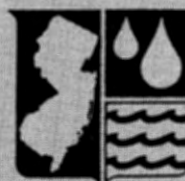


1994 ANNUAL REPORT

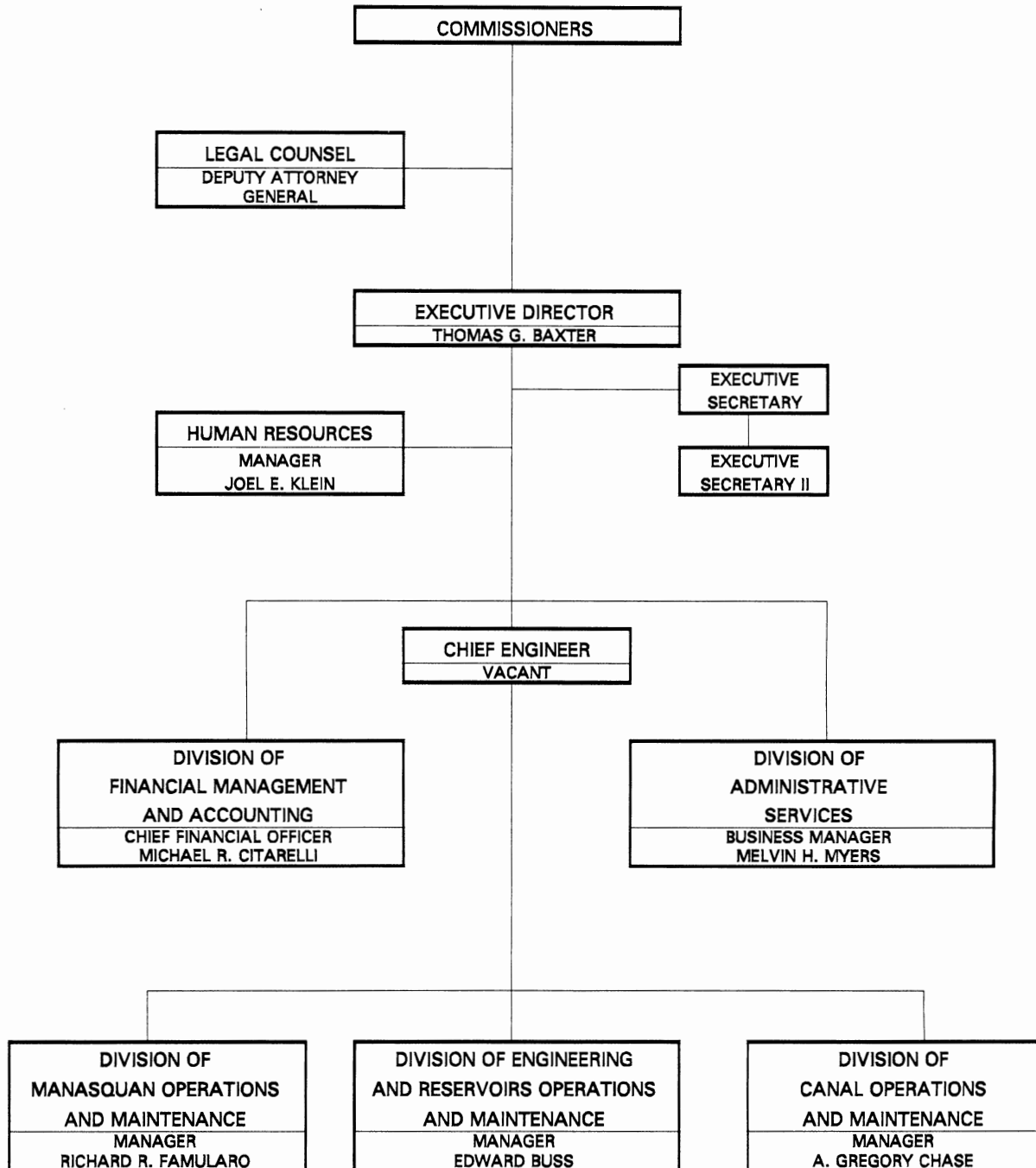
and the
**Comprehensive
Annual Financial Report**
for the year ended June 30, 1994



EST. 1981



NEW JERSEY WATER SUPPLY AUTHORITY TABLE OF ORGANIZATION



Letter to Governor and Legislature



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. Box 5196 • Clinton, NJ 08809 • (908) 638-6121
(FAX) • (908) 638-5241

February 1995

To the Honorable Christine Todd Whitman, Governor
and Members of the New Jersey Legislature

This Annual Report for the year "1994" reflects the New Jersey Water Supply Authority's continuing efforts to operate, maintain and upgrade our raw water supply facilities. Our facilities furnish the majority of the raw water supply for the central region of the State and also northeastern Monmouth County.

The completion this year of a new weir across the Raritan River just below the confluence of the Millstone River in Somerset County will allow us to maximize the use of natural stream flows and to reduce water supply releases from the Spruce Run and Round Valley Reservoirs in Hunterdon County.

Through careful monitoring of operating expenses and the timely adjustment of our water rate schedules, we have been able to accomplish our mission of supplying water to our customers on a self-supporting basis since our creation in 1981.

In July, 1994 the Authority instituted a new Capital Fund Component in our Raritan Basin System water rate schedule in order to finance needed capital improvement projects through 1999 without increasing long term debt. During 1994 several important capital improvement projects have been initiated under this innovative financing program.

The Authority's annual financial report has been awarded the prestigious "Certificate of Achievement for Excellence in Financial Reporting" by the Government Finance Officers Association of the United States and Canada (GFOA) for 1992 and 1993. Our 1994 financial report continues to show the Authority's sound financial condition.

This year public concern over the quality of raw water supplies has been great. We are pleased to report that our staff has been keenly aware of and immediately responsive to all such concerns. During 1994 we have improved both our water quality monitoring and our emergency response capabilities to help ensure a safe supply of raw water to our contractual customers into the future.

