

NEW JERSEY WATER SUPPLY AUTHORITY



2012 ANNUAL REPORT

AND THE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

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, 2011

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. Sandison

President

Jeffrey R. Enos

Executive Director

NEW JERSEY WATER SUPPLY AUTHORITY

2012 ANNUAL REPORT

AND THE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

A COMPONENT UNIT
OF THE STATE OF NEW JERSEY



FOR THE YEAR ENDED
JUNE 30, 2012

Prepared by:
Finance and Accounting Staff

Henry S. Patterson
Executive Director

2012 Annual Report

Governor
Chris Christie



Authority Members

Bob Martin
Chair

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Vice Chair
Chair, Audit Committee

Shing-Fu Hsueh
Secretary
Chair, Insurance Committee

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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

Ellsworth Havens

Staff

Henry S. Patterson
Executive Director

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

2013 Monthly Meetings

The 2013 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 7, 2013
February 4, 2013
March 4, 2013
April 1, 2013
May 6, 2013
June 3, 2013 (Canal Office)
July 1, 2013 (Canal Office)
August 5, 2013 (Manasquan Office)
September 9, 2013
October 7, 2013
November 4, 2013
December 2, 2013

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

The recently completed Manasquan Intake Pump Station Building.

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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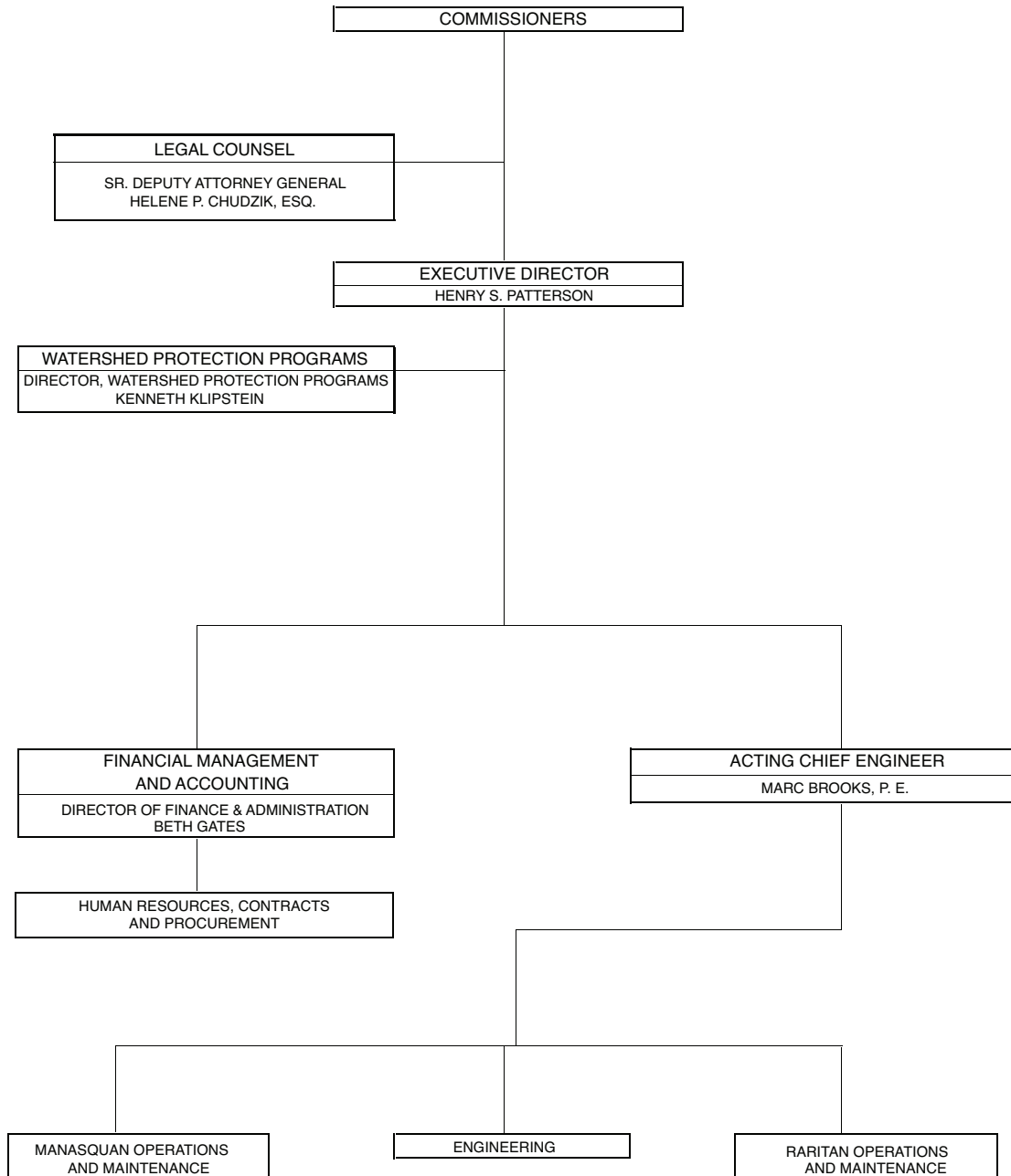
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Letter to Governor and Legislature



NEW JERSEY WATER SUPPLY AUTHORITY

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

February 2013

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

I am pleased to submit the 31st 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 FY2012.

Operations and maintenance activities at all Authority facilities have been typical. Calendar year 2012 started with precipitation well below normal levels for the first four months. However, May and June brought rains that were sufficient to strengthen reservoir levels. Most of July and August were very hot and dry resulting in high customer demands. During this period of time, Authority staff was able to satisfy the needs of its private and public customers without disruption. Timely average rainfall resulted in the Manasquan Reservoir remaining at or near historic average levels throughout the year which resulted in good water quality in the reservoir.

New Jersey Water Supply Authority staff has completed emergency repairs to the Delaware & Raritan Canal caused by Hurricane Irene and Tropical Storm Lee that took place in the fall 2011. Efforts are currently underway to determine the feasibility of plans to mitigate future damages that would be caused by similar storm events. Negotiations are underway with the Authority's insurance company and FEMA to provide compensation for incurred damages and future mitigation plans.

In late October, Tropical Depression Sandy caused only minor damage to Authority infrastructure. The Water Treatment Plant operation on behalf of the Southeast Monmouth Municipal Utilities Authority required the use of generator power for a short time. Electricity to the plant was restored within five days.

The New Jersey Water Supply Authority continues to acquire watershed properties. In FY2012, the Authority, along with its partners, has purchased an additional 529 acres of critical watershed properties. To date, more than 4,640 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 FY2011, our 20th consecutive award.

Sincerely,

Henry S. Patterson
Executive Director

Operations

In late August 2011, Hurricane Irene caused a breach of the Delaware & Raritan Canal embankment adjacent to the Workhouse Spillway in Hopewell Township in Mercer County. Since the spillway was under construction at the time, the Authority determined it would be most prudent to continue to work with the contractor that was already on site. At the direction of the previously engaged onsite engineers, and Authority staff, the contractor began repairs even before the river completely subsided. The breached portion of the embankment was restored by backfilling with dense graded aggregate, followed by a pressure grouting program that fortified the newly repaired embankment and provided increase foundation stability for the concrete box spillway.

The recently constructed concrete box spillway required complete demolition and reconstruction. Only one out of three of the cast iron pipes that connect the concrete structures, that were initially intended to be left in place, could be salvaged. The unsalvageable piping was replaced with similar pipe, and painted to be more historically and aesthetically appropriate. The entire construction/reconstruction project was completed in March 2012.

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. Acting on emergency authorization from the Board, the Authority engaged a contractor who used a conveyor belt to transport material over the Canal. It is safe to say that this strategy clearly prevented the embankment from breaching and consequently saved many homes from flooding in the town of Stockton. For a period of several days, until the river levels subsided from the embankment and the threat of breach ended, the contractor worked around the clock.

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 same Contractor was engaged to make emergency repairs at these locations. Similar 24/7 operations were maintained by the contractor at Port Mercer until the embankment was constructed sufficiently to hold water.

Dam Inspections

In accordance with the State Dam Safety Regulations, Authority staff and a contracted engineering consultant conducted the Formal/Annual dam inspection at the Manasquan Reservoir on May 30, 2012. Authority staff conducted the annual dam inspections at the Spruce Run and Round Valley Reservoirs on June 14, 2012. 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.

South Branch Pump Station Rehabilitation

The South Branch Pumping Station was constructed 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 three 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 2013. Additional units will be rehabilitated in subsequent years.

Dredging of the D & R Canal

Flow in the 10.5-mile section of the Canal, in 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 up to an estimated 300,000 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 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 design includes sediment sampling and characterization, identifying staging areas, dredging and dewatering activities, sediment disposal options, and the preparation of an Environmental Information Document (EID). Two of the three construction periods are expected to start in the summer of 2014.

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 with mechanical dewatering. After reviewing the alternatives, mechanical dredging in the wet and dry have each been ruled out.

While uncertainties existed in all of the alternatives evaluated, the degree to which potential elements' risks could be controlled varied between other alternatives. Mechanical excavation in the dry would have necessitated draining various reaches of the waterway while the dredging takes place. This would have posed difficulties and reduced built-in redundancies in providing water to the customers.

This alternative would have also necessitated the construction of a number of access ramps to the Canal bed which would have disturbed additional wetlands and natural and historic resources. Another major drawback of this alternative was weather, since the reach being dredged would have been prone to runoff into the Canal from precipitation events that would continue making it difficult to keep the reach dry.

Mechanical excavation in the wet or dry would have significantly increased truck traffic on the Canal towpath and Canal Road, neither of which are intended to carry the prolonged heavy truck traffic. Hydraulic dredging reduces these concerns since the slurry will be conveyed in a pipe that will float in the Canal and discharge the material to a temporary staging area. A temporary staging area has been identified central to the project and is ideally

identified central to the project and is ideally located near a county road. The material will be dewatered at the proposed staging area using either geobags or hydraulic presses. The specifications give the Contractors the option as to how to dewater the sediments. In each case, the Contractor will be provided with a performance specification dictating the moisture content of the final product.

A second 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 2014 funding cycle.

Capital Improvements - Manasquan Reservoir System

Construction of a Building Structure over the Intake Pump Station

The original construction of the Intake Pumping Station did not include an enclosure leaving the equipment exposed to the elements. The Authority has experienced problems with operating equipment that has been frozen, exposed to rain, pollen, and dust. Authority staff constructed a temporary wooden enclosure to protect the building, but that structure had met the end of its useful life.

An engineering consulting and architectural firm was retained to design a permanent building in place of the enclosure.

Construction of the building began in January 2012 and is expected to be completed in the fall of 2012. The masonry and steel building will enclose the five 600-horsepower vertical turbine pumps, the most valuable asset at the intake, and the ten traveling water screens. The building will include two traveling cranes, and a force-hot air heating system to provide safer working conditions and to prevent freezing of the mechanical equipment. The exterior of the building is highlighted by a split faced masonry façade and a pitched standing seam roof system.

Capital Improvements - Manasquan Water Treatment Plant

Manasquan Water Treatment Plant Improvements (Project)

The asset management plan highlighted 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 2011 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 an equalization tank, settling tanks (clarithickeners) and a third drying bed (lagoon). The finished water storage tank will allow the plant to shut down for brief periods of maintenance while still providing water to our customers and help for the plant to maintain more consistent production levels on a diurnal basis.

The Authority has executed a construction contract in the amount of \$6,740,000 to complete the project. The Authority is financing the project with NJEIFP and has already received approval for interim financing to bridge the gap between the start of construction to May 2013 when the bonds close allowing dispersal of the actual loan.

