</u> |

NOTE: The Manasquan System started operations July 1, 1990.

New Jersey Water Supply Authority

RARITAN BASIN SYSTEM SERIES 1988, D & R SYSTEM REVENUE BOND COVERAGE* SERIES 1998, D & R SYSTEM REVENUE REFUNDING BOND COVERAGE

| Fiscal Year | Gross Revenue | Operating Expenses | Net Revenue Available for Debt Service | Debt Service Payments | Coverage |
|-------------|---------------|--------------------|--|-----------------------|----------|
| 2011 | \$18,055,011 | \$11,765,800 | \$6,289,211 | \$2,688,219 | 2.34 |
| 2010 | \$17,968,946 | \$11,678,300 | \$6,290,646 | \$2,698,931 | 2.33 |
| 2009 | \$17,796,183 | \$11,642,975 | \$6,153,208 | \$2,702,738 | 2.28 |
| 2008 | \$18,213,509 | \$11,627,200 | \$6,586,309 | \$2,711,294 | 2.43 |
| 2007 | \$17,212,347 | \$10,645,350 | \$6,566,997 | \$2,712,575 | 2.42 |
| 2006 | \$17,058,438 | \$9,672,400 | \$7,386,038 | \$2,716,950 | 2.72 |
| 2005 | \$16,411,434 | \$9,811,800 | \$6,599,634 | \$2,727,325 | 2.42 |
| 2004 | \$15,097,578 | \$9,328,400 | \$5,769,178 | \$2,728,966 | 2.11 |
| 2003 | \$14,295,861 | \$8,232,300 | \$6,063,561 | \$2,731,369 | 2.22 |
| 2002 | \$13,978,577 | \$7,638,000 | \$6,340,577 | \$2,735,506 | 2.32 |

Note 1. Section 713 of the Delaware & Raritan Canal - Spruce Run/Round Valley Reservoirs System Bond Resolution, adopted November 17, 1988, requires that the Net Revenues in each fiscal year be at least 120% of the Debt Service on the 1988 bonds for the twelve-month period in such fiscal year.

MANASQUAN RESERVOIR SYSTEM SERIES 2005, MANASQUAN SYSTEM REVENUE BOND COVERAGE*

| Fiscal Year | Gross Revenue | Operating Expenses | Net Revenue Available for Debt Service | Debt Service Payments | Coverage |
|-------------|---------------|--------------------|--|-----------------------|----------|
| 2011 | \$7,976,636 | \$2,956,600 | \$5,020,036 | \$3,809,328 | 1.320 |
| 2010 | \$7,785,670 | \$2,823,200 | \$4,962,470 | \$3,816,713 | 1.300 |
| 2009 | \$7,452,307 | \$2,700,800 | \$4,751,507 | \$3,807,244 | 1.250 |
| 2008 | \$7,793,042 | \$2,589,700 | \$5,203,342 | \$4,218,907 | 1.230 |
| 2007 | \$7,125,334 | \$1,874,412 | \$5,250,922 | \$4,205,323 | 1.250 |
| 2006 | \$7,581,966 | \$2,515,900 | \$5,066,066 | \$4,198,013 | 1.207 |
| 2005 | \$7,515,228 | \$2,380,100 | \$5,135,128 | \$4,199,978 | 1.223 |
| 2004 | \$7,022,230 | \$1,957,433 | \$5,064,797 | \$4,177,707 | 1.212 |
| 2003 | \$6,902,135 | \$1,998,208 | \$4,903,927 | \$3,812,921 | 1.286 |
| 2002 | \$6,771,999 | \$1,908,340 | \$4,863,659 | \$3,561,736 | 1.366 |

Note 1. Section 712 of the Manasquan Reservoir System Bond Resolution, adopted June 6, 2005, requires that the Net Revenues in each fiscal year be at least 120% of the Debt Service on the 2005 Bonds for the twelve-month period in such fiscal year.

* Numbers to calculate bond coverage were extracted from the corresponding budget for the applicable fiscal year.