Sincerely,

Robert C. Shinn, Jr.
Chair

Raritan Basin System

Facilities

Delaware and Raritan Canal

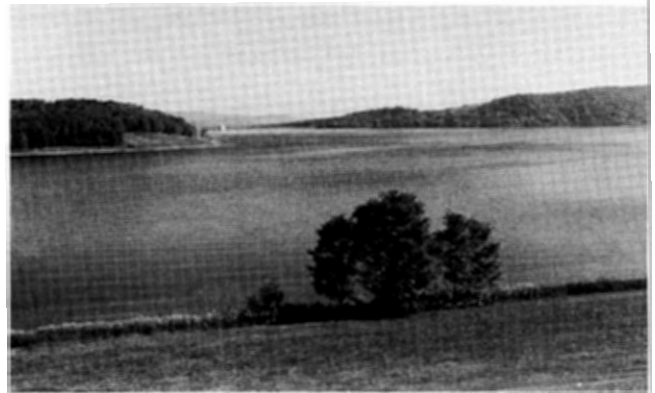
The Delaware and Raritan Canal was originally constructed in 1834 and operated as a barge canal until 1932. The Canal was taken over by the State of New Jersey from the Pennsylvania Railroad Company in 1934. During the 1950's the Canal was rehabilitated to serve as a public water supply transmission system. In 1974 the Canal was designated as a State Park and was also placed on the State and Federal Registry of Historic Sites.

Originally, the navigable Delaware and Raritan Canal consisted of 43 miles of main Canal between the Delaware River at Bordentown and the Raritan River at New Brunswick and the 22 miles of feeder Canal between Bulls Island in Hunterdon County and the City of Trenton. The present Canal water supply transmission facility is 60 miles long with its Delaware River intake at Bulls Island in Hunterdon County and its outlet at the Raritan River in the City of New Brunswick. The Canal Right of Way varies in width between 60 feet and 200 feet and includes a waterway varying between 40 and 80 feet. Flow from the Delaware River to the Raritan River is entirely by gravity and is regulated by control gates installed in the original lock structures.

In addition to the 100 million gallon per day (mgd) non drought diversion entitlement from the Delaware River, natural streams and storm drains are directly tributary to the Canal. Four Authority Water Supply Operators, with 24-hour responsibility to take emergency action on their own initiative, constantly monitor water levels and weather conditions and adjust operating gates and open flood gates to protect the Canal during times of heavy rainfall.

Spruce Run and Round Valley Reservoirs

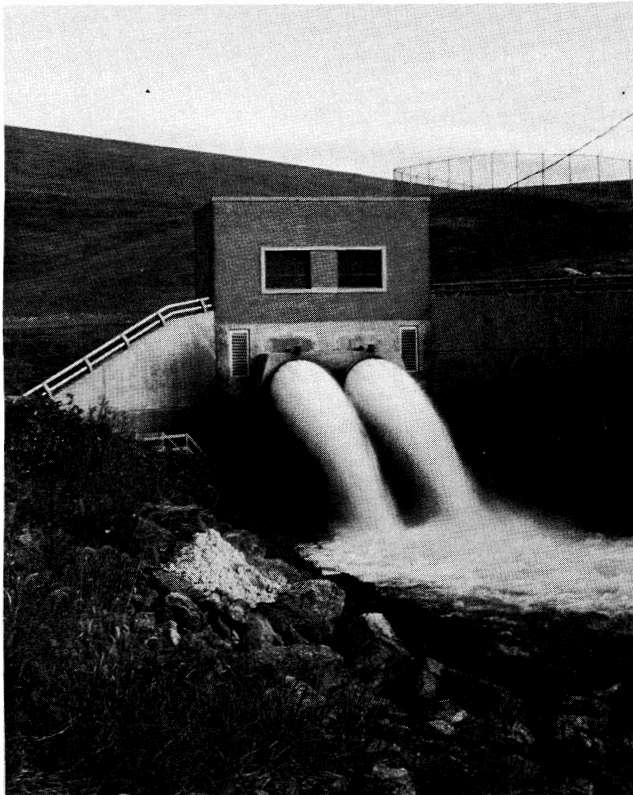
The Spruce Run and Round Valley Reservoirs located in Hunterdon County were constructed by the State of New Jersey as initial steps in the long-range water conservation and development program authorized by the 1958 Water Supply Law and its companion Water Bond Act.



A view of the Round Valley Reservoir in Hunterdon County.

The 55 billion gallon Round Valley Reservoir which became operational in 1965 was formed by construction of two dams and a dike, closing off gaps in a natural horseshoe shaped valley. The earth dams and dike, faced with dumped stone riprap and sod, are of extra width and have an offset clay core in order to permit an increase in height for future additional storage capacity. With no appreciable local drainage area (five square miles), Round Valley Reservoir must be filled by pumping from the South Branch of the Raritan River. Minimum flows must be maintained in natural streams below the Reservoir. To accomplish this, a total of one mgd is released daily from both the North and South Dams. A 3.6 mile nine foot diameter Release Pipeline from the North Dam to the South Branch of the Rockaway Creek, near Whitehouse Station in Readington Township, has been modified to provide discharges for water supply to the South Branch of the Rockaway Creek under a low pressure mode of operation.

The 350 mgd South Branch Pumping Station at Hamden, which pumps surplus water from the South Branch of the Raritan River, maintains the storage in the Round Valley Reservoir via a 3.2 mile nine foot diameter force main, which enters the reservoir at the South Dam. In 1990 modifications were completed on this force main to also permit this pipeline to release up to 120 million gallons per day from the Round Valley Reservoir into the South Branch of the Raritan River.



Water Releases from the Spruce Run Reservoir in Hunterdon County

The 11 billion gallon on-stream Spruce Run Reservoir, which was placed into operation in 1963, includes a 6,000 foot long earthen dam and two earthen dikes. A concrete spillway having a safe discharge capacity of 15.5 billion gallons per day provides protection for the earthen dams during periods of heavy rainfall.

The two reservoirs, by augmenting stream-flow during periods of low natural runoff, make available 160 mgd for sale at Bound Brook based on the 1960's drought. Additionally, a minimum statutory flow of 90 mgd must be maintained in the Raritan River at the Bound Brook stream gage. For these pur-

poses, waters are released from the Spruce Run Reservoir to the South Branch of the Raritan River, from the Round Valley Reservoir to the South Branch of the Rockaway Creek and from the Round Valley Reservoir through the alternate release facilities to the South Branch of the Raritan River, for routing to the Raritan River. Operation by the Authority staff involves maintenance of continuous hydrographs on the basis of data transmitted from six stream gaging stations. Predictions of natural flow at these control points, including anticipated storm runoff, must be made sufficiently in advance to allow for time of travel so that the releases meet both minimum stream flow regulations and customer demands.

The 1958 Water Supply Law allows recreational use of the water supply facilities. The cost of operating and administering the recreational facilities is provided by the Department of Environmental Protection's Division of Parks and Forestry and Division of Fish, Game and Wildlife.