Watershed Protection Programs Unit

The Authority's Watershed Protection Program Unit's core activities are guided by the results of basin-wide Watershed Management Plans for the Raritan and Manasquan Rivers and funded in part by the source water protection component of the Authority's rate. This dedicated portion of the rate has given the Authority the ability to implement programs that effectively lower our long term maintenance costs while minimizing increases in our

customer's future treatment expenses. Watershed based strategies are designed to preserve our best water quality, prevent degradation of water quality from future land use changes and restore impaired water resources. Not only do these programs make economic sense; 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 own drinking water sources.

Under the larger basin-wide plans the Authority works with more detailed watershed restoration and protection plans to identify priority projects, programs and strategies for effective implementation. Detailed plans have been developed for the following watershed areas: Bedens Brook, Cranbury Brook, Duck Pond Run, Heathcote Brook, Rocky Brook and Royce Brook all (Stony Brook Millstone Watershed Association), Spruce Run Stream Segment, Black River (Rutgers University), D&R Canal Infalls & Tribs (last 11 miles), Cedar Grove Brook, Lockatong Creek, Manalapan Brook, Mulhockaway Creek, Neshanic River (New Jersey Institute of Technology), Pleasant Run & Holland Brook (Readington Township), Sidney Brook (Union Township), and Wickecheoke Creek.

Implementation funding is in place for elements of a number of these plans. Programs, projects and strategies are focused on areas and issues of highest concern. Examples of areas and issues of highest 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 Peters 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. Additional implementation funding will be sought from USEPA, NJDEP and other sources as appropriate to fully implement and refine these plans.

The Watershed Protection Programs Unit

2012 highlighted accomplishments include the following: D&R Canal sediment reduction; a nutrient separating baffle box and five vegetated inlet structures were installed to treat runoff entering the canal at "Infall 21" located in South Bound Brook Borough. Urban Stormwater disconnection projects (Peters Brook & Canal); through workshops and rebates approximately 242 rain barrels and three rain gardens were installed over the past two years. Lockatong and Wickecheoke Projects; sampling data was collected and used to determine localized variations in stormwater infiltration and runoff quality and quantity by land use, and the direct associations between runoff and ground water recharge. Manasquan River Projects; designed, implemented and completed multi-media sampling for tracking color source(s) in the Manasquan River; identified chemical properties of particle responsible for residual color in the Manasquan River resulting in a processing change for effective treatment; and developed a database and GIS model for prioritizing agricultural lands for buffer restoration in the Manasquan Watershed. River-Friendly Programs/Outreach; new baseline standards were established for the business and golf course certification programs; Heron Glen Golf Course was certified as River-Friendly, the first golf course in Hunterdon County; there are now 42 participating farms and 16 certified farms in the River-Friendly Farm Program; and participated in 12 community outreach events and gave numerous presentation to promote the programs. Preservation of Critical Water Resource Land; partner in the preservation of 88 acres in Delaware Township, 140 acres in Tewksbury Township, 240 acres in Mount Olive Township, and 57 acres in Lebanon Township.

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 2012, the Authority committed \$500,000 to purchase and preserve along with its partners, 128 acres within the Raritan Basin. To date, more than 4,640 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 2012, 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 2012, the Authority undertook several steps to implement cost savings measures totaling \$615,622. The Authority reviewed staffing levels and determined to permanently eliminate funding for one position within the Executive Office where those duties were previously consolidated in the Engineering Department. This resulted in an annual savings of \$84,000. Insurance brokerage and risk management services are in the third year of a three year contract, which, when rebid, saved the Authority \$8,000 in 2012. Management raises were again deferred in 2012 saving \$39,000. As vacancies occurred in staffing, the Authority made certain that

personnel were promoted or hired from the outside into salaries which were lower than the departing incumbent. During 2012, the Authority saved \$102,422 through exercising this diligence. A review of the general operations and maintenance budget revealed savings of \$182,200 composed of maintenance supplies, fuel, 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 undertook a thorough review of its reserves, specifically the depreciation reserve and self-insurance reserve, and determined that the existing levels of funding were appropriate and reduced current budget expense by \$200,000.

Letter of Transmittal - Chief Financial Officer



NEW JERSEY WATER SUPPLY AUTHORITY

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October 1, 2012

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, 2012 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, 2012 were \$209,642,663 a decrease of less than one percent over the previous year's total of \$210,105,767. The Capital Assets, net of accumulated depreciation decreased \$144,636, or less than one percent, from \$144,133,322 to \$143,988,686.

The total of cash, cash equivalents and investments for the Authority decreased \$1,051,025, or two percent, from \$54,394,921 to \$53,343,896. The decrease in cash is mainly attributable to the repair expenses on the D&R Canal after Hurricane Irene on August 28, 2011 and Tropical Storm Lee on September 7, 2011. Current liabilities increased \$306,900, or three percent, from \$9,510,372 to \$9,817,272. The increase is primarily due to the increase in current payable on new loans. Total Net Assets of the Authority increased \$216,772, or less than one percent, from \$114,032,341 to \$114,249,113.

Total Operating Revenues decreased by \$648,107 or two percent, from \$26,596,421 to \$25,948,314 due to a three percent decrease in overdraft water billing in the Raritan Basin System. Total Operating Expenses increased \$3,268,254, or 16 percent, from \$20,649,747 to \$23,918,001 due to O&M increases, because of the storm related damages.

Non-operating Revenues increased \$2,252,153 or 356 percent, from \$632,306 to \$2,884,459 due to the receipt of FEMA and insurance reimbursement from the storm related damages. Investment Income decreased \$25,708, or 10 percent from the previous year. Non-operating expenses increased \$172,565, or four percent, from \$4,525,435 to \$4,698,000 due to an increase from the FASB71 Calculation.

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 2012 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, 2011. This was the 20th 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 2012, 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 decreased slightly to 182.023 million gallons per day for fiscal year 2012, 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

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INDEPENDENT AUDITORS' REPORT

To the Commissioners of
New Jersey Water Supply Authority

We have audited the accompanying financial statements of the business-type activities of the New Jersey Water Supply Authority (the "Authority"), as of and for the years ended June 30, 2012 and 2011. 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 the business-type activities of the New Jersey Water Supply Authority as of June 30, 2012 and 2011, 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 1, 2012 and October 3, 2011, as of and for the years ended June 30, 2012 and June 30, 2011, 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)

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mercaderes, P.C.
Certified Public Accountants

October 1, 2012



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2012

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 June 30, 2012. Please read it in conjunction with the Authority's basic financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Operating revenue for fiscal year 2012 was \$25.9 million, a decrease of 2.44% over fiscal year 2011, which was the result of a 3.02% decrease in Raritan, and a 1.19% decrease 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 .02%, from 182.073 million gallons per day to 182.023 million gallons per day. Manasquan Reservoir System rates increased 3.61%, from \$980.48 per million gallons to \$1,015.90 per million gallons. The fiscal year 2012 sales base remained the same at 20.560 million gallons per day.
- Unrestricted cash and cash equivalents for fiscal year 2012 were \$34.0 million, an increase of 13.13% from fiscal year 2011. Income from operations decreased for the Raritan System 174.64% and decreased 6.32% for the Manasquan System.
- Total liabilities for fiscal year 2012 were \$95.4 million, a decrease of .71% from fiscal year 2011. The Authority continues to pay down long-term debt in both systems.
- Total operating expenses for fiscal year 2012 increased to \$23.9 million, which represents a 15.83% increase from fiscal year 2011. Payroll increased slightly because of increased pension and health benefit expenses. Operations and maintenance expenses increased 61.35% to \$8.5 million because of the storm related damages, and subsequent repairs from Hurricane Irene on August 29, 2011, and Tropical Storm Lee on September 8, 2011.
- Other changes for fiscal year 2012 include the following: non-operating revenue increased 356.18% to \$2,884,459, investment income decreased 10.1% because of receding market conditions, and the receipt of grant programs increased 78.25% from the previous year, and other income increased 2,610.59%, because of the receipt of FEMA and insurance proceeds reimbursing the Authority for storm expenses.
- Non-operating expenses for fiscal year 2012 increased 3.81% to \$4.7 million. The interest component of debt service decreased 5.74% 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2012

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, 2012. In fiscal year 2012, total assets decreased .22% to \$209.6 million due to a 32.02% decrease in costs to be recovered from future revenues, and total liabilities decreased .71% to \$95.4 million, due to the continued pay down of long-term debt. Total net assets as of June 30, 2011, were approximately \$114 million. Total assets that year decreased .66% to \$210.1 million, and total liabilities decreased 3.47% to \$96.1 million. Changes in assets, liabilities and net assets between June 30, 2012, 2011 and 2010, are summarized in the following table:

	2012	2011	2010	Percentage Change 2012-2011
Current assets	\$ 43,454,301	\$ 36,101,110	\$ 33,994,171	20.37%
Capital assets, net	143,988,686	144,133,322	144,956,581	(.10)
Other non-current assets	22,199,676	29,871,335	32,559,221	(25.68)
Total assets	209,642,663	210,105,767	211,509,973	(.22)
Long-term debt	85,576,278	86,563,054	90,149,614	(1.14)
Other liabilities	9,817,272	9,510,372	9,381,563	3.23
Total liabilities	95,393,550	96,073,426	99,531,177	(.71)
Net assets invested in				
capital assets, net of related debt	78,090,867	77,691,938	75,184,140	.51
Restricted	11,924,238	12,011,721	12,006,417	(.73)
Unrestricted	24,234,008	24,328,682	24,788,239	(.39)
Total net assets	\$114,249,113	\$114,032,341	\$111,978,796	.19



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2012

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 2012 and 2011 Authority meetings, respectively, based on anticipated operating expenses:

	<u>Rate</u> <u>7/01/2012</u>	<u>Rate</u> <u>7/01/2011</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	\$ 1,015.90/mg	-%
Delayed Water Users	\$ 1,168.49/mg	\$ 1,168.71/mg	(.02)%

The Authority's total operating revenue for fiscal year 2012 was \$25.9 million, a decrease of 2.44% from fiscal year 2011, due to a 3.02% decrease in Raritan and a 1.19% decrease in Manasquan water sales. The Authority's total operating expenses for fiscal year 2012 were \$23.9 million, an increase of 15.83% from fiscal year 2011, because of increases in Raritan O&M expenses. The Authority's total operating revenue for fiscal year 2011 was \$26.6 million, an increase of 3.81% from fiscal year 2010. The Authority's total operating expenses for fiscal year 2011 were \$20.6 million, an increase of 4.28% from fiscal year 2010. The following table summarizes the changes in revenue, expenses and net assets between fiscal years 2012, 2011 and 2010:



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2012

	2012	2011	2010	Percentage Change 2012-2011
Operating revenue:				
Water sales	\$ 23,513,508	\$ 24,095,286	\$ 23,031,803	(2.41)%
Reimbursement of operating expenses	2,434,806	2,501,135	2,589,276	(2.65)
Total operating revenue	25,948,314	26,596,421	25,621,079	(2.44)
Non-operating revenue:				
State of New Jersey - Grant Programs	416,483	233,650	204,820	78.25
Investment income	227,964	253,672	346,731	(10.13)
Rental income	102,033	66,109	65,509	54.34
Other income	2,137,979	78,875	64,351	2,610.59
Total non-operating revenue	2,884,459	632,306	681,411	356.18
Total revenue	28,832,773	27,228,727	26,302,490	5.89
Operating expenses:				
Payroll	7,352,772	7,371,024	6,953,871	(.25)
Operations and maintenance	8,501,467	5,268,967	5,175,847	61.35
Fringe benefits	3,762,280	3,658,603	3,260,980	2.83
Depreciation	4,301,482	4,351,153	4,412,142	(1.14)
Total operating expenses	23,918,001	20,649,747	19,802,840	15.83
Non-operating expenses:				
Interest component of debt service of the State of New Jersey	2,059,808	2,185,254	2,428,362	(5.74)
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	2,547,644	2,249,633	2,277,577	13.25
Total non-operating expenses	4,698,000	4,525,435	4,796,487	3.81
Total expenses	28,616,001	25,175,182	24,599,327	13.67
Change in net assets	216,772	2,053,545	1,703,163	(89.44)
Net assets, beginning of year	114,032,341	111,978,796	110,275,633	1.83
Net assets, end of year	\$ 114,249,113	\$ 114,032,341	\$ 111,978,796	.19



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2012, the Authority had a total of \$143,988,686 invested in the Systems that it operates: \$84,099,912 invested in the Raritan Basin System and \$59,888,774 invested in the Manasquan System. This total amount represents a .10% decrease from last year.