New Jersey Water Supply Authority

DELAWARE AND RARITAN CANAL - SPRUCE RUN/ROUND VALLEY RESERVOIRS SYSTEM WATER CHARGES PER MILLION GALLONS OF RAW WATER DAILY

| EFFECTIVE DATE | 7/1/96 | 7/1/97 | 7/1/98 | 7/1/99 | 7/1/00 | 7/1/01 | 7/1/02 | 7/1/03 |
|----------------|----------|----------|----------|----------|----------|----------|----------|----------|
| RATE PER MGD | \$211.16 | \$211.16 | \$211.16 | \$205.00 | \$205.00 | \$205.00 | \$205.00 | \$210.00 |

| EFFECTIVE DATE | 7/1/04 | 7/1/05 | 7/1/06 | 7/1/07 | 7/1/08 | 7/1/09 | 7/1/10 | 7/1/11 |
|----------------|----------|----------|----------|----------|----------|----------|----------|----------|
| RATE PER MGD | \$215.00 | \$215.00 | \$228.00 | \$228.00 | \$231.00 | \$231.00 | \$231.00 | \$231.00 |

New Jersey Water Supply Authority

MANASQUAN WATER SUPPLY SYSTEM WATER CHARGES PER MILLION GALLONS OF RAW WATER DAILY

| EFFECTIVE DATE | 7/1/96 | 7/1/97 | 7/1/98 | 7/1/99 | 7/1/00 | 7/1/01 | 7/1/02 | 7/1/03 |
|---------------------|------------|----------|----------|----------|----------|------------|------------|------------|
| RATE PER MGD | \$1,065.15 | \$938.92 | \$832.92 | \$695.31 | \$728.81 | \$797.92 | \$794.97 | \$794.97 |
| (Delayed Contracts) | | | | | | \$1,035.50 | \$1,047.96 | \$1,065.45 |

| EFFECTIVE DATE | 7/1/04 | 7/1/05 | 7/1/06 | 7/1/07 | 7/1/08 | 7/1/09 | 7/1/10 | 7/1/11 |
|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| RATE PER MGD | \$921.64 | \$895.01 | \$833.27 | \$846.06 | \$884.11 | \$980.05 | \$980.48 | \$1,015.90 |
| (Delayed Contracts) | \$1,186.00 | \$1,164.26 | \$1,074.02 | \$1,081.96 | \$1,079.80 | \$1,175.03 | \$1,167.98 | \$1,168.71 |

NOTE: The Manasquan System started operations JULY 1, 1990.

New Jersey Water Supply Authority

RARITAN BASIN SYSTEM SPRUCE RUN RAIN GAUGE (INCHES)