Raritan River to Delaware and Raritan Canal Pumping Station

This 60 million gallon per day pumping station, located where the Raritan and Millstone Rivers meet adjacent to the Canal near South Bound Brook, was constructed after the drought of 1980-1981 to permit the transfer of water from the Raritan River, as sustained by releases from the Raritan Basin Reservoirs, to the adjacent Delaware and Raritan Canal. This facility is a major component of the integrated management program for the water resources of the Raritan Basin and the water diverted from the Delaware River. Surplus water in the Raritan River can be transferred to the Delaware and Raritan Canal as needed or in the event of an upstream emergency or construction affecting the normal delivery of the Canal water supply. Based upon the Canal carrying capacity of 100 mgd, it is also possible to divert excess Canal flows, up to 30 mgd, through gates into the Raritan River for water supply or stream flow maintenance resulting in the



The 10 Mile Pumping Station in Somerset County

maximum conservation of stored waters in the Spruce Run and Round Valley Reservoirs. Full development of the maximum possible yields, resulting from the integrated management of the water from the two basins, at least cost, is vital to meeting the water supply needs of the central New Jersey communities dependent upon these two sources of supply.

Emergency Water Supply Facilities

Under agreement with the New Jersey Department of Environmental Protection, the Authority is responsible for the maintenance and safekeeping of certain pumping facilities in connection with the 25 mgd Lake Hopatcong emergency water supply system. During 1994 the Authority continued to maintain the component equipment which was put into storage during 1985.

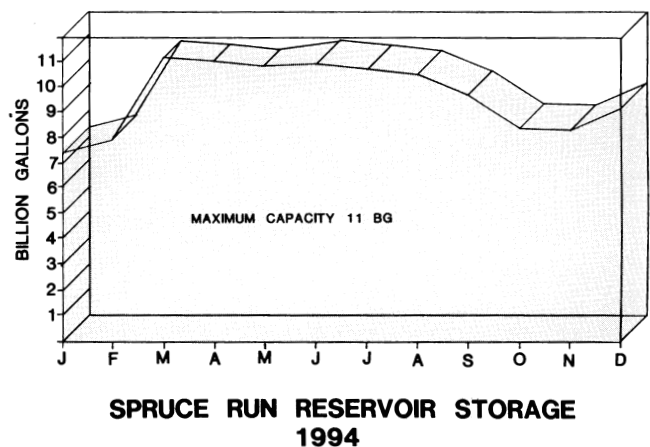
Operations and Maintenance

Spruce Run/Round Valley Reservoir Water Supply Operations

The winter of 1994, being one of the worst winters in recent memory, presented significant challenges to the operation of the reservoir complex. The extended cold and heavy snowfall caused extreme ice formation in the Raritan River basin streams. This ice condition greatly reduced the volume of flow in the Raritan River available to our water customers. Large scale releases of up to 110

million gallons per day were made to help break the ice jams and supply water to the Elizabethtown Water Company. Regular patrols of the river were made to monitor the formation and movement of the ice. Contingency plans were developed in the event that ice would totally block flow in the river.

The Spruce Run Reservoir supplied sufficient water for all water supply and stream flow maintenance release requirements during the year. The reservoir started the year at 67% of capacity and reached 100% in March after a spring thaw. Releases were made throughout the normal season of May to October, with an average release of 30 mgd and a peak release of 72 mgd.



Storage levels at the Round Valley Reservoir increased slightly over the course of the year from 94% to 97% of its 55 billion gallon capacity. This increase was primarily due to runoff from precipitation in the drainage area. Testing of the newly rehabilitated Round Valley reduced pressure release pipeline was conducted in February and again in October. This pipeline is now capable of delivering up to 300 million gallons per day to the river system during periods of drought.

Reservoir Maintenance

Snow removal and deicing of essential reservoir facilities required a substantial effort by the Authority's Grounds Maintenance staff during the winter of 1993-1994.

Throughout the spring and summer, routine maintenance and groundskeeping duties were carried out as necessary including mowing and maintaining the dam slopes and over 6 miles of pipeline right of ways. This group also undertook several projects to enhance the safe operation of all facilities including construction of sidewalks and steps, repair of roads and parking lots, and construction of drainage improvements.

The staff at the South Branch Pumping Station completed another productive year. This group of ten employees performed all preventive maintenance required at the Pumping Station and completed major rehabilitation work at several reservoir structures. The north and south dam inlet/outlet towers at the Round Valley reservoir were overhauled and repainted. Repairs were also made to the interior lining of the release pipe at the Spruce Run Reservoir. The Pumping Station crew also assisted in the engineering inspection program and testing of the Round Valley Release Pipeline.

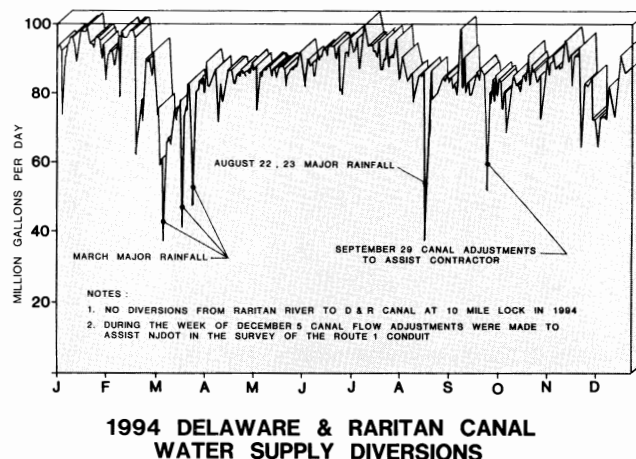
Delaware and Raritan Canal Operations

Effective July 1, 1993 the Delaware and Raritan Canal operation was made a separate Division within the Authority with its headquarters at the new Canal Office in West Trenton.

The Division of Canal Operations and Maintenance personnel and staff are committed to maintaining a dependable water supply to the Authority's water customers who divert their water supply from the Delaware and Raritan Canal. Without these dedicated Canal employees many residents of New Jersey would not have a reliable supply of water.

Canal Water Supply Operations

Throughout the year the Delaware and Raritan Canal experienced few major operational difficulties. The yearly average Canal diversion at the Port Mercer Gauging Station measured 85 million gallons per day (mgd). During January and February unusually



heavy ice conditions in the Delaware and Raritan Canal, Millstone River and Raritan River were constantly monitored for any problems which could effect the Canal or the water customers operations. From January through December a monthly average of 4.3 inches of precipitation was recorded at the West Windsor Rain Gauge. Precipitation during this twelve month period was 11% greater than the yearly average. The higher amounts of precipitation allowed the Delaware and Raritan Canal to be operated with the levels full and without incident.