The following table summarizes the changes in capital assets, net of depreciation, between fiscal years 2012, 2011 and 2010:

	2012	2011	2010	Percentage Change 2012-2011
Land and land rights	\$ 24,290,450	\$ 22,364,310	\$ 21,257,327	8.61%
Dams	51,396,994	52,194,990	52,992,984	(1.53)
Building, structures and improvements	57,647,267	60,756,881	60,965,078	(5.12)
Machinery and equipment	1,038,191	1,281,313	1,511,915	(18.97)
Construction work in progress	9,615,784	7,535,828	8,229,277	27.60
Total capital assets, net	<u>\$143,988,686</u>	<u>\$144,133,322</u>	<u>\$144,956,581</u>	(.10)

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 2012, 2011 and 2010:

	2012	2011	2010	Percentage Change 2012-2011
Bonds payable	\$ 40,607,618	\$45,524,920	\$ 50,234,457	(10.80)%
Notes payable	33,654,736	33,657,001	33,659,135	(.01)
Loans payable	17,198,649	12,822,647	11,442,033	34.13
Total bonds, notes and loans payable	<u>\$ 91,461,003</u>	<u>\$92,004,568</u>	<u>\$ 95,335,625</u>	(.59)

At year-end, the Authority had \$91,461,003 in bonds, notes and loans principal outstanding, compared to \$92,004,568 at June 30, 2011. This change represents a decrease of .59%, 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2012

CURRENT AND NEW BUSINESS

During fiscal year 2012, 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, 2012, there was the addition of Lamington Farms (.090mgd), and Stonebridge Community Association (.081mgd). This will increase the total sales base for the Raritan Basin System to 182.207mgd as of June 30, 2012, up from 182.036mgd at June 30, 2011. In addition, during fiscal year 2012, 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, 2012, 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,	
	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 34,008,030	\$ 30,060,420
Unbilled sales	1,165,026	968,757
Accounts receivable, less allowance for doubtful accounts of \$1,000 at June 30, 2012 and 2011	4,646,665	1,800,751
Interest receivable	118,994	23,264
Prepaid expenses and other current assets	899,250	851,765
Costs to be recovered from future revenue	2,616,336	2,396,153
Total current assets	<u>43,454,301</u>	<u>36,101,110</u>
Non-current assets:		
Restricted assets:		
Cash equivalents	1,058,593	1,256,433
Investments	12,378,541	12,400,279
Investments	5,898,732	10,677,789
Costs to be recovered from future revenue	2,460,092	5,070,910
Deferred issuance cost	403,718	465,924
Capital assets, net	143,988,686	144,133,322
Total non-current assets	<u>166,188,362</u>	<u>174,004,657</u>
Total assets	<u>209,642,663</u>	<u>210,105,767</u>
Liabilities		
Current liabilities:		
Current portion of bonds, notes and loans payable	5,884,725	5,441,514
Accounts payable	281,460	247,899
Accrued liabilities	2,138,191	2,175,968
Unearned revenue	1,512,896	1,644,991
Total current liabilities	<u>9,817,272</u>	<u>9,510,372</u>
Non-current liabilities:		
Long-term portion of bonds, notes and loans payable	85,576,278	86,563,054
Total liabilities	<u>95,393,550</u>	<u>96,073,426</u>
Net Assets		
Invested in capital assets, net of related debt	78,090,867	77,691,938
Restricted for repayment of debt principal and interest	11,924,238	12,011,721
Unrestricted	24,234,008	24,328,682
Total net assets	<u>\$114,249,113</u>	<u>\$114,032,341</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,	
	2012	2011
Operating revenue:		
Water sales	\$ 23,513,508	\$ 24,095,286
Reimbursement of operating expenses	2,434,806	2,501,135
Total operating revenue	25,948,314	26,596,421
Operating expenses:		
Payroll	7,352,772	7,371,024
Operations and maintenance	8,501,467	5,268,967
Fringe benefits	3,762,280	3,658,603
Depreciation	4,301,482	4,351,153
Total operating expenses	23,918,001	20,649,747
Income from operations	2,030,313	5,946,674
Non-operating revenue:		
State of New Jersey - Grant Programs	416,483	233,650
Investment income	227,964	253,672
Rental income	102,033	66,109
Other income	2,137,979	78,875
Total non-operating revenue	2,884,459	632,306
Non-operating expenses:		
Interest component of debt service to the State of New Jersey	2,059,808	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
Reduction in costs to be recovered from future revenue	2,547,644	2,249,633
Total non-operating expenses	4,698,000	4,525,435
Change in net assets	216,772	2,053,545
Net assets, beginning of year	114,032,341	111,978,796
Net assets, end of year	\$114,249,113	\$114,032,341

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,	
	2012	2011
Cash flows from operating activities		
Cash received from water sales	\$23,548,441	\$25,282,906
Cash received from reimbursable expenses	4,565,635	2,597,758
Cash received from rental income	35,713	34,091
Cash paid to or on behalf of employees	(11,100,076)	(10,852,017)
Cash paid to suppliers	(8,531,005)	(5,291,800)
Net cash provided by operating activities	8,518,708	11,770,938
Cash flows from noncapital financing activities		
Cash received for grant programs	416,483	233,650
Net cash provided by noncapital financing activities	416,483	233,650
Cash flows from capital and related financing activities		
Proceeds from borrowing	4,993,705	2,054,338
Principal paid on bonds, notes and loans	(5,849,198)	(5,611,795)
Interest paid on bonds, notes and loans	(2,083,637)	(2,237,604)
Acquisition and construction of capital assets	(7,182,560)	(4,017,823)
Proceeds from sale of capital assets	3,240	18,035
Net cash used in capital and related financing activities	(10,118,450)	(9,794,849)
Cash flows from investing activities		
Sale of investment securities	19,953,250	9,590,086
Purchase of investment securities	(15,152,455)	(9,231,323)
Interest received on investments	132,234	253,718
Net cash provided by investing activities	4,933,029	612,481
Net increase in cash and cash equivalents	3,749,770	2,822,220
Cash and cash equivalents, beginning of year	31,316,853	28,494,633
Cash and cash equivalents, end of year	\$35,066,623	\$31,316,853
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 2,030,313	\$ 5,946,674
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Non-cash items expensed to operations and maintenance	-	(75,168)
Cash received for operating activity included in other income	2,236,772	126,949
Depreciation	4,301,482	4,351,153
Increase (decrease) in cash from:		
Unbilled sales	(197,269)	(98,384)
Accounts receivable	189,440	1,379,896
Prepaid expenses and other current assets	(47,485)	97,170
Accounts payable	24,921	(51,105)
Accrued liabilities	(12,114)	16,622
Accrued payroll and taxes	(7,352)	77,131
Net cash provided by operating activities	\$ 8,518,708	\$11,770,938
Non-cash investing activities		
Decrease in fair value of investments	\$ (163,639)	\$ (123,752)

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)

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 ninety days 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, 2012 and 2011, accounts receivable included amounts due from the New Jersey Environmental Infrastructure Financing Program ("NJEIFP") for \$3,962,747 and \$931,278, respectively.

During fiscal years 2012 and 2011, respectively, two customers accounted for approximately 84% 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 up to a maximum of \$15,000. A liability is accrued in the financial statements when incurred.

Use of Estimates

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

Income Taxes

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

New Jersey Water Supply Authority
A Component Unit of the State of New Jersey
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, 2012 and 2011, were determined as follows:

	2012	2011
Raritan Basin System		
Cost excluded from rate model:		
Depreciation of debt-financed capital assets recoverable from rate payers	\$ 835,256	\$ 848,107
Excess vacation expense over vacation paid	9,533	25,470
	844,789	873,577
Cost included in rate model:		
Debt principal repayment	(2,345,000)	(2,230,000)
	(1,500,211)	(1,356,423)

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

	2012	2011
Manasquan System		
Cost excluded from rate model:		
Depreciation of debt-financed capital assets recoverable from rate payers	1,540,854	1,540,854
Excess vacation expense over vacation paid	(4,015)	47
	1,536,839	1,540,901
Cost included in rate model:		
Debt principal repayment	(2,427,263)	(2,347,136)
	(890,424)	(806,235)
Total Raritan Basin and Manasquan	(2,390,635)	(2,162,658)
Balance, beginning of year	7,467,063	9,629,721
Balance, end of year	\$5,076,428	\$7,467,063

As shown in the statements of revenue, expenses and changes in net assets for the years ended June 30, 2012 and 2011, respectively, the costs to be recovered from future revenue of \$2,547,644 and \$2,249,633 includes a debit balance of \$151,491, and a debit balance of \$61,458 of Manasquan Water Treatment Plant deferred revenue, which is not part of the rate model, and does not include a credit balance of \$5,518, and a credit balance of \$25,517 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, 2012 and 2011, unearned revenue amounting to \$1,264,348 and \$1,112,857, respectively, was determined as follows:

	2012	2011
Reimbursement of operating expenses	\$2,435,759	\$2,503,288
Operating expenses	2,284,268	2,441,830
Unearned revenue	151,491	61,458
Balance, beginning of year	1,112,857	1,051,399
Balance, end of year	\$1,264,348	\$1,112,857

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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, 2012 and 2011, the amount included in unearned revenue was \$248,548, and \$532,134, respectively.

Accounting for Watershed Protection Program

For the fiscal years ended June 30, 2012 and 2011, the Authority received \$120,332 and \$208,150, 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, 2012, 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, that 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 financial statements.

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

3. Capital Assets

Capital assets activity for the years ended June 30, 2012 and 2011, was as follows:

	2012 Beginning Balance	Additions	Retirements	2012 Ending Balance
Capital assets not being depreciated:				
Land	\$ 22,364,310	\$1,926,140	\$ -	\$ 24,290,450
Construction work in progress	7,535,828	2,121,570	(41,614)	9,615,784
Total capital assets not being depreciated	29,900,138	4,047,710	(41,614)	33,906,234
Capital assets being depreciated:				
Dams	77,369,160	-	-	77,369,160
Building, structures and improvements	126,536,820	37,304	-	126,574,124
D & R canal dredging	21,160,274	-	-	21,160,274
Machinery and equipment	6,140,423	113,447	(47,082)	6,206,788
Total capital assets being depreciated	231,206,677	150,751	(47,082)	231,310,346
Less accumulated depreciation for:				
Dams	(25,174,171)	(797,995)	-	(25,972,166)
Building, structures and improvements	(65,779,939)	(3,146,919)	-	(68,926,858)
D & R canal dredging	(21,160,273)	-	-	(21,160,273)
Machinery and equipment	(4,859,110)	(356,569)	47,082	(5,168,597)
Total accumulated depreciation	(116,973,493)	(4,301,483)	47,082	(121,227,894)
Total capital assets, being depreciated, net	114,233,184	(4,150,732)	-	110,082,452
Total capital assets, net	\$144,133,322	\$ (103,022)	\$ (41,614)	\$143,988,686

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

	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

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, 2012 and 2011, the Authority's bank balance was \$2,863,736 and \$3,106,216, respectively, of which \$250,000 was covered through the FDIC. The remaining balance of \$2,613,736 and \$2,856,216 as of June 30, 2012 and 2011, respectively, was collateralized, and the cash balance per the statement of net assets is shown exclusive of outstanding checks totaling \$429,877 and \$258,676, respectively. The statements of net assets amount includes petty cash totaling \$500 and \$300, respectively as of June 30, 2012 and 2011.