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2011 | 0.87 | 2.93 | 6.97 | 6.48 | 4.38 | 2.62 | 4.19 | 14.21 | 13.49 | 1.63 | 4.90 | 4.09 | 66.76 |
| 2010 | 2.30 | 1.90 | 7.40 | 3.10 | 3.60 | 3.50 | 8.20 | 1.30 | 3.30 | 4.30 | 1.94 | 2.52 | 43.36 |
| 2009 | 1.93 | 0.52 | 1.43 | 2.70 | 4.73 | 6.58 | 8.69 | 7.62 | 2.73 | 4.66 | 0.91 | 5.85 | 48.35 |
| 2008 | 1.60 | 4.45 | 5.97 | 2.23 | 3.87 | 1.93 | 4.89 | 2.46 | 7.94 | 3.90 | 2.96 | 5.54 | 47.74 |
| 2007 | 3.28 | 1.03 | 2.99 | 9.59 | 1.57 | 3.73 | 6.67 | 4.56 | 0.98 | 7.56 | 2.84 | 4.83 | 49.63 |
| 2006 | 5.46 | 1.42 | 0.89 | 4.30 | 3.21 | 8.02 | 4.16 | 1.71 | 3.81 | 5.22 | 4.72 | 1.80 | 44.72 |
| 2005 | 3.80 | 2.50 | 3.70 | 4.90 | 1.10 | 1.50 | 2.00 | 2.40 | 0.30 | 13.30 | 4.27 | 3.11 | 42.88 |
| 2004 | 1.80 | 2.60 | 2.50 | 2.70 | 2.80 | 2.90 | 6.70 | 1.50 | 7.70 | 0.80 | 5.20 | 2.40 | 39.60 |
| 2003 | 2.10 | 3.90 | 4.20 | 1.80 | 4.20 | 6.30 | 4.80 | 3.50 | 7.10 | 5.00 | 3.40 | 5.80 | 52.10 |
| 2002 | 1.60 | 0.30 | 3.40 | 2.90 | 5.10 | 3.60 | 0.40 | 2.80 | 3.90 | 4.20 | 3.80 | 3.70 | 35.70 |
| TOTAL | 24.74 | 21.55 | 39.45 | 40.70 | 34.56 | 40.68 | 50.70 | 42.06 | 51.25 | 50.57 | 34.94 | 39.64 | 470.84 |
| AVERAGE | 2.47 | 2.16 | 3.95 | 4.07 | 3.46 | 4.07 | 5.07 | 4.21 | 5.13 | 5.06 | 3.49 | 3.96 | 47.08 |
| MAXIMUM | 5.46 | 4.45 | 7.40 | 9.59 | 5.10 | 8.02 | 8.69 | 14.21 | 13.49 | 13.30 | 5.20 | 5.85 | 66.76 |
| MINIMUM | 0.87 | 0.30 | 0.89 | 1.80 | 1.10 | 1.50 | 0.40 | 1.30 | 0.30 | 0.80 | 0.91 | 1.80 | 35.70 |

New Jersey Water Supply Authority

RARITAN BASIN SYSTEM WEST WINDSOR RAIN GAUGE (INCHES)

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2011 | 1.06 | 2.88 | 5.93 | 6.87 | 5.14 | 3.42 | 4.56 | 17.31 | 9.11 | 1.00 | 3.49 | 4.22 | 64.99 |
| 2010 | 2.70 | 2.90 | 10.30 | 3.20 | 3.00 | 2.20 | 2.70 | 2.60 | 2.90 | 4.80 | 2.31 | 2.97 | 42.58 |
| 2009 | 2.57 | 0.50 | 1.25 | 3.17 | 6.58 | 8.09 | 7.46 | 8.90 | 2.10 | 5.76 | 1.60 | 6.21 | 54.19 |
| 2008 | 2.59 | 5.95 | 5.20 | 2.58 | 4.76 | 2.65 | 5.38 | 2.04 | 8.85 | 4.02 | 3.62 | 6.17 | 53.81 |
| 2007 | 3.24 | 2.02 | 4.24 | 11.56 | 2.60 | 4.64 | 4.17 | 3.84 | 1.50 | 5.58 | 2.45 | 5.84 | 51.68 |
| 2006 | 6.20 | 1.40 | 1.30 | 3.67 | 3.76 | 9.30 | 2.90 | 1.00 | 3.76 | 8.04 | 5.40 | 2.52 | 49.25 |
| 2005 | 4.20 | 2.80 | 3.70 | 4.80 | 1.80 | 3.80 | 4.70 | 1.80 | 2.40 | 11.40 | 3.50 | 3.50 | 48.40 |
| 2004 | 2.00 | 3.00 | 2.80 | 4.20 | 2.30 | 1.70 | 8.00 | 2.20 | 6.60 | 1.80 | 5.30 | 3.30 | 43.20 |
| 2003 | 2.50 | 5.20 | 3.60 | 3.00 | 4.70 | 6.80 | 2.80 | 3.70 | 5.90 | 4.00 | 4.70 | 6.10 | 53.00 |
| 2002 | 3.50 | 0.60 | 4.50 | 1.60 | 3.50 | 4.60 | 2.30 | 3.80 | 5.70 | 6.00 | 4.90 | 4.30 | 45.30 |
| TOTAL | 30.56 | 27.25 | 42.82 | 44.65 | 38.14 | 47.20 | 44.97 | 47.19 | 48.82 | 52.40 | 37.27 | 45.13 | 506.40 |
| AVERAGE | 3.06 | 2.73 | 4.28 | 4.47 | 3.81 | 4.72 | 4.50 | 4.72 | 4.88 | 5.24 | 3.73 | 4.51 | 50.64 |
| MAXIMUM | 6.20 | 5.95 | 10.30 | 11.56 | 6.58 | 9.30 | 8.00 | 17.31 | 9.11 | 11.40 | 5.40 | 6.21 | 64.99 |
| MINIMUM | 1.06 | 0.50 | 1.25 | 1.60 | 1.80 | 1.70 | 2.30 | 1.00 | 1.50 | 1.00 | 1.60 | 2.52 | 42.58 |