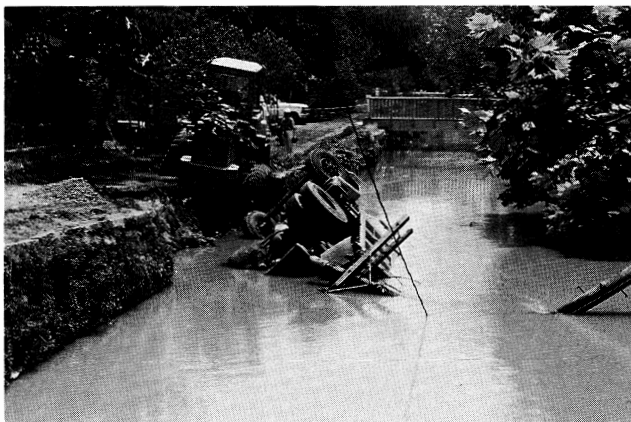
Emergency Response

On May 26th an Emergency Response Drill was conducted at Weston Canal Road in Franklin Township, Somerset County. The scenario simulated a large truck accidentally driven into the Canal and the release of approximately 50 gallons of diesel fuel and other substances. The Authority's recently completed Emergency Response Trailer was utilized in the response to the scene. This Emergency Response Trailer is outfitted and stocked with items needed to respond to a wide variety of situations. As soon as the Emergency Response Trailer arrived a 100 foot turbidity boom and a 100 foot oil absorption boom were deployed and in place within 30 minutes. This Emergency Response Trailer is the first of several trailers which will be stored at strategic locations along the Canal in order to facilitate a rapid response to emergency situations which could jeopardize the Canal water supply.



The Authority's Emergency Response Trailer in use during a drill at Weston Canal Road in Franklin Township

As if on cue, on June 30th a contractor's Dump Truck — working for the New Jersey Department of Environmental Protection, Division of Parks and Forestry and loaded with approximately 10 ton of stone accidentally slid into the Canal in Lambertville when the embankment collapsed. The contractor's crew working in the area was able to respond to the incident and pulled the truck out of the Canal. This type of incident involving vehicles in the Canal does occur several times a year. For this reason the Authority conducts drills under various scenarios to be prepared to respond effectively and ensure a dependable supply of water to our customers.



The contractor's truck which slid into the Canal in Lambertville on June 30, 1994.

Maintenance Dredging Program

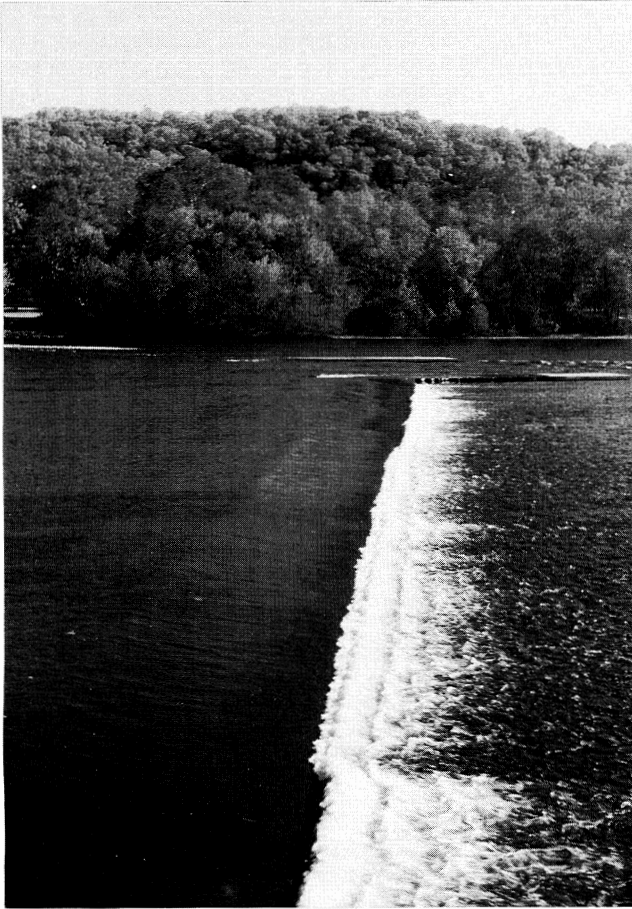
The Authority's Annual Maintenance Dredging Program is intended to greatly

reduce the need for costly major Canal waterway maintenance projects as were needed in the 1980's. The Maintenance Dredging Program which began last year was halted during the winter months due to the harsh winter. The program was reactivated in the summer to continue removing the sediment from the Brookville Creek area near Stockton. Following the removal of the large sand bar located at the Creek additional sediment was removed from another sand bar located in front of the Brookville Waste Gate structure.

A sediment bar near Passaic Street in the City of Trenton was also removed in conjunction with a Department of Transportation project which required the Canal level in Trenton to be lowered. This sediment bar had significantly impeded Canal flows at lower operating levels. Approximately 75 cubic yards of sediment plus metal, tires and debris were removed from the Canal between Passaic Street and North Willow Street. The entire project was accomplished in only one week. All material removed from the various locations was disposed of in accordance with the guidelines established in the Authority's Maintenance Dredging Program. The material removed from the Delaware and Raritan Canal was transported to the Route 202 Stockpile Site for temporary stockpiling. During the year over 600 cubic yards of material was removed from the Canal waterway.

Rehabilitation of the Lumberville Wing Dam

Following the Contractor's work on the Lumberville Wing Dam project, capping of the flood damaged stone embankment wall in Pennsylvania and some site restoration was needed. Canal maintenance personnel assisted the contractor placing the cap stone on the embankment wall and performed site maintenance. Maintenance crews also removed the temporary wooden bridge and walkway from the site, and reseeded the area to complete the project.



A view of the rebuilt Lumberville Wing Dam spanning the Delaware River between Delaware Township, NJ and Plumstead Township, PA

Canal Instrumentation Study

Certain Canal instrumentation designed to remotely monitor and operate several Canal structures has been inactive for several years. These systems are intended to help protect the Canal from damage during flooding conditions in and near the City of Trenton. During 1994 considerable effort was devoted to making these systems operational again.

The structure located along Route 29 commonly referred to as the Scudders Falls Waste Gate, has been the focus of most attention. This system allows the Canal to be remotely monitored and operated, eliminating the need to enter a confined space during off hours to make water releases to the Delaware River.

The structure located along West State Street, in the City of Trenton, more commonly known as the Perdicaris Waste Gate, has similar capabilities as the Scudders Falls

system. Currently, this system is being reviewed to determine its compatibility with the Scudders Falls Waste Gate and to eliminate the need for separate Canal water level monitoring equipment. The Perdicaris Waste Gate structure is anticipated to be able to remotely monitor and permit the raising or lowering of the Canal water level from the Canal Office in West Trenton.