New Jersey Water Supply Authority
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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 \$2,863,736 and \$3,106,216 as of June 30, 2012 and 2011, respectively, was exposed to custodial credit risk as follows:

	2012	2011
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, 2012, the Authority had the following investments and cash equivalents, and maturities:

Investment and Cash Equivalent Type	Fair Value	<u>Investment Maturities (In Years)</u>	
		Less than 1	1-5
U.S. Treasuries	\$45,010,805	\$45,010,805	\$ -
U.S. Agencies	6,017,726	-	6,017,726
Total	\$51,028,531	\$45,010,805	\$ 6,017,726

As of June 30, 2011, the Authority had the following investments and cash equivalents, and maturities:

Investment and Cash Equivalent Type	Fair Value	<u>Investment Maturities (In Years)</u>	
		Less than 1	1-5
U.S. Treasuries	\$40,869,292	\$40,869,292	\$ -
U.S. Treasury Note	10,701,053	-	10,701,053
Total	\$51,570,345	\$40,869,292	\$10,701,053

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.

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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, 2011, 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 for the years ended June 30, 2012 and 2011, respectively:

	<u>2012</u>	<u>2011</u>
Interest earned on bank accounts and certificates of deposit	\$177,673	\$190,279
Interest earned on securities	213,930	187,146
Decrease in fair value of securities	(163,639)	(123,753)
	<u>\$227,964</u>	<u>\$253,672</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, 2012 and 2011.

At June 30, 2012 and 2011, the State Loan Notes and Completion Notes are summarized as follows:

<u>State Loan Notes</u>	2012	2011
Current Notes	\$ 79,427	\$ 81,482
Deferred Notes	30,365,115	30,365,115
<u>Completion Notes</u>		
Current Notes	8,417	8,627
Deferred Notes	3,201,777	3,201,777
	<u>\$33,654,736</u>	<u>\$33,657,001</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 \$34,085,000 at June 30, 2012, carry a bond yield of 3.95%, and mature in incremental annual principal amounts through 2031. Principal maturities for the year ending June 30, 2013, are \$2,525,000. 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, 2012 and 2011, interest expense on the 2005 Bonds amounted to \$1,717,830 and \$1,827,818, respectively, and the related interest income earned on the restricted investments amounted to \$226 and \$321, respectively.

C. New Jersey Environmental Infrastructure Financing Program (“NJEIFP”)

The New Jersey Water Supply Authority, a Component Unit of the State of New Jersey, obtained a loan from the New Jersey Environmental Infrastructure Trust (“the Trust”) for the construction of a permanent structure over the Manasquan Intake Pump Station. Under the NJEIFP, the borrowers benefit from a loan formula under which participants borrow a percentage of 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 Manasquan Reservoir System are pledged as collateral for the loans.

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

The following table summarizes the NJEIFP loan outstanding as of June 30, 2012:

NJEIFP Series	Date of Issuance	State Revolving Fund Principal	Percent	Trust Principal	Percent	Blended Interest Rate	Outstanding Principal	Maturity
2012B	05/03/2012	\$2,312,250	76%	\$715,000	24%	.80%	\$3,027,250	08/01/2031

D. 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 \$5,065,000 are outstanding at June 30, 2012, 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, 2013 are \$2,465,000. 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.

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

For the years ended June 30, 2012 and 2011, interest expense on the Refunding Bonds amounted to \$314,715 and \$458,219, respectively, and the related interest income earned on the restricted investments amounted to \$54 and \$30, 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.

E. 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, and property and revenue of the Raritan Basin System are pledged as collateral for the loans.

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

The following table summarizes the NJEIFP loans outstanding as of June 30, 2012:

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%	\$535,867	8/1/2023
2004A	11/04/2004	1,030,000	75%	350,000	25%	1.310%	944,459	8/1/2024
2005A	11/10/2005	2,940,974	75%	1,050,000	25%	1.251%	2,394,934	8/1/2025
2006A	11/09/2006	2,099,363	75%	745,000	25%	1.260%	2,174,305	8/1/2026
2007A	11/08/2007	1,740,563	75%	620,000	25%	1.055%	1,953,480	8/1/2027
2008A	11/06/2008	1,152,000	64%	660,000	36%	1.740%	1,611,772	8/1/2028
2010A	03/10/2010	300,493	51%	290,000	49%	1.685%	538,361	8/1/2029
2010B	12/02/2010	1,064,338	52%	990,000	48%	1.870%	1,994,261	8/1/2030
2012A	05/03/2012	1,501,455	76%	465,000	24%	.65%	1,966,455	8/1/2031
TOTAL		\$12,456,205		\$5,405,000			\$14,113,894	

The following table summarizes the changes in bonds, notes and loans payable between fiscal years 2012 and 2011:

	Fiscal Year 2011	Less Payments, Net of Amortization	Debt Issued	Fiscal Year 2012	Due Within One Year
Bonds payable	\$45,524,920	\$4,917,302	\$ -	\$40,607,618	\$4,990,000
Notes payable	33,657,001	2,265	-	33,654,736	2,399
Loans payable	12,822,647	617,703	4,993,705	17,198,649	892,326
TOTAL	\$92,004,568	\$5,537,270	\$4,993,705	\$91,461,003	\$5,884,725

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

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	Manasquan Reservoir System	Notes Payable Manasquan System	Delaware & Rarian 1998 Water Revenue Refunding Bonds	Manasquan System Revenue Bonds Series 2005	Totals
2013	977,291	143,481	7,562	2,670,997	4,166,125	7,965,456
2014	1,036,468	173,622	7,558	2,669,875	4,171,500	8,059,023
2015	1,042,482	172,997	7,553	-	4,170,125	5,393,157
2016	1,033,878	172,247	7,549	-	4,171,750	5,385,424
2017	1,076,449	176,422	7,544	-	4,166,125	5,426,540
2018-2022	5,288,834	873,010	37,631	-	17,378,375	23,577,850
2023-2027	4,217,623	868,860	37,450	-	3,608,125	8,732,058
2028-2032	1,480,965	826,970	37,208	-	3,570,000	5,915,143
Deferred Portion	-	-	33,566,892	-	-	33,566,892
Subtotal	16,153,990	3,407,609	33,716,947	5,340,872	45,402,125	104,021,543
Less amounts representing interest	2,040,096	380,359	62,211	275,872	11,317,125	14,075,663
Unamortized deferral amount	-	-	-	28,645	314,545	343,190
Plus unamortized bond premium	57,505	-	-	73,425	1,727,383	1,858,313
Subtotal	14,171,399	3,027,250	33,654,736	5,109,780	35,497,838	91,461,003
Less: Current principal portion	774,754	117,572	2,399	2,465,000	2,525,000	5,884,725
Total	<u>\$13,396,645</u>	<u>\$2,909,678</u>	<u>\$33,652,337</u>	<u>\$2,644,780</u>	<u>\$32,972,838</u>	<u>\$85,576,278</u>

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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 their 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. PERS members can apply for a service retirement at age 60 if enrolled before November 2, 2008 (Tier 1 or Tier 2), or at age 62 if enrolled on or after November 2, 2008, but before June 28, 2011 (Tier 3 or Tier 4), or at age 65 if enrolled on or after June 28, 2011 (Tier 5) regardless of the amount of service credit earned.

Tier 1, 2 or 3: Annual Benefit = Years of Service Credit, divided by 55, times Final Average Salary (average salary of the last three years of credited service or the highest three fiscal years of credited service, whichever provides the higher benefit). Tier 4 or Tier 5: Annual Benefit = Years of Service Credit, divided by 60, times Final Average Salary (average salary of the last five years of credited service or the highest five fiscal years of credited service, whichever provides the higher 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 6.64% 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.

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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, 2012, 2011 and 2010, was \$6,982,324, \$7,018,064 and \$6,664,220, respectively. The Authority's total payroll for the years ended June 30, 2012, 2011 and 2010, was \$7,395,891, \$7,422,082 and \$6,975,811, respectively. The actuarial contribution requirements and the contributions made for the years ended June 30, 2012, 2011 and 2010, were \$1,289,250, \$1,141,373 and \$1,146,076, respectively, which consisted of \$856,878, \$754,621 and \$765,242 from the Authority, and \$432,372, \$386,752 and \$380,834 from the employees, respectively. As required by PERS, the employer and employee contributions represented 12.27% and 6.19% of covered payroll for the year ended June 30, 2012, 10.75% and 5.51% of covered payroll for the year ended June 30, 2011, and 11.48% and 5.72% of covered payroll for the year ended June 30, 2010, 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 49, 45 and 42 at June 30, 2012, 2011 and 2010, respectively. Total cost for these post-retirement benefits, included in fringe benefits, approximated \$599,311, \$501,871 and \$456,045 for the years ended June 30, 2012, 2011 and 2010, respectively. Contributions were made in accordance with the actuarial funding requirement.

7. Major Water Customers

During fiscal years 2012 and 2011, the Authority supplied water to approximately 26 customers of the Raritan Basin System and 13 customers of the Manasquan System.