New Jersey Water Supply Authority

RARITAN BASIN SYSTEM SPRUCE RUN RESERVOIR STORAGE BILLION GALLONS

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|---------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2011 | 8.2 | 8.3 | 9.9 | 10.8 | 11.0 | 11.0 | 11.0 | 10.0 | 11.0 | 11.2 | 10.8 | 9.9 |
| 2010 | 10.7 | 10.5 | 10.7 | 11.2 | 11.0 | 11.0 | 10.5 | 9.3 | 7.9 | 6.1 | 7.4 | 8.2 |
| 2009 | 9.5 | 10.1 | 10.0 | 10.6 | 10.7 | 11.1 | 11.1 | 11.1 | 10.7 | 10.4 | 10.8 | 10.7 |
| 2008 | 9.7 | 10.0 | 10.6 | 10.3 | 11.0 | 11.0 | 10.6 | 9.2 | 7.6 | 6.4 | 7.1 | 9.5 |
| 2007 | 11.1 | 11.0 | 10.1 | 11.0 | 11.0 | 11.0 | 10.6 | 10.0 | 9.6 | 7.2 | 7.2 | 7.9 |
| 2006 | 10.9 | 11.1 | 11.0 | 11.0 | 10.8 | 11.0 | 11.0 | 11.0 | 9.1 | 9.8 | 10.7 | 11.0 |
| 2005 | 11.1 | 11.1 | 11.0 | 11.1 | 11.1 | 10.9 | 10.3 | 9.7 | 8.2 | 8.1 | 9.2 | 10.9 |
| 2004 | 11.0 | 10.2 | 11.0 | 11.0 | 11.0 | 11.0 | 10.7 | 10.9 | 9.2 | 9.4 | 8.9 | 10.2 |
| 2003 | 8.2 | 9.0 | 9.8 | 11.0 | 11.0 | 11.1 | 11.0 | 10.9 | 10.8 | 10.9 | 11.0 | 11.0 |
| 2002 | 3.6 | 3.7 | 3.8 | 4.5 | 5.3 | 7.1 | 7.8 | 7.6 | 7.0 | 5.3 | 5.5 | 6.4 |
| AVERAGE | 9.4 | 9.5 | 9.8 | 10.2 | 10.4 | 10.6 | 10.5 | 10.0 | 9.1 | 8.5 | 8.9 | 9.6 |
| MAXIMUM | 11.1 | 11.1 | 11.0 | 11.2 | 11.1 | 11.1 | 11.1 | 11.1 | 11.0 | 11.2 | 11.0 | 11.0 |
| MINIMUM | 3.6 | 3.7 | 3.8 | 4.5 | 5.3 | 7.1 | 7.8 | 7.6 | 7.0 | 5.3 | 5.5 | 6.4 |