Over Bank Spillways

During the first months of the year several large storms produced high rainfall amounts which caused the frozen Canal to top the overbank spillways recently constructed in Hopewell and Ewing Townships, Mercer County. As a result, these spillways were heavily eroded, requiring the discharge embankment slopes to be entirely recovered. The recovering involved placing topsoil on the existing gabions, regrading, reseeding, refertilizing and placing of embankment slope erosion protection to prevent future damage.



Recovering of the Canal overbank spillway in Hopewell Township.

Towpath Clearing

The Canal towpath from Whitehead Road in Trenton to Alexander Road in Princeton was cleared to allow patrolling by vehicle. Portions of the towpath had been inaccessible for several years, particularly between Quakerbridge Road and Alexander Road. This towpath, which also serves as a flood guard bank, will only be used by small 4 x 4 trucks to monitor the stability of the Canal embankment.

Lockatong Spillway Stabilization Project

Repairs were made to the Lockatong Creek Spillway located north of the Prallsville Lock in Hunterdon County. The spillway deterioration occurred as a result of thick ice and flooding last winter. Dislodged stones were pulled from the Creek bed back onto the Spillway apron using the winch on the Authority's floating Smalley excavator. These repairs were undertaken to prevent a possible Canal embankment failure during the upcoming winter months. This spillway will continue to be closely monitored for any changes in structural stability.

Route 1 Conduit

In December 1994, the two barrels of the 6000 foot long Canal Conduit under Route U.S. 1 in Trenton were separately isolated and dewatered by the New Jersey Department of Transportation in connection with an engineering inspection and survey to determine the structural stability of the conduits. While the conduits were dewatered, a minor leak was repaired and approximately 50 cubic yards of debris was removed from the conduit entrance. All work was performed by the Department of Transportation and their Contractor. The Authority provided advice on how to dewater the conduits, and made operational adjustments as necessary. Canal flows were reduced to a monthly average of 80 mgd during December.

SUMMARY OF WATER USE CONTRACTS

Raritan Basin System (Million Gallons Per Day - mgd)

User	Type of Contract	Supply
Lambertville Water Company	U	0.200 (1)
Mercer County Park Commission	U&SB	0.100 (1)
Trenton Country Club	U&SB	0.250 (1)
<hr/> Total Delaware Basin Users		<hr/> 0.550 mgd
Vaccaro Brothers	U&SB	0.050
Mercer County Park Commission	U&SB	0.135
Princeton University (Forrestal)	U	1.000
Princeton Nurseries	U&SB	0.300
North Brunswick Township	U	8.000
Selody Sod Farms, Inc.	U&SB	0.100
Elizabethtown Water Company	U	102.000
East Brunswick Township	U	8.000 (2)
City of New Brunswick	U	10.500
Johnson & Johnson	U&SB	0.500
Middlesex Water Company	U	20.000
Flemington Film Products	U	0.012 (3)
<hr/> Total Raritan Basin Users		<hr/> 150.597 mgd
System Total:		<hr/> 151.147 mgd

(1) These users withdraw their supply from and return water to the Delaware River Basin and are excluded from payment of the debt service rate component for the 1969 Water Conservation Bonds.

(2) Water treated and supplied through Middlesex Water Company.

(3) Non-depletive use

U = Uninterruptible Service

SB = Standby Service

SUMMARY OF FIRE STANDBY CONTRACTS

User	Withdrawal Capacity (gpm)	Source
Union Carbide Chemicals	4,500	D&R Canal

Capital Improvement Projects

1988 Water System Revenue Bonds

In 1994, the Authority completed two projects and progress continued on two other projects under the Capital Improvement Program funded by a \$32,405,000 issue of Water Supply Revenue Bonds in 1988. 1994 was also a transition year between the Five Year Capital Improvement Program funded by the issue of the Water Supply Revenue Bonds, Series 1988 and the current (1994-1999) program funded by a new Capital Fund Component included in the water rate schedule starting with Fiscal Year 1995 (7/1/94-6/30/95).

Island Farm Weir Construction

The construction of a new weir below the confluence of the Raritan and Millstone Rivers in Bridgewater and Franklin Townships, in Somerset County was completed at a construction cost of \$2,645,000. This project is essential to the development of the full safe yield of the Raritan Basin System. The weir, with a crest at elevation 23 feet above mean sea level, provides a common pool downstream of the confluence of the two rivers and permits existing and proposed intake facilities to draft water from the two rivers in an efficient manner. The Authority is in the process of obtaining approximately 80 flowage easements from property owners affected by the weir construction.

Moore's Creek Culvert Rehabilitation

The Moore's Creek Culvert is a twin arch masonry structure which carries Moore's Creek under both the Feeder Canal and NJ Route 29 in Hopewell Township, Mercer County. The culvert was constructed in four sections, the first in the 1830's and the last, under Route 29, in 1917. While the shotcrete liner that the State placed in the interior of the arches in the mid-1970's remains in good condition, repairs were needed to the floor of the culvert and to provide scour pro-

tection at the inlet and outlet areas. The upstream headwall and the concrete ice breakers at both ends of the culvert were also repaired. Much of this culvert rests on a timber grillage with a timber plank flooring. Concrete was placed between the deteriorating timbers and new planking was installed to maintain the historic character of the structure. A new concrete slab with inlaid river bed stones was constructed where there was no timber structure. The cost of rehabilitation was \$330,000, one third of which was shared by the NJ Department of Transportation.

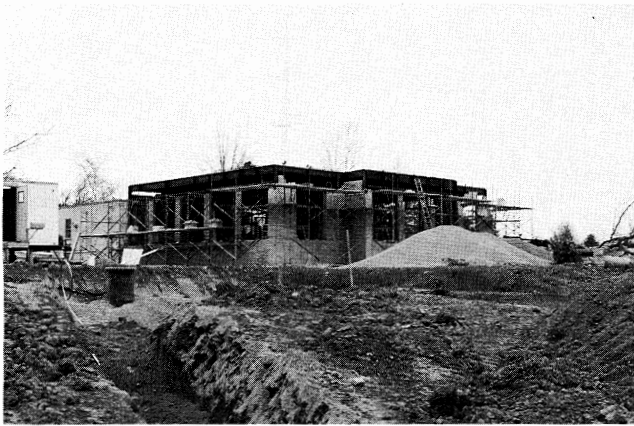


Rehabilitation of the Moore's Creek Culvert in Hopewell Township, Mercer County.