During fiscal years 2012 and 2011, two customers accounted for approximately 84% of total Raritan Basin System operating revenue. Three customers accounted for approximately 81% 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 Events

Management has evaluated subsequent events that occurred after June 30, 2012, but before October 1, 2012, 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, 2012	
	Raritan Basin System	Manasquan Water Supply System
Condensed statement of net assets		
Assets:		
Current assets	\$30,042,635	\$13,411,666
Restricted assets	4,901,553	8,535,581
Capital assets	84,099,912	59,888,774
Other non-current assets	(9,429,438)	18,191,980
Total assets	109,614,662	100,028,001
Liabilities:		
Current liabilities	4,567,814	5,249,458
Non-current liabilities	16,041,425	69,534,853
Total liabilities	20,609,239	74,784,311
Net assets:		
Invested in capital assets, net of related debt	64,818,732	13,272,135
Restricted for repayment of debt principal and interest	4,901,553	7,022,685
Unrestricted	19,448,628	4,785,380
Total net assets	\$89,168,913	\$25,080,200

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

	June 30, 2012	
	Raritan Basin System	Manasquan Water Supply System
Condensed statement of revenue, expenses and changes in net assets		
Total operating revenue	\$15,620,858	\$ 7,892,650
Operating expenses	14,573,589	2,758,662
Depreciation	2,659,380	1,642,102
Operating (loss) income	(1,612,111)	3,491,886
Non-operating revenue	2,608,669	274,837
Non-operating expense	2,024,146	2,522,363
Change in net assets	(1,027,588)	1,244,360
Net assets, beginning of year	90,196,501	23,835,840
Net assets, end of year	\$89,168,913	\$25,080,200
Condensed statement of cash flows		
Net cash provided by (used in):		
Operating activities	\$ 3,236,135	\$ 5,267,096
Non-capital financing activities	416,483	-
Capital and related financing activities	(4,486,389)	(8,643,834)
Investing activities	5,195,016	(261,987)
Net increase (decrease) in cash and cash equivalents	4,361,245	(3,638,725)
Beginning cash and cash equivalent balances	21,081,553	10,235,300
Ending cash and cash equivalent balances	\$25,442,798	\$ 6,596,575

Supplemental Information

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

June 30, 2012

	Raritan Basin System	Manasquan Reservoir System	Elimination Entries	Combined Total
Assets				
Current assets:				
Cash and cash equivalents	\$25,422,766	\$ 8,585,264	\$ -	\$ 34,008,030
Unbilled sales	1,165,026	-	-	1,165,026
Accounts receivable, less allowance for doubtful accounts of \$1,000	1,191,783	3,618,372	(163,490)	4,646,665
Interest receivable	97,223	21,771	-	118,994
Prepaid expenses and other current assets	699,536	199,714	-	899,250
Costs to be recovered from future revenue	1,629,791	986,545	-	2,616,336
Total current assets	30,206,125	13,411,666	(163,490)	43,454,301
Non-current assets:				
Restricted assets:				
Cash equivalents	20,032	1,038,561	-	1,058,593
Investments	4,881,521	7,497,020	-	12,378,541
Investments	4,816,036	1,082,696	-	5,898,732
Costs to be recovered from future revenue	(14,279,274)	16,739,366	-	2,460,092
Deferred issuance cost	33,800	369,918	-	403,718
Capital assets, net of accumulated depreciation of \$121,227,894 at June 30, 2012	84,099,912	59,888,774	-	143,988,686
Total non-current assets	79,572,027	86,616,335	-	166,188,362
Total assets	109,778,152	100,028,001	(163,490)	209,642,663
Liabilities				
Current liabilities:				
Current portion of bonds, notes and loans payable	3,239,755	2,644,970	-	5,884,725
Accounts payable	188,512	256,438	(163,490)	281,460
Accrued liabilities	1,139,547	998,644	-	2,138,191
Unearned revenue	-	1,512,896	-	1,512,896
Total current liabilities	4,567,814	5,412,948	(163,490)	9,817,272
Non-current liabilities:				
Long-term portion of bonds, notes and loans payable	16,041,425	69,534,853	-	85,576,278
Total liabilities	20,609,239	74,947,801	(163,490)	95,393,550
Net assets				
Invested in capital assets, net of related debt Restricted for repayment of debt principal and interest	64,818,732	13,272,135	-	78,090,867
Unrestricted	4,901,553	7,022,685	-	11,924,238
Unrestricted	19,448,628	4,785,380	-	24,234,008
Total net assets	\$89,168,913	\$25,080,200	\$ -	\$114,249,113

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, 2012

	Raritan Basin System	Manasquan Reservoir System	Manasquan Water Treatment Plant	Combined Total
Operating revenue:				
Water sales	\$15,620,858	\$ 7,892,650	\$ -	\$ 23,513,508
Reimbursement of operating expenses	-	-	2,434,806	2,434,806
Total operating revenue	<u>15,620,858</u>	<u>7,892,650</u>	<u>2,434,806</u>	<u>25,948,314</u>
Operating expenses:				
Payroll	5,689,983	825,120	837,669	7,352,772
Operations and maintenance (direct)	6,596,645	822,207	901,276	8,320,128
Operations and maintenance (general and administrative)	-	106,304	75,035	181,339
Fringe benefits	2,978,661	395,431	388,188	3,762,280
Headquarters overhead	(691,700)	609,600	82,100	-
Depreciation	2,659,380	1,642,102	-	4,301,482
Total operating expenses	<u>17,232,969</u>	<u>4,400,764</u>	<u>2,284,268</u>	<u>23,918,001</u>
Income from operations	<u>(1,612,111)</u>	<u>3,491,886</u>	<u>150,538</u>	<u>2,030,313</u>
Non-operating revenue:				
State of New Jersey - Grant Programs	416,483	-	-	416,483
Investment income	75,115	151,896	953	227,964
Rental income	102,033	-	-	102,033
Other income	2,015,038	122,941	-	2,137,979
Total non-operating revenue	<u>2,608,669</u>	<u>274,837</u>	<u>953</u>	<u>2,884,459</u>
Non-operating expenses:				
Interest component of debt service to the State of New Jersey	489,173	1,570,635	-	2,059,808
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	1,509,744	886,409	151,491	2,547,644
Total non-operating expenses	<u>2,024,146</u>	<u>2,522,363</u>	<u>151,491</u>	<u>4,698,000</u>
Change in net assets	(1,027,588)	1,244,360	-	216,772
Net assets, beginning of year	<u>90,196,501</u>	<u>23,835,840</u>	<u>-</u>	<u>114,032,341</u>
Net assets, end of year	<u>\$89,168,913</u>	<u>\$25,080,200</u>	<u>\$ -</u>	<u>\$114,249,113</u>

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

Year Ended June 30, 2012

	Revenue Fund	Operating Fund			Reserve for O&M
		Operating Account	Payroll Account	Operating Fund	
Cash and investments - July 1, 2011	\$899	\$2,169,530	\$30,000	\$1,427,714	\$2,018,620
Cash receipts:					
Water sales operations and maintenance	9,888,641	-	-	-	-
Water sales debt service	2,735,934	-	-	-	-
Water sales capital fund	2,054,776	-	-	-	-
Water sales source water protection fund	1,017,045	-	-	-	-
Water sales overdrafts	216,292	-	-	-	-
Rental income	35,714	-	-	-	-
Manasquan reservoir support	26,962	-	-	-	224,093
Headquarters overhead	-	-	-	709,275	-
Disposition of property	-	-	-	-	495
Recycling revenue	-	-	-	-	245
Sale of investment securities	-	-	-	4,200,000	-
Nonrefundable bid deposits	-	-	-	-	150
Insurance reimbursement	-	-	-	-	61,455
Miscellaneous expense reimbursement	-	300	-	-	232,867
Transfers:					
Contributions from operating fund	-	10,603,583	3,544,644	(27,143,093)	1,795,847
Contributions to operating fund	-	-	-	5,089,388	(200,000)
Transfers for operations	(18,262,215)	-	-	18,262,215	-
Transfers for investments	-	-	-	-	(60,087)
Distribution from reserves to operations	2,344,680	18,049	-	-	-
Investment income	-	-	-	1,970	53,351
Per resolution, Section 603:					
Investment income, transfer from	188,122	-	-	(1,999)	(53,352)
Investment income, transfer to	(188,122)	-	-	-	170,328
Unrealized loss on fair value	-	-	-	-	(21,976)
Total cash receipts	57,829	10,621,932	3,544,644	1,117,756	2,203,416
Total available cash and investments	\$58,718	\$12,791,462	\$3,574,644	\$2,545,470	\$4,222,036

**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, 2012

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	\$3,676,556	\$20,793,566
-	-	-	-	-	9,888,641
-	-	-	-	-	2,735,934
-	-	-	-	-	2,054,776
-	-	-	-	-	1,017,045
-	-	-	-	-	216,292
-	-	-	-	-	35,714
-	-	-	-	-	251,055
-	-	-	-	-	709,275
-	-	-	-	-	495
-	-	-	-	-	245
-	-	-	-	-	4,200,000
-	-	-	-	-	150
-	-	-	-	-	61,455
-	-	-	-	2,047,727	2,280,894
850,064	2,379,940	(137,500)	-	(299,508)	(8,406,023)
-	(61,548)	-	-	(152,285)	4,675,555
-	-	-	-	-	-
-	-	-	-	-	(60,087)
-	-	-	-	-	2,362,729
24,829	72,050	1,051	48,964	5,864	208,079
(24,846)	(59,369)	-	(48,125)	-	431
-	17,500	-	-	-	(294)
(10,256)	(28,431)	-	50,059	-	(10,604)
839,791	2,320,142	(136,449)	50,898	1,601,798	22,221,757
<u>\$1,827,303</u>	<u>\$5,942,070</u>	<u>\$623,423</u>	<u>\$6,151,843</u>	<u>\$5,278,354</u>	<u>\$43,015,323</u>

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

Year Ended June 30, 2012

	Subtotal	Parity SWP Bond Fund	Subordinated SWP Bond Fund	Major Rehabilitation	Water Reuse & Recycling Fund
Cash and investments - July 1, 2011	\$20,793,566	\$337,321	\$338,028	\$1,203,025	\$237,786
Cash receipts:					
Water sales operations and maintenance	9,888,641	-	-	-	-
Water sales debt service	2,735,934	-	-	-	-
Water sales capital fund	2,054,776	-	-	-	-
Water sales source water protection fund	1,017,045	-	-	-	-
Water sales overdrafts	216,292	-	-	-	-
Rental income	35,714	-	-	-	-
Manasquan reservoir support	251,055	-	-	-	-
Headquarters overhead	709,275	-	-	-	-
Disposition of property	495	-	-	-	-
Recycling revenue	245	-	-	-	-
Sale of investment securities	4,200,000	-	-	-	-
Nonrefundable bid deposits	150	-	-	-	-
Insurance reimbursement	61,455	-	-	-	-
Miscellaneous expense reimbursement	2,280,894	-	-	-	-
Transfers:					
Contributions from operating fund	(8,406,023)	330,400	752,500	-	(237,905)
Contributions to operating fund	4,675,555	-	-	(5,835)	(32)
Transfers for operations	-	-	-	-	-
Transfers for investments	(60,087)	-	-	-	-
Distribution from reserves to operations	2,362,729	-	-	-	-
Investment income	208,079	272	334	1,871	151
Per resolution, Section 603:					
Investment income, transfer from	431	-	-	-	-
Investment income, transfer to	(294)	-	-	-	-
Unrealized loss on fair value	(10,604)	-	-	-	-
Total cash receipts	22,221,757	330,672	752,834	(3,964)	(237,786)
Total available cash and investments	\$43,015,323	\$667,993	\$1,090,862	\$1,199,061	\$0

**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, 2012

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	\$573,086	\$65,259	\$2,741,724	\$2,347,451	\$35,975,015
-	-	-	-	-	-	9,888,641
-	-	-	-	-	-	2,735,934
-	-	-	-	-	-	2,054,776
-	-	-	-	-	-	1,017,045
-	-	-	-	-	-	216,292
-	-	-	-	-	-	35,714
-	-	-	-	-	-	251,055
-	-	-	-	-	-	709,275
-	-	-	-	-	-	495
-	-	-	-	-	-	245
5,500,000	-	-	-	-	-	9,700,000
-	-	-	-	-	-	150
-	-	-	-	-	-	61,455
1,949,371	-	-	-	-	-	4,230,265
2,175,908	-	633,105	2,716,145	-	2,035,870	-
(4,081,891)	-	(587,797)	-	-	-	-
-	-	-	-	-	-	-
60,087	-	-	-	-	-	-
-	-	(18,049)	-	-	(2,344,680)	-
15,600	28	816	54	275	119	227,599
-	-	-	-	(294)	(137)	-
294	-	-	-	-	-	-
-	-	-	-	-	-	(10,604)
5,619,369	28	28,075	2,716,199	(19)	(308,828)	31,118,337
\$12,937,133	\$20,033	\$601,161	\$2,781,458	\$2,741,705	\$2,038,623	\$67,093,352