MAXIMUM CAPACITY 11.0 BG

New Jersey Water Supply Authority

RARITAN BASIN SYSTEM ROUND VALLEY RESERVOIR STORAGE BILLION GALLONS

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2011 | 48.1 | 48.2 | 48.4 | 48.9 | 51.2 | 52.0 | 52.0 | 51.0 | 51.6 | 52.1 | 52.3 | 52.6 |
| 2010 | 54.7 | 54.8 | 55.0 | 55.1 | 54.8 | 55.1 | 54.6 | 53.4 | 50.5 | 48.4 | 48.2 | 48.1 |
| 2009 | 51.2 | 51.3 | 51.3 | 51.5 | 52.8 | 53.8 | 54.1 | 54.4 | 54.6 | 54.7 | 54.5 | 54.4 |
| 2008 | 53.4 | 53.4 | 53.9 | 54.4 | 54.5 | 54.6 | 54.5 | 53.5 | 51.1 | 51.0 | 56.1 | 51.3 |
| 2007 | 53.1 | 53.2 | 53.1 | 53.5 | 54.3 | 54.3 | 54.4 | 54.5 | 54.2 | 53.5 | 53.2 | 53.1 |
| 2006 | 49.1 | 49.5 | 49.5 | 49.4 | 50.6 | 52.1 | 52.6 | 52.9 | 52.7 | 52.7 | 52.8 | 53.1 |
| 2005 | 55.0 | 55.0 | 55.0 | 55.2 | 55.0 | 54.9 | 54.5 | 54.3 | 51.2 | 48.9 | 49.1 | 49.1 |
| 2004 | 53.8 | 53.8 | 54.0 | 54.1 | 54.7 | 54.8 | 55.0 | 55.3 | 55.0 | 55.0 | 54.7 | 54.9 |
| 2003 | 45.1 | 45.1 | 45.4 | 46.4 | 50.3 | 52.1 | 52.5 | 52.7 | 52.8 | 53.1 | 53.2 | 53.4 |
| 2002 | 51.4 | 50.9 | 50.6 | 50.7 | 51.1 | 51.8 | 51.9 | 48.9 | 44.5 | 44.6 | 44.7 | 44.9 |
| AVERAGE | 51.49 | 51.52 | 51.62 | 51.92 | 52.93 | 53.55 | 53.61 | 53.09 | 51.82 | 51.40 | 51.88 | 51.49 |
| MAXIMUM | 55.0 | 55.0 | 55.0 | 55.2 | 55.0 | 55.1 | 55.0 | 55.3 | 55.0 | 55.0 | 56.1 | 54.9 |
| MINIMUM | 45.1 | 45.1 | 45.4 | 46.4 | 50.3 | 51.8 | 51.9 | 48.9 | 44.5 | 44.6 | 44.7 | 44.9 |

MAXIMUM CAPACITY 55.0 BG

New Jersey Water Supply Authority

MANASQUAN SYSTEM RAINFALL INCHES

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2011 | 4.26 | 2.39 | 5.00 | 5.13 | 3.38 | 2.71 | 3.71 | 17.87 | 5.62 | 4.51 | 3.33 | 4.51 |
| 2010 | 2.52 | 3.85 | 10.47 | 2.51 | 3.58 | 1.17 | 5.88 | 0.97 | 3.99 | 4.23 | 1.98 | 4.75 |
| 2009 | 4.00 | 0.47 | 2.13 | 6.04 | 3.48 | 6.83 | 5.42 | 3.67 | 5.89 | 4.83 | 2.51 | 10.47 |
| 2008 | 2.31 | 4.30 | 3.55 | 2.46 | 4.54 | 4.37 | 3.77 | 1.79 | 6.93 | 1.81 | 5.08 | 6.91 |
| 2007 | 3.37 | 2.17 | 4.12 | 9.60 | 1.39 | 5.91 | 5.69 | 2.96 | 0.38 | 4.20 | 2.01 | 5.91 |
| 2006 | 5.48 | 1.34 | 1.25 | 3.89 | 3.40 | 5.89 | 3.45 | 2.92 | 7.93 | 5.74 | 6.60 | 2.21 |
| 2005 | 3.07 | 2.19 | 4.06 | 4.14 | 2.71 | 4.13 | 4.44 | 1.71 | 1.99 | 15.60 | 3.77 | 3.97 |
| 2004 | 1.18 | 2.97 | 4.27 | 6.92 | 2.04 | 2.44 | 6.41 | 5.86 | 5.58 | 2.84 | 4.22 | 3.85 |
| 2003 | 2.63 | 3.27 | 3.38 | 3.40 | 4.36 | 7.33 | 3.49 | 4.22 | 4.57 | 3.90 | 4.21 | 4.58 |
| 2002 | 2.90 | 0.88 | 5.17 | 2.94 | 4.19 | 4.70 | 2.21 | 4.18 | 4.51 | 8.36 | 4.86 | 4.64 |
| TOTAL | 31.72 | 23.83 | 43.40 | 47.03 | 33.07 | 45.48 | 44.47 | 46.15 | 47.39 | 56.02 | 38.57 | 51.80 |
| AVERAGE | 3.17 | 2.38 | 4.34 | 4.70 | 3.31 | 4.55 | 4.45 | 4.62 | 4.74 | 5.60 | 3.86 | 5.18 |
| MAXIMUM | 5.48 | 4.30 | 10.47 | 9.60 | 4.54 | 7.33 | 6.41 | 17.87 | 7.93 | 15.60 | 6.60 | 10.47 |
| MINIMUM | 1.18 | 0.47 | 1.25 | 2.46 | 1.39 | 1.17 | 2.21 | 0.97 | 0.38 | 1.81 | 1.98 | 2.21 |