Clinton Administration Building

The Authority's Administration Building on Route 31 in Clinton is being remodeled to bring it into compliance with the requirements of the Americans with Disabilities Act and to increase the office area by 3,400 square feet. A \$1,253,600 construction contract was awarded in May 1994 and completion is expected by March of 1995. The Executive Office and the Division of Financial Management and Accounting staffs will be relocated to this new addition. The addition will also have a full basement for storage of records.



Construction of the addition to the Authority's Administration Building.

Rehabilitation of the Sullivan Way and Parkside Avenue Aqueducts

The Parkside Avenue Aqueduct was constructed in 1909 to carry the Feeder Canal and the Belvidere-Delaware Railroad over Parkside Avenue in the City of Trenton, Mercer County. The Sullivan Way Aqueduct was constructed in 1919 to carry the Feeder Canal and the Belvidere-Delaware Railroad over a revised alignment of Sullivan Way in the City of Trenton. Both concrete structures are in a state of disrepair with cracks and spalls throughout the structures as well as water seepage along the underside of the Aqueducts and at the abutment bridge seats. Both structures are being rehabilitated to arrest the seepage and repair the cracks and spalls. Mercer County is responsible for the maintenance of the underside of the Parkside Avenue Aqueduct and will fund the repairs



Rehabilitation of the Sullivan Way Aqueduct in the City of Trenton was completed in 1994.

to that part of the structure. A \$637,910 construction contract was awarded in August 1994 with completion scheduled for January 1995. Rehabilitation of the Sullivan Way Aqueduct was completed in 1994. Delays encountered in the dewatering operation and the onset of cold weather may delay rehabilitation of the Parkside Aqueduct until the summer of 1995.

New Jersey Water Supply Authority
CAPITAL IMPROVEMENT PROGRAM
1988 WATER SYSTEM REVENUE BONDS

PROJECT NUMBER	DESCRIPTION	CURRENT ESTIMATE	STATUS
1.	Embankment Improvement (D&R)	\$ 546,601.15	COMPLETE
2.	Guardrail/Fencing (D&R)	81,492.97	COMPLETE
3.	SBPS Improvements (SBPS)	429,000.00	CONSTRUCTION ON-GOING
4.	Road Repaving (SR/RV)	49,819.00	COMPLETE
5.	Administration Building Improvements	2,100,000.00	CONSTRUCTION ON-GOING
6.	Maintenance Dredging EIA (D&R)	332,802.94	EIA COMPLETE
7.	Sluice Gate Rehabilitation (D&R)	0.00	DEFERRED
8.	SR Spillway	104,339.22	COMPLETE
9.	Aqueduct Rehabilitation (D&R)	1,312,609.54	COMPLETE
10.	Lock & Waste Gates (D&R)	758,173.84	COMPLETE
11.	Raritan River Weir	4,850,000.00	COMPLETE
12.	SR Riprap Facing	2,037,326.48	COMPLETE
13.	Route 1 Bypass (D&R)	130,251.26	EIA COMPLETE
14.	Canal Office Construction	2,315,000.00	COMPLETE
15.	Headgates Rehabilitation (D&R)	796,664.46	COMPLETE
16.	Landing Lane Spillway Rehabilitation (D&R)	553,000.00	COMPLETE
17.	Heathcote Brook Culvert Rehab (D&R)	645,000.00	COMPLETE
18.	Wickecheoke Creek (D&R)	257,951.19	DESIGN COMPLETE
19.	Brookville Waste Gate (D&R)	62,577.77	DESIGN COMPLETE
20.	Lumberville Wing Dam (D&R)	3,650,000.00	COMPLETE
21.	Port Mercer Dike (D&R)	74,273.48	EIA COMPLETE
22.	Shipetaukin Creek Culvert (D&R)	176,068.92	EIA COMPLETE
23.	RV Riprap Facing	2,709,646.15	COMPLETE
24.	Fiddlers Creek Culvert (D&R)	1,140,000.00*	COMPLETE
25.	Lower Canal Study (D&R)	92,629.40	COMPLETE
26.	Overbank Spillways (D&R)	357,327.80	COMPLETE
27.	Emergency Warning System (SR/RV)	4,045.68	COMPLETE
28.	RV Drainage Improvement	1,520,970.47	COMPLETE
29.	Canal Inlet Improvement	68,134.02	COMPLETE
30.	Round Valley Pipe Rehab	2,448,422.12	COMPLETE
31.	Randolph Brook Culvert (D&R)	320,645.71	COMPLETE
32.	Five & Ten Mile Waste Gates (D&R)	94,074.50	DESIGN COMPLETE
33.	Culvert @ 2344 + 17 (D&R)	242,999.83	COMPLETE
34.	Culvert Inspection Program (D&R)	53,928.68	COMPLETE
35.	Moore's Creek Culvert Rehab (D&R)	450,000.00	COMPLETE
36.	Jacob's Creek Culvert Rehab (D&R)	51,000.00	DESIGN COMPLETE
37.	RVPP Reduced Pressure Implementation	4,915,600.69	COMPLETE
38.	Mettlars Brook Culvert (D&R)	58,000.00	DESIGN COMPLETE
39.	Parkside & Sullivan Way (D&R)	58,604.73	DESIGN COMPLETE
40.	Mile Run Culvert Rehab (D&R)	71,000.00	DESIGN ON-GOING

\$35,920,000.00

FOOTNOTES:

D&R -Delaware & Raritan Canal
RV -Round Valley Reservoir
SR -Spruce Run Reservoir
SBPS -South Branch Pumping Station

EIA -Environmental Impact Assessment
EIS -Environmental Impact Statement
* -Includes \$315,595 reimbursement from NJDOT.

The estimated project costs listed includes engineering, cultural, construction and miscellaneous expenses.

Current Capital Improvement Program (1994-1999)

In 1994 the Authority reached a milestone in its continuing efforts to properly maintain, rehabilitate or replace, and upgrade its facilities. During the period from 1982-1993 the Authority has invested \$62,000,000 in the Capital Improvement Program for the Raritan Basin System. Capital Improvement Programs during this period were financed through the issuance of long term debt obligations (i.e., 1981 Water Supply Bond Funds and 1988 Water System Revenue Bonds). Much of this cost was the direct result of inadequate investments in the facilities during the years preceding the creation of the Authority.

The Authority's Capital Improvement Program which commenced on January 1, 1994 requires the investment of approximately \$1,500,000 per year. In evaluating the options for financing this program the Authority looked at (1) the continuation of the practice of incurring long term debt through the issuance of Revenue Bonds and (2) the feasibility of current financing through the assessment of annual charges as part of the water use rate structure. It was determined that financing of such a small annual Capital Improvement Program based upon the issuance of long term debt would be fiscally imprudent.