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, 2012

	Revenue Fund	Operating Fund			Reserve for O&M
		Operating Account	Payroll Account	Operating Fund	
Total available cash and investments	\$58,718	\$12,791,462	\$3,574,644	\$2,545,470	\$4,222,036
Cash disbursements:					
Payroll	-	-	3,544,644	-	-
Fringe benefits	-	47,316	-	968,985	-
Employee deferred comp. and credit union	-	519,716	-	299,997	-
Operations and maintenance	-	11,270,439	-	-	-
Prepaid insurance	-	-	-	-	-
Miscellaneous disbursements	-	-	-	-	-
Watershed Management Fund	-	-	-	-	-
Capital improvements:					
Capital assets	-	-	-	-	-
New five-year construction project	-	-	-	-	-
Purchase of investment securities	-	-	-	-	1,553,380
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	-	11,837,471	3,544,644	1,268,982	1,553,380
Cash and investments - June 30, 2012	\$58,718	\$953,991	\$30,000	\$1,276,488	\$2,668,656
Summary of cash and investments:					
Cash	\$58,718	\$953,991	\$30,000	\$-	\$-
Short-term investments	-	-	-	1,276,488	942,130
Long-term investments	-	-	-	-	1,726,526
Restricted investments (current)	-	-	-	-	-
Total cash and investments	\$58,718	\$953,991	\$30,000	\$1,276,488	\$2,668,656

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, 2012

Self-Insurance Reserve	Depreciation Reserve	Pumping Reserve	Capital Improvements Investments II	Source Water Protection Fund	Subtotal
\$1,827,303	\$5,942,070	\$623,423	\$6,151,843	\$5,278,354	\$43,015,323
-	-	-	-	-	3,544,644
-	-	-	-	-	1,016,301
-	-	-	-	-	819,713
-	-	-	-	1,824,500	13,094,939
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
724,913	2,067,425	-	5,572,187	-	9,917,905
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
724,913	2,067,425	-	5,572,187	1,824,500	28,393,502
\$1,102,390	\$3,874,645	\$623,423	\$ 579,656	\$3,453,854	\$14,621,821
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,042,709
296,678	1,590,847	623,423	579,656	3,453,854	8,763,076
805,712	2,283,798	-	-	-	4,816,036
-	-	-	-	-	-
\$1,102,390	\$3,874,645	\$623,423	\$ 579,656	\$3,453,854	\$14,621,821

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, 2012

	Subtotal	Parity SWP Bond Fund	Subordinated SWP Bond Fund	Major Rehabilitation	Water Reuse & Recycling Fund
Total available cash and investments	\$43,015,323	\$667,993	\$1,090,862	\$1,199,061	\$0
Cash disbursements:					
Payroll	3,544,644	-	-	-	-
Fringe benefits	1,016,301	-	-	-	-
Employee deferred comp. & credit union	819,713	-	-	-	-
Operations and maintenance	13,094,939	-	-	-	-
Prepaid insurance	-	-	-	-	-
Miscellaneous disbursements	-	-	-	-	-
Watershed Management Fund	-	-	-	-	-
Capital improvements:					
Capital assets	-	-	-	-	-
New five-year construction project	-	-	-	-	-
Purchase of investment securities	9,917,905	-	-	-	-
Principal on 1981 bonds	-	-	-	-	-
Interest on 1981 bonds	-	-	-	-	-
Principal on 1998 revenue bonds	-	-	-	-	-
Interest on 1998 revenue bonds	-	-	-	-	-
Principal on NJEIT revenue bonds	-	260,736	408,514	-	-
Interest on NJEIT revenue bonds	-	24,435	139,724	-	-
Total Cash disbursements	28,393,502	285,171	548,238	-	-
Cash and investments - June 30, 2012	\$14,621,821	\$382,822	\$542,624	\$1,199,061	\$0
Summary of cash and investments:					
Cash	\$1,042,709	\$ -	\$ -	\$ -	\$ -
Short-term investments	8,763,076	382,822	542,624	1,199,061	-
Long-term investments	4,816,036	-	-	-	-
Restricted investments (current)	-	-	-	-	-
Total available cash and investments	\$14,621,821	\$382,822	\$542,624	\$1,199,061	\$0

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, 2012

Capital Improvement Fund	D & R Mitigation Fund	Employment Benefit Funds	1998 Bonds Debt Service Account	1998 Bonds Debt Service Reserve	Rate Stabilization Fund	Totals
\$12,937,133	\$20,033	\$601,161	\$2,781,458	\$2,741,705	\$2,038,623	\$67,093,352
-	-	-	-	-	-	3,544,644
-	-	-	-	-	-	1,016,301
-	-	-	-	-	-	819,713
-	-	-	-	-	-	13,094,939
-	-	-	-	-	-	-
-	-	45,821	-	-	-	45,821
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	9,917,905
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,345,000	-	-	2,345,000
-	-	-	335,265	-	-	335,265
-	-	-	-	-	-	669,250
-	-	-	-	-	-	164,159
-	-	45,821	2,680,265	-	-	31,952,997
\$12,937,133	\$20,033	\$555,340	\$101,193	\$2,741,705	\$2,038,623	\$35,140,355
\$ -	\$ -	\$ 19,788	\$ -	\$ -	\$ -	\$ 1,062,497
12,937,133	20,033	535,552	-	-	-	24,380,301
-	-	-	-	-	-	4,816,036
-	-	-	101,193	2,741,705	2,038,623	4,881,521
\$12,937,133	\$20,033	\$555,340	\$101,193	\$2,741,705	\$2,038,623	\$35,140,355

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, 2012

	Revenue Fund	Operating Fund			Reserve for O&M
		Operating Account	Payroll Account	Operating Fund	
Cash and investments - July 1, 2011	\$52,974	\$512,737	\$20,000	\$3,271,747	\$964,567
Cash receipts:					
Water sales operations and maintenance	2,625,132	-	-	-	-
Water sales debt service	4,847,516	-	-	-	-
Source water protection	112,242	-	-	-	-
Water sales overdrafts NJEIT	246,660	-	-	-	-
NJ-American pumping costs	48,889	-	-	-	294,967
Headquarters overhead	-	-	-	-	-
Reimbursement of WTP capital expenses	-	-	-	-	362
Disposition of assets	-	-	-	-	-
Sale of investment securities	-	-	-	-	-
Nonrefundable bid deposits	-	-	-	-	1,800
Miscellaneous reimbursement	-	-	-	1,051,604	1,944
Transfers:					
Contributions from operating fund	-	4,977,850	1,086,164	(12,737,380)	478,896
Contributions to operating fund	-	-	-	2,875,613	-
Transfers for operations	(7,760,360)	-	-	7,760,360	-
Distribution from reserves to operations	(58,160)	176,084	-	58,160	-
Investment income	-	-	-	2,807	4,431
Per resolution, Section 603:					
Investment income, transfer from	12,893	-	-	(2,934)	(4,428)
Investment income, transfer to	(12,893)	-	-	4,352	5,556
Unrealized (loss) gain on fair value	-	-	-	-	(5,043)
Total cash receipts	61,919	5,153,934	1,086,164	(987,418)	778,485
Total cash and investments	\$114,893	\$5,666,671	\$1,106,164	\$2,284,329	\$1,743,052

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, 2012

Self- Insurance Reserve	Renewal & 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	\$9,374,994
-	-	-	-	-	-	-	2,625,132
-	-	-	-	-	-	-	4,847,516
-	-	-	-	-	-	-	112,242
-	-	-	-	-	-	-	246,660
-	-	-	-	-	-	-	343,856
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	362
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,800
-	-	-	-	-	-	-	1,053,548
241,497	446,156	-	112,799	361,941	42,266	10,000	(4,979,811)
-	(1,015,949)	-	(21,004)	(11,246)	-	-	1,827,414
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	176,084
1,802	4,230	41	1,908	2,732	404	53	18,408
(1,801)	-	-	-	(2,625)	(410)	(36)	659
-	-	-	-	2,625	-	-	(360)
(2,921)	-	-	-	(4,900)	(585)	-	(13,449)
238,577	(565,563)	41	93,703	348,527	41,675	10,017	6,260,061
\$477,067	\$1,856,924	\$29,937	\$1,268,656	\$792,585	\$201,471	\$93,306	\$15,635,055

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, 2012

	Water Treatment Plant/Transmission System						
	Subtotal	Operating Account	Operating Fund	Residuals Reserve	Carbon Filter Reserve	Self- Insurance Reserve	Capital Improvement Reserve
Cash and investments - July 1, 2011	\$9,374,994	\$19,931	\$45,265	\$9,487	\$98,417	\$253,196	\$810,132
Cash receipts:							
Water sales operations and maintenance	2,625,132	-	-	-	-	-	-
Water sales debt service	4,847,516	-	-	-	-	-	-
Source water protection	112,242	-	-	-	-	-	-
Water sales overdrafts NJEIT	246,660	-	-	-	-	-	-
NJ-American pumping costs	343,856	-	-	-	-	-	-
Headquarters overhead	-	-	2,434,959	-	-	-	-
Reimbursement of WTP capital expenses	362	-	-	-	-	-	-
Disposition of assets	-	-	-	-	-	-	-
Sale of investment securities	-	-	-	-	-	-	-
Nonrefundable bid deposits	1,800	-	-	-	-	-	-
Miscellaneous reimbursement	1,053,548	-	41,340	-	-	-	239,401
Transfers:							
Contributions from operating fund	(4,979,811)	1,585,000	(1,630,501)	-	-	-	93,000
Contributions to operating fund	1,827,414	-	(502,780)	-	-	-	(860,351)
Transfers for operations	-	-	77,140	-	-	-	(77,140)
Distribution from reserves to operations	176,084	-	(3,503)	-	-	-	-
Investment income	18,408	-	348	13	38	295	259
Per resolution, Section 603:							
Investment income, transfer from	659	-	-	(14)	(31)	(315)	-
Investment income, transfer to	(360)	-	360	-	-	-	-
Unrealized (loss) gain on fair value	(13,449)	-	-	-	-	-	-
Total cash receipts	6,260,061	1,585,000	417,363	(1)	7	(20)	(604,831)
Total cash and investments	\$15,635,055	\$1,604,931	\$462,628	\$9,486	\$98,424	\$253,176	\$205,301

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, 2012

NJFIT Debt Service	2005 Debt Service Account	2005 Debt Service Reserve	Debt Service Account	Debt Service Reserve	Rebate Fund	General Reserve Fund	Employment Benefit Funds	Totals
\$0	\$3,443,365	\$3,623,244	\$24,316	\$5,454	\$149,466	\$370,497	\$192,142	\$18,419,906
-	-	-	-	-	-	-	-	2,625,132
-	-	-	-	-	-	-	-	4,847,516
-	-	-	-	-	-	-	-	112,242
-	-	-	-	-	-	-	-	246,660
-	-	-	-	-	-	-	-	343,856
-	-	-	-	-	-	-	-	2,434,959
-	-	-	-	-	-	-	-	362
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,800
-	-	-	-	-	-	-	-	1,334,289
199,902	4,225,469	-	4,963	1,242	-	337,377	163,359	-
-	-	(135,000)	-	-	-	(329,283)	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(172,581)	-
63	227	133,437	3	-	123	282	214	153,710
-	-	-	-	-	-	(299)	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(13,449)
199,965	4,225,696	(1,563)	4,966	1,242	123	8,077	(9,008)	12,087,077
\$199,965	\$7,669,061	\$3,621,681	\$29,282	\$6,696	\$149,589	\$378,574	\$183,134	\$30,506,983