NOTE: The Manasquan System started operations July 1, 1990

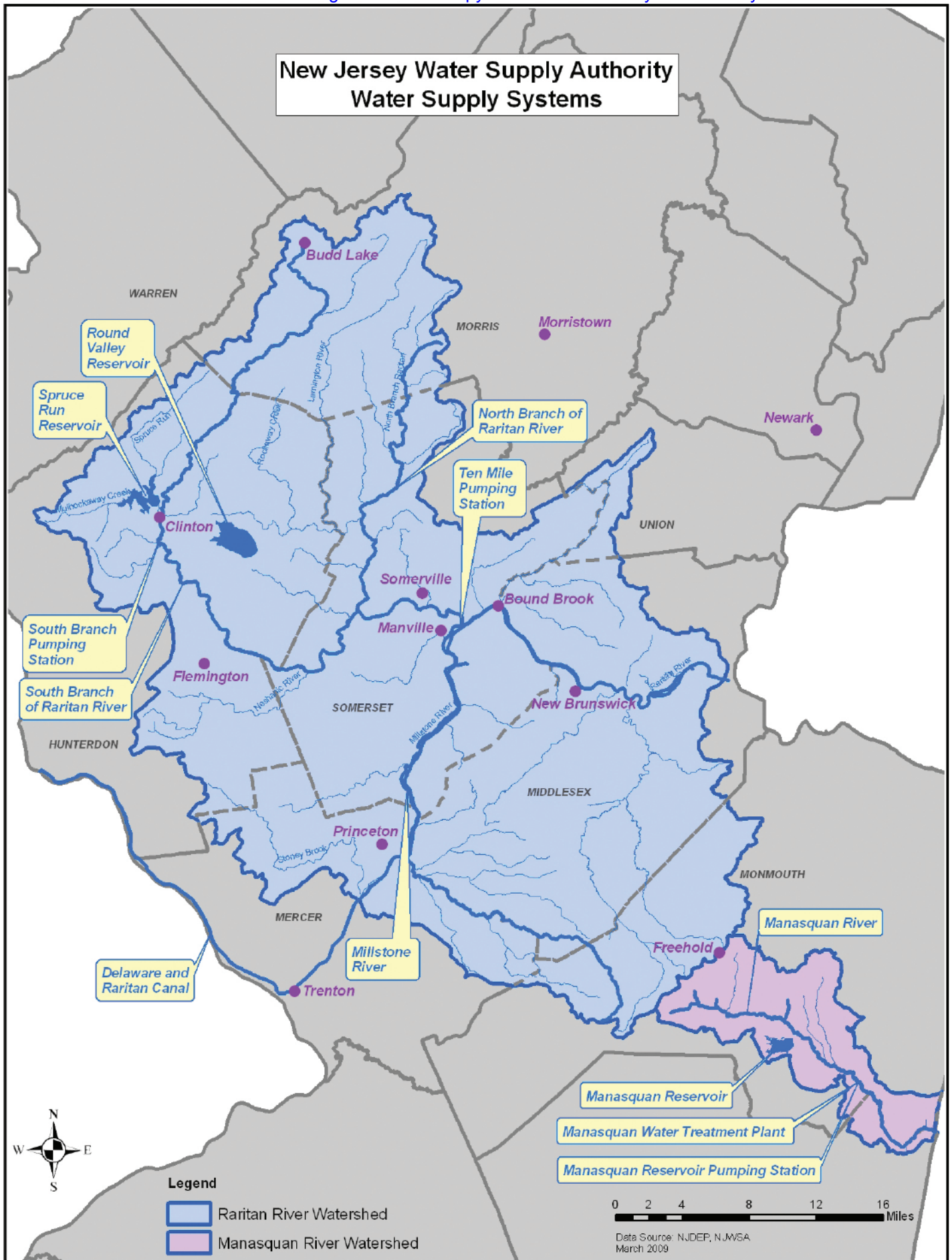
New Jersey Water Supply Authority

MANASQUAN RESERVOIR STORAGE DATA BILLION GALLONS

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|---------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2011 | 4.26 | 4.37 | 4.48 | 4.56 | 4.56 | 4.49 | 4.32 | 4.15 | 3.98 | 3.95 | 4.39 | 4.13 |
| 2010 | 4.60 | 4.58 | 4.64 | 4.60 | 4.58 | 4.32 | 3.92 | 3.52 | 3.03 | 3.18 | 3.23 | 3.48 |
| 2009 | 4.60 | 4.63 | 4.61 | 4.63 | 4.62 | 4.59 | 4.51 | 4.42 | 4.26 | 4.44 | 4.47 | 4.65 |
| 2008 | 4.24 | 4.55 | 4.58 | 4.61 | 4.60 | 4.49 | 4.19 | 3.84 | 3.49 | 3.42 | 3.43 | 3.90 |
| 2007 | 4.57 | 4.45 | 4.55 | 4.61 | 4.44 | 4.19 | 4.12 | 4.04 | 3.81 | 3.43 | 3.26 | 3.49 |