The Authority's present financial plan is predicated upon a new Capital Fund Component of \$10 per million gallons (MG) starting on July 1, 1994 with subsequent increases in this component of the total rate structure to \$15 per MG effective July 1, 1995, \$20 per MG in July 1, 1996, and to \$25 per MG effective on July 1, 1998 and thereafter.

This level of current financing (\$1,500,000-\$2,000,000/yr) for reinvestments in plant and equipment is consistent with the booked depreciation of the plant and equipment for the Raritan System facilities (without the depreciation of the dams) which amounts to about \$1,900,000 per year. Any future unplanned or unanticipated major

capital investment will, however, require the issuance of long term debt.

A separate report entitled "Five Year Capital Improvement Program 1994-1999" has been prepared to provide the details of ongoing capital needs as well as the analysis of the financial options to fund these needs. As noted in this report, the use of internally generated funds for capital improvements is the least costly method of financing and will place the Authority in the strongest possible financial position to meet the needs of the Raritan Basin System in the 21st Century.

Following is a Table of Projects proposed to be accomplished under this Capital Improvement Program.

New Jersey Water Supply Authority

CURRENT CAPITAL IMPROVEMENT PROGRAM

PROJECT	ESTIMATED PROJECT COST	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Rehab Sullivan Way & Parkside Aque. (D&R)	\$ 450,000*	450,000					
Repairs to Roof @ SBPS	\$ 20,000	20,000					
Rehab of Jacobs Creek Culvert (D&R)	\$ 600,000		600,000				
Rehab of Lock Gates (D&R)	\$ 480,000			175,000	155,000	150,000	
Rehab of Mettlars Brook Culvert (D&R)	\$ 400,000	25,000	375,000				
Mile Run Culvert Rehabilitation (D&R)	\$ 475,000	50,000	425,000				
Rehab of Culvert @ 324+30 (D&R)	\$ 350,000			50,000	300,000		
Lockatong Spillway (D&R)	\$ 400,000			400,000			
Rehab of Culvert @ 2370+28 (D&R)	\$ 600,000		50,000	550,000			
SR/RV Safe Yield Analysis	\$ 400,000		50,000	100,000	200,000	50,000	
Rehab of Culvert @ 2249+79 (D&R)	\$ 250,000			50,000	200,000		
Five & Ten Mile Waste Gate Rehab (D&R)	\$ 600,000			30,000	570,000		
Canal Bank Armor & Port Mercer Dike Rehab (D&R)	\$ 1,200,000			75,000	25,000	1,100,000	
Route 1 Conduit Automated Rakes (D&R)	\$ 70,000			70,000			
Evaluation of Ten Mile Pumping Station (D&R)	\$ 50,000				50,000		
Embankment Improvements Lower Canal (D&R)	\$ 200,000					200,000	
Total	\$ 6,545,000	545,000	1,500,000	1,500,000	1,500,000	1,500,000	0
Embankment Improvements Lower Canal (D&R)	\$ 400,000						400,000
Evaluation of SBPS	\$ 200,000						200,000
Rehab of Culvert @ 697+40 (D&R)	\$ 425,000						425,000
Rehab of Culvert @ 2121+70 (D&R)	\$ 270,000						270,000
Embankment Improvements Canal Feeder (D&R)	\$ 300,000						300,000
Route 1 Bypass (D&R)	Funding by NJDOT						
Port Mercer Dike Rehab (D&R)	\$ 3,200,000						3,200,000
Total	\$ 4,795,000	0	0	0	0	0	4,795,000

* The total estimated cost for the rehabilitation of the Sullivan Way and Parkside Avenue Aqueducts is \$712,400. \$262,400 of the cost of this project will be funded from balances in the 1976 Bond Fund.

FOOT NOTES:

D&R — Delaware & Raritan Canal	SBPS — South Branch Pumping Station
RV — Round Valley Reservoir	EIA — Environmental Impact Assessment
SR — Spruce Run Reservoir	EIS — Environmental Impact Statement

The estimated project costs list includes engineering, cultural, construction and miscellaneous expenses.

Manasquan Water Supply System

Facilities

The Manasquan Water Supply System consists of a 740-acre reservoir located on Timber Swamp Brook, a tributary of the Manasquan River, in Howell Township, Monmouth County, that can store four billion gallons of water when full. Water to fill the Reservoir is drawn during periods of high flows in the Manasquan River at an intake pumping facility located in Wall Township. To create the reservoir approximately 800,000 cubic yards of earth materials excavated from within the reservoir site were used to construct the main dam, dike, Georgia Tavern Road embankment, and the wetland dikes at the reservoir. A critical portion of the main dam and dike construction involved the installation of a soil-bentonite clay cut-off wall to control water seepage through the dam embankment. Groundwater levels around the reservoir are controlled by a perimeter drain system constructed along the north and south shores of the reservoir varying in depth up to 15 feet.



The Manasquan Reservoir Dam, Inlet/Outlet Tower and access road in Howell Township.

As part of the reservoir construction, the Authority was responsible for the creation of six emergent wetland areas at several locations along the reservoir periphery, at the intake site, and at three other off-site locations within Monmouth County. These sites were excavated and/or filled, depending on the topography, to create shallow ponds

with a water depth of one to three feet. A multi-year evaluation of these wetland areas is now underway. The survival rate of planted species, growth of indigenous plants, and use of the areas as wildlife habitat is being evaluated to determine the success of the manmade freshwater wetland areas in replacing natural areas lost in the construction process.

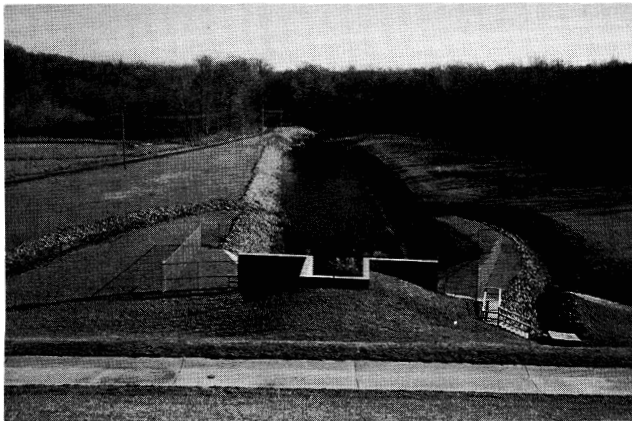
The Intake Facilities consist of an Intake Pump Station on the Manasquan River; a Flow Meter/Valve Chamber, the point of delivery to the majority of the water customers; a Reservoir Pump Station housing five pumping units; and the Maintenance/Administrative Office area for the system. The Intake Facility is designed with a peak pumping capacity of 150 million gallons of water per day while maintaining no less than an 8 million gallon per day minimum downstream passing flow in the Manasquan River. A stream gaging station on the river monitors flows downstream of the intake pumping station.