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, 2012

	Revenue Fund	Operating Fund			Reserve for O&M
		Operating Account	Payroll Account	Operating Fund	
Total available cash and investments	\$114,893	\$5,666,671	\$1,106,164	\$2,284,329	\$1,743,052
Cash disbursements:					
Payroll	-	-	1,086,164	-	-
Fringe benefits	-	1,825,475	-	(1,516,911)	-
Employee deferred comp. and credit union	-	142,371	-	178,721	-
Operations and maintenance	-	2,670,646	-	547,946	-
NJ-American pumping costs	-	-	-	-	-
Prepaid insurance	-	-	-	-	-
Headquarters overhead	-	-	-	627,175	-
Capital assets reservoir	-	-	-	-	-
Capital improvement program (reservoir)	-	-	-	-	-
Purchase of investment securities	-	-	-	-	414,238
Principal on bonds	-	-	-	-	-
Interest on bonds	-	-	-	-	-
Total cash disbursements	-	4,638,492	1,086,164	(163,069)	414,238
Cash and investments - June 30, 2012	\$114,893	\$1,028,179	\$20,000	\$2,447,398	\$1,328,814
Summary of cash and investments:					
Cash (Manasquan)	\$114,893	\$1,028,179	\$20,000	\$ -	\$ -
Cash (Water Treatment Plant/TS)	-	-	-	-	-
Short-term investments	-	-	-	2,447,398	867,590
Short-term investments (WTP/TS)	-	-	-	-	-
Long-term investments	-	-	-	-	461,224
Restricted investments (current)	-	-	-	-	-
Restricted investments (long-term)	-	-	-	-	-
Total cash and investments	\$114,893	\$1,028,179	\$20,000	\$2,447,398	\$1,328,814

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, 2012

Self- Insurance Reserve	Renewal and Replacement Account	Water Reuse & Recycling	Source Water Protection	Depreciation Reserve	Pumping Reserve	Sediment Reserve	Subtotal
\$477,067	\$1,856,924	\$29,937	\$1,268,656	\$792,585	\$201,471	\$93,306	\$15,635,055
-	-	-	-	-	-	-	1,086,164
-	-	-	-	-	-	-	308,564
-	-	-	-	-	-	-	321,092
-	-	-	-	-	-	-	3,218,592
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	627,175
-	-	-	-	-	-	-	-
206,694	-	-	-	310,108	36,176	-	967,216
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
206,694	-	-	-	310,108	36,176	-	6,528,803
\$270,373	\$1,856,924	\$29,937	\$1,268,656	\$482,477	\$165,295	\$93,306	\$9,106,252
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,163,072
-	-	-	-	-	-	-	-
37,687	1,856,924	29,937	1,268,656	134,337	124,649	93,306	6,860,484
-	-	-	-	-	-	-	-
232,686	-	-	-	348,140	40,646	-	1,082,696
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$270,373	\$1,856,924	\$29,937	\$1,268,656	\$482,477	\$165,295	\$93,306	\$9,106,252

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, 2012

	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	\$15,635,055	\$1,604,931	\$462,628	\$9,486	\$98,424	\$253,176	\$205,301
Cash disbursements:							
Payroll	1,086,164	-	-	-	-	-	-
Fringe benefits	308,564	-	-	-	-	-	-
Employee deferred comp. and credit union	321,092	-	-	-	-	-	-
Operations and maintenance	3,218,592	1,396,140	-	-	-	-	-
NJ-American pumping costs	-	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-	-
Headquarters overhead	627,175	-	82,100	-	-	-	-
Capital assets reservoir	-	-	-	-	-	-	-
Capital improvement program (reservoir)	-	-	-	-	-	-	117,145
Purchase of investment securities	967,216	-	-	-	-	-	-
Principal on bonds	-	-	-	-	-	-	-
Interest on bonds	-	-	-	-	-	-	-
Total cash disbursements	6,528,803	1,396,140	82,100	-	-	-	117,145
Cash and investments - June 30, 2012	\$9,106,252	\$208,791	\$380,528	\$9,486	\$98,424	\$253,176	\$88,156
Summary of cash and investments:							
Cash (Manasquan)	\$1,163,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash (Water Treatment Plant/TS)	-	208,791	-	-	-	-	-
Short-term investments	6,860,484	-	-	-	-	-	-
Short-term investments (WTP/TS)	-	-	380,528	9,486	98,424	253,176	88,156
Long-term investments	1,082,696	-	-	-	-	-	-
Restricted investments (current)	-	-	-	-	-	-	-
Restricted investments (long-term)	-	-	-	-	-	-	-
Total cash and investments	\$9,106,252	\$208,791	\$380,528	\$9,486	\$98,424	\$253,176	\$88,156

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, 2012

NJFIT Debt Service	2005 Debt Service Account	2005 Debt Service Reserve	Debt Service Account	Debt Service Reserve	Rebate Fund	General Reserve Fund	Employment Benefit Funds	Totals
\$199,965	\$7,669,061	\$3,621,681	\$29,282	\$6,696	\$149,589	\$378,574	\$183,134	\$30,506,983
-	-	-	-	-	-	-	-	1,086,164
-	-	-	-	-	-	-	-	308,564
-	-	-	-	-	-	-	-	321,092
-	-	-	-	-	-	-	-	4,614,732
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	709,275
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	117,145
-	-	-	-	-	-	-	-	967,216
-	2,425,000	-	2,263	-	-	-	-	2,427,263
-	1,746,688	-	5,303	-	-	-	-	1,751,991
-	4,171,688	-	7,566	-	-	-	-	12,303,442
\$199,965	\$3,497,373	\$3,621,681	\$21,716	\$6,696	\$149,589	\$378,574	\$183,134	\$18,203,541
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,163,072
-	-	-	-	-	-	-	-	208,791
-	-	-	-	-	-	378,574	183,134	7,422,192
-	-	-	-	-	-	-	-	829,770
-	-	-	-	-	-	-	-	1,082,696
\$199,965	3,497,373	3,621,681	21,716	6,696	149,589	-	-	7,497,020
-	-	-	-	-	-	-	-	-
\$199,965	\$3,497,373	\$3,621,681	\$21,716	\$6,696	\$149,589	\$378,574	\$183,134	\$18,203,541

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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	2003 - 2012
Summary of Raritan Basin System Water Use Contracts	2003 - 2012
Summary of Manasquan Water Supply System Water Use Contracts	2003 - 2012

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	2003 - 2012
Manasquan System Revenue Bond Coverage	2003 - 2012

REVENUE CAPACITY DATA

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

Raritan Basin System Water Charges	1998 - 2013
Manasquan Water Supply System Water Charges	1998 - 2013

OPERATING INFORMATION

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

Spruce Run Rain Gauge	2003 - 2012
West Windsor Rain Gauge	2003 - 2012
Spruce Run Reservoir Storage	2003 - 2012
Round Valley Reservoir Storage	2003 - 2012
Manasquan System Rainfall	2003 - 2012
Manasquan Reservoir Storage Data	2003 - 2012

The demographic and economic information for the State of New Jersey is included in the statistical section of the comprehensive annual financial report of the State of New Jersey and is not reproduced in the Authority's annual report. This required supplementary information is publicly available on the State of New Jersey's website www.state.nj.us or by writing to the State of New Jersey, Department of the Treasury, Office of Management and Budget, P.O. Box 221, Trenton, NJ 08625-0221.

New Jersey Water Supply Authority

SUMMARY OF FINANCIAL INFORMATION 2003 - 2012

	2003	2004	2005	2006	2007
REVENUE AND EXPENSES					
Water sales	\$19,564,798	\$20,258,371	\$22,037,389	\$23,249,130	\$22,508,685
Reimbursement of operating exp	\$1,463,670	\$1,578,686	\$1,723,723	\$1,844,055	\$2,100,466
Total operating revenues	21,028,468	21,837,057	23,761,112	25,093,185	24,609,151
Operating expense	17,339,427	17,905,912	18,461,671	18,911,050	21,299,226
Income from operations	3,689,041	3,931,145	5,299,441	6,182,135	3,309,925
Nonoperating revenues	907,349	584,425	3,020,168	2,456,177	3,947,914
Nonoperating expenses	4,534,643	4,715,508	5,151,673	5,460,653	3,692,672
Change in net assets	61,747	(199,938)	3,167,936	3,177,659	3,565,167
Net assets, beginning of year	94,377,592	94,439,339	94,239,401	97,407,337	100,584,996
Net assets, end of year	94,439,339	94,239,401	97,407,337	100,584,996	104,150,163
ASSETS					
Current assets	23,535,975	27,718,480	29,835,264	37,416,567	37,981,903
Noncurrent assets	191,875,994	183,664,331	181,818,542	176,312,628	177,020,383
Total assets	215,411,969	211,382,811	211,653,806	213,729,195	215,002,286
LIABILITIES					
Current liabilities	9,077,827	9,066,943	9,878,233	10,231,778	9,613,559
Noncurrent liabilities	111,894,803	108,076,467	104,368,236	102,912,421	101,238,564
Total liabilities	120,972,630	117,143,410	114,246,469	113,144,199	110,852,123
NET ASSETS					
Invested in capital assets, net of related debt	35,978,635	36,025,900	37,445,316	36,451,123	38,594,390
Restricted	11,721,789	11,089,206	12,045,911	11,900,344	12,388,041
Unrestricted	46,738,915	47,124,295	47,916,110	52,233,529	53,167,732
Total net assets	\$94,439,339	\$94,239,401	\$97,407,337	\$100,584,996	\$104,150,163

New Jersey Water Supply Authority

SUMMARY OF FINANCIAL INFORMATION 2003 - 2012

2008	2009	2010	2011	2012
\$23,466,842	\$22,975,438	\$23,031,803	\$24,095,286	\$23,513,508
\$2,377,166	\$2,512,417	\$2,589,276	\$2,501,135	\$2,434,806
25,844,008	25,487,855	25,621,079	26,596,421	25,948,314
20,849,880	20,862,953	19,802,840	20,649,747	23,918,001
4,994,128	4,624,902	5,818,239	5,946,674	2,030,313
4,841,828	795,191	681,411	632,306	2,884,459
4,562,451	4,568,128	4,796,487	4,525,435	4,698,000
5,273,505	851,965	1,703,163	2,053,545	216,772
104,150,163	109,423,668	110,275,633	111,978,796	114,032,341
109,423,668	110,275,633	111,978,796	114,032,341	114,249,113
40,411,128	39,944,371	33,994,171	36,101,110	43,454,301
177,459,476	174,633,772	177,515,802	174,004,657	166,188,362
217,870,604	214,578,143	211,509,973	210,105,767	209,642,663
8,881,283	8,818,939	9,381,563	9,510,372	9,817,272
99,565,653	95,483,571	90,149,614	86,563,054	85,576,278
108,446,936	104,302,510	99,531,177	96,073,426	95,393,550
43,790,111	47,277,890	75,184,140	77,691,938	78,090,867
12,082,047	12,447,252	12,006,417	12,011,721	11,924,238
53,551,510	50,550,491	24,788,239	24,328,682	24,234,008
\$109,423,668	\$110,275,633	\$111,978,796	\$114,032,341	\$114,249,113