| 2006 | 4.62 | 4.60 | 4.57 | 4.56 | 4.56 | 4.56 | 4.54 | 4.14 | 4.21 | 4.40 | 4.42 | 4.29 |
| 2005 | 4.55 | 4.46 | 4.57 | 4.66 | 4.62 | 4.55 | 4.52 | 4.24 | 3.71 | 3.63 | 4.17 | 4.29 |
| 2004 | 4.24 | 4.37 | 4.58 | 4.60 | 4.61 | 4.53 | 4.37 | 4.31 | 4.18 | 4.36 | 4.33 | 4.52 |
| 2003 | 4.58 | 4.55 | 4.64 | 4.64 | 4.59 | 4.60 | 4.38 | 4.24 | 4.17 | 4.13 | 4.12 | 4.37 |
| 2002 | 3.03 | 3.29 | 3.51 | 4.43 | 4.59 | 4.54 | 4.27 | 3.66 | 3.43 | 3.52 | 4.18 | 4.62 |
| AVERAGE | 4.33 | 4.39 | 4.47 | 4.59 | 4.58 | 4.49 | 4.31 | 4.06 | 3.83 | 3.85 | 4.00 | 4.17 |
| MAXIMUM | 4.62 | 4.63 | 4.64 | 4.66 | 4.62 | 4.60 | 4.54 | 4.42 | 4.26 | 4.44 | 4.47 | 4.65 |
| MINIMUM | 3.03 | 3.29 | 3.51 | 4.43 | 4.44 | 4.19 | 3.92 | 3.52 | 3.03 | 3.18 | 3.23 | 3.48 |

MAXIMUM CAPACITY 4.7 BG

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