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
UNITED WATER LAMBERTVILLE, INC	0.200	0.200	0.490	0.490	0.490
MERCER COUNTY PARK COMMISSION	0.100	0.100	0.132	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	-	-	-
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	0.025	0.025	0.025
NEW JERSEY AMERICAN WATER	104.000	124.100	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	27.000	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	-	-	-
DUKE FARMS	0.058	0.058	0.058	0.058	0.058
BOROUGH OF GLEN GARDNER	-	-	-	0.008	0.008
RIDGE AT BACK BROOK	-	-	0.111	0.111	0.111
ROXBURY WATER COMPANY	-	-	0.074	0.074	0.074
HUNTERDON COUNTY (HERON GLEN GOLF)	-	-	0.261	0.261	0.261
RARITAN VALLEY COUNTRY CLUB	-	-	0.012	0.012	0.012
EAST WINDSOR MUA	-	-	0.011	0.011	0.011
SOMERSET CTY (NESCHANIC VALLEY GOLF)	-	-	0.116	0.116	0.116
TRUMP NATIONAL GOLF CLUB	-	-	0.080	0.080	0.080
MORRIS COUNTY MUA	-	-	0.079	0.079	0.079
APPLIED WATER MGMT (MT. OLIVE TWP)	-	-	0.010	0.010	0.010
WASHINGTON TOWNSHIP MUA	-	-	-	-	0.025
ROXITICUS GOLF CLUB	-	-	-	-	0.046
HAMILTON GOLF CLUB	-	-	-	-	-
SPRINGDALE GOLF CLUB	-	-	-	-	-
NJ DEPT OF CORRECTIONS	-	-	-	-	-
SYSTEM TOTAL	152.391	179.491	180.345	180.353	180.424

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</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	0.126	0.126	0.126	0.126
MERCER COUNTY PARK COMMISSION	-	-	-	-	-
PRINCETON UNIVERSITY	0.500	0.150	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	-	-	-
NEW JERSEY AMERICAN WATER	124.100	126.600	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	0.165	0.165	0.165	0.165
FLEMINGTON FILM PRODUCTS	-	-	-	-	-
DUKE FARMS	0.058	0.058	0.075	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	0.066	0.079
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	0.142	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	0.138
SPRINGDALE GOLF CLUB	-	0.098	0.098	0.098	0.098
NJ DEPT OF CORRECTIONS	-	-	0.025	-	0.025
SYSTEM TOTAL	180.424	182.315	182.332	182.138	182.176

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

	2003	2004	2005	2006	2007
WALL TOWNSHIP	2.300	2.300	2.275	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	1.927
NEW JERSEY AMERICAN WATER	11.000	11.000	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	0.450	0.450	0.425	0.425	0.425
BOROUGH OF BELMAR	0.650	0.650	0.650	0.650	0.650
BOROUGH OF BRIELLE	0.400	0.400	0.450	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
	19.032	19.032	20.532	20.532	20.559
	2008	2009	2010	2011	2012
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	1.928	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
	20.560	20.560	20.560	20.560	20.560

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
2012	\$17,799,191	\$11,935,100	\$5,864,091	\$2,680,266	2.19
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

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
2012	\$8,210,668	\$2,866,100	\$5,344,568	\$4,071,454	1.310
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

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**

<u>EFFECTIVE DATE</u>	<u>7/1/97</u>	<u>7/1/98</u>	<u>7/1/99</u>	<u>7/1/00</u>	<u>7/1/01</u>	<u>7/1/02</u>	<u>7/1/03</u>	<u>7/1/04</u>
RATE PER MGD	\$211.16	\$211.16	\$205.00	\$205.00	\$205.00	\$205.00	\$210.00	\$215.00

<u>EFFECTIVE DATE</u>	<u>7/1/05</u>	<u>7/1/06</u>	<u>7/1/07</u>	<u>7/1/08</u>	<u>7/1/09</u>	<u>7/1/10</u>	<u>7/1/11</u>	<u>7/1/12</u>
RATE PER MGD	\$215.00	\$228.00	\$228.00	\$231.00	\$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**

<u>EFFECTIVE DATE</u>	<u>7/1/97</u>	<u>7/1/98</u>	<u>7/1/99</u>	<u>7/1/00</u>	<u>7/1/01</u>	<u>7/1/02</u>	<u>7/1/03</u>	<u>7/1/04</u>
RATE PER MGD	\$938.92	\$832.92	\$695.31	\$728.81	\$797.92	\$794.97	\$794.97	\$921.64
(Delayed Contracts)					\$1,035.50	\$1,047.96	\$1,065.45	\$1,186.00

<u>EFFECTIVE DATE</u>	<u>7/1/05</u>	<u>7/1/06</u>	<u>7/1/07</u>	<u>7/1/08</u>	<u>7/1/09</u>	<u>7/1/10</u>	<u>7/1/11</u>	<u>7/1/12</u>
RATE PER MGD	\$895.01	\$833.27	\$846.06	\$884.11	\$980.05	\$980.48	\$1,015.90	\$1,015.90
(Delayed Contracts)	\$1,164.26	\$1,074.02	\$1,081.96	\$1,079.80	\$1,175.03	\$1,167.98	\$1,168.71	\$1,168.49

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
2012	2.99	0.94	0.84	2.86	3.67	3.88	1.78	2.80	4.34	2.68	0.73	4.58	32.09
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
TOTAL	26.13	22.19	36.89	40.66	33.13	40.96	52.08	42.06	51.69	49.05	31.87	40.52	467.23
AVERAGE	2.61	2.22	3.69	4.07	3.31	4.10	5.21	4.21	5.17	4.91	3.19	4.05	46.72
MAXIMUM	5.46	4.45	7.40	9.59	4.73	8.02	8.69	14.21	13.49	13.30	5.20	5.85	66.76
MINIMUM	0.87	0.52	0.84	1.80	1.10	1.50	1.78	1.30	0.30	0.80	0.73	1.80	27.51

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
2012	3.51	1.73	1.58	2.94	5.58	3.82	4.94	4.93	2.36	5.30	1.42	4.99	43.10
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
TOTAL	30.57	28.38	39.90	45.99	40.22	46.42	47.61	48.32	45.48	51.70	33.79	45.82	504.20
AVERAGE	3.06	2.84	3.99	4.60	4.02	4.64	4.76	4.83	4.55	5.17	3.38	4.58	50.42
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	2.58	1.80	1.70	2.30	1.00	1.50	1.00	1.42	2.52	38.11

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
2012	9.9	10.2	10.1	10.5	11.0	11.0	10.9	9.2	8.0	6.4	6.3	6.4
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
AVERAGE	10.0	10.1	10.4	10.8	11.0	11.0	10.8	10.1	9.2	8.6	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	8.2	8.3	9.8	10.3	10.7	10.9	10.3	9.2	7.6	6.1	6.3	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
2012	52.6	52.7	52.7	52.7	52.8	53.2	52.9	51.5	51.6	51.5	51.7	51.4
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
AVERAGE	51.61	51.70	51.83	52.12	53.10	53.69	53.72	53.35	52.52	52.09	52.57	52.14
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	52.0	52.0	51.0	50.5	48.4	48.2	48.1

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
2012	2.48	1.45	1.48	2.87	4.30	5.03	3.21	5.75	5.79	5.01	1.87	7.71
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
TOTAL	31.30	24.40	39.71	46.96	33.18	45.81	45.47	47.72	48.67	52.67	35.58	54.87
AVERAGE	3.13	2.44	3.97	4.70	3.32	4.58	4.55	4.77	4.87	5.27	3.56	5.49
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	3.21	0.97	0.38	1.81	1.87	2.21

NOTE: The Manasquan System started operations July 1, 1990

New Jersey Water Supply Authority

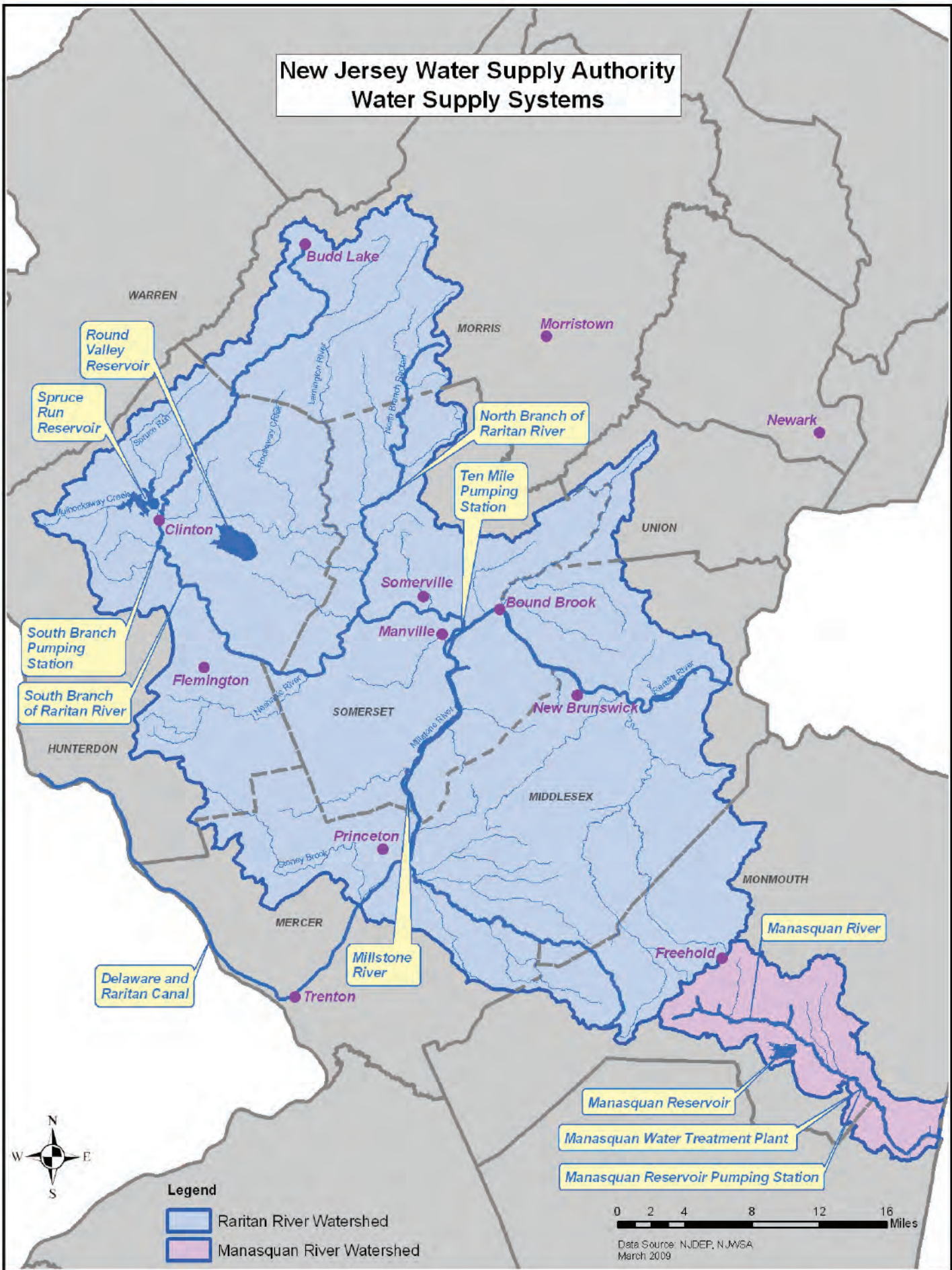
**MANASQUAN RESERVOIR STORAGE DATA
BILLION GALLONS**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2012	4.59	4.51	4.56	4.56	4.56	4.39	4.08	4.85	3.83	3.66	3.92	4.49
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
AVERAGE	4.49	4.51	4.58	4.60	4.57	4.47	4.30	4.18	3.87	3.86	3.97	4.16
MAXIMUM	4.62	4.63	4.64	4.66	4.62	4.60	4.54	4.85	4.26	4.44	4.47	4.65
MINIMUM	4.24	4.37	4.48	4.56	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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New Jersey Water Supply Authority Water Supply Systems



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