The river water is pumped from the intake structure and pump station to a settling basin where the sediments settle out. The water from the settling basin can be pumped through a 5.25 mile long, 66-inch diameter pipeline to storage in the Manasquan Reservoir, or it may be pumped via the New Jersey-American Water Company's facilities to storage at their Glendola Reservoir or allowed to flow by gravity from the settling basin to the Monmouth County Improvement Authority Treatment Plant which is also located at the intake site.

The 66-inch diameter prestressed concrete cylinder pipeline to the Manasquan Reservoir is buried a minimum of five feet along a route which minimized disturbance to archaeological sites and private property. At the reservoir the 66-inch pipeline is enclosed in a 120 inch diameter concrete pipe which passes through the dam embankment to the Inlet/

Outlet Tower. This tower rises 84 feet above the reservoir floor and performs the functions of either releasing reservoir water or accepting pumped water from the Reservoir Pump Station located at the Intake Facilities.

The water supply system which commenced operations on July 1, 1990 provides the region with a safe, dependable and renewable water supply which reduces the region's dependence on depleted groundwater supplies. This system can supply a safe yield of 30 million gallons of water per day (mgd) even during a recurrence of the worst drought to strike the region. Of the Manasquan System's safe yield of 30 mgd, raw water contracts currently total 16.097 million gallons per day.



The Timber Swamp Brook channel downstream of the Manasquan Reservoir Dam in Howell Township.

The New Jersey-American Water Company receives 11.132 mgd for treatment at its Jumping Brook treatment facility. This water is delivered to New Jersey-American customers in northeastern Monmouth County and to other water supply systems along the Raritan Bayshore Region.

Raw water in the amount of 3.535 mgd is contracted for delivery to the treatment facility owned by the Monmouth County Improvement Authority (MCIA), located at the Manasquan Intake site. The MCIA has contracts to deliver treated water to the Boroughs of Brielle, Sea Girt, Spring Lake, Spring Lake Heights and Wall Township. The New Jersey Water Supply Authority, under a separate contract with the MCIA, designed, constructed and operates this treatment facility.

Howell Township operates a treatment facility which withdraws 1.03 mgd of water directly from the 66 inch diameter reservoir pipeline. This facility treats and delivers this water to customers within its own system and to the Adelphia Water Company.

The remaining 13.903 mgd of the safe yield of the Manasquan Water Supply System is available for use in meeting the future water needs of Monmouth and northern Ocean Counties.

The reservoir also provides environmental and recreational benefits to the area. Under agreement with the Authority, the Monmouth County Park System is managing the recreational use of the reservoir. County park rangers and staff provide maintenance of areas outside the restricted access zones and security patrols of the entire site. The County encourages and sponsors programs for use of the five-mile long perimeter trail walk. Operation of the boat launch ramps by the County provides access for recreational boaters and fishermen.

The County enhanced and improved the use of the reservoir site with its completion of the new boathouse/reception center in June 1994. The addition of this attractive building with its various amenities promotes greater utilization of the reservoir area by the public to enjoy its recreational opportunities and explore its environmental benefits.



The new Boathouse/Reception Center erected by the Monmouth County Park System.

The reservoir also provides an excellent opportunity for fishing. The gravel spawning beds and log shelters in the northwest corner

of the reservoir have proven attractive to fish. Fishing has been successful from bank areas as well as from watercraft. The NJDEP's Division of Fish, Game and Wildlife has stocked the reservoir with fish of various species since the spring of 1990. Indigenous species of fish are also making a strong showing in numbers and size. These fish apparently migrated to the reservoir from the small streams and ponds which lie in the compact watershed or were incorporated into the impoundment.

Operations and Maintenance

As in the past, the Manasquan staff has operated the system to maximize the use of the water available in the river. This also minimizes the electrical power costs. Although much of the State suffered a serious rainfall deficit in 1993, the Manasquan River continued to furnish sufficient flows to meet water demands well into the summer. When the river flow could no longer sustain minimum flow levels, water was withdrawn from the reservoir and blended with river water to meet system requirements. This mode of operations enabled the system to maintain the reservoir level with a minimum of pumping therefore minimizing operational costs to the system's users. The reservoir level was drawn down several feet by the Fall due to the use of water for blending.

Pumping for maintenance purposes and to replenish the reservoir was restricted to off-peak weekend or overnight hours in order to minimize the cost of electric energy.

The Manasquan staff and the Authority's Engineering personnel monitored the dam and appurtenances throughout the year both visually and by means of the data continuously recorded by instrumentation buried within the dam and dike structures. The performance of the dam and dike has been confirmed to be well within design predictions.

A formal dam inspection was conducted by the NJDEP - Dam Safety Section and Woodward-Clyde Consultants in May 1994. The formal dam inspection is required every three years and includes a slope stability analysis on the dam embankments. The formal inspection resulted in a "safe" rating for all embankment structures.

In 1993 the State of New Jersey granted a waiver of a requirement to install a siren warning system downstream of the Manasquan Dam. Following receipt of this waiver the Authority adopted an Internal Management Plan (IMP) to augment the existing Manasquan Dam-Emergency Action Plan (EAP) and Dam Safety and Maintenance Manual. As part of this IMP, the Authority's Engineering and Safety personnel assist in various activities required by all plans in order to assure the facilities are safe and operating within design parameters. These activities include quarterly inspections of the dam, dike and appurtenant structures, review of the monthly dam instrumentation and observation well data, and quarterly drills of the EAP.

Monitoring of the water quality in the reservoir continued throughout the year in order to obtain information on seasonal variations in the water. During the warmer months, the data collected by the Manasquan staff was used by the Authority's algae control contractor to schedule applications of copper sulfate to the reservoir. Timely information on the reservoir water quality permits the contractor to schedule the applications to provide maximum benefit and the best margin of safety for higher aquatic life forms. The growth of algae, a natural occurrence in surface water impoundments, can cause water treatment difficulties resulting in unpleasant taste and odor if permitted to go unchecked.

The maintenance of the grassed areas on the dam and dike, at the intake site, wetlands, and along the pipeline easements is managed by the Buildings and Grounds Maintenance Unit. The unit also handled the maintenance of drainage structures. The unit completed the reseeding of the lower berm at

the main dam on the south side of the dam penetration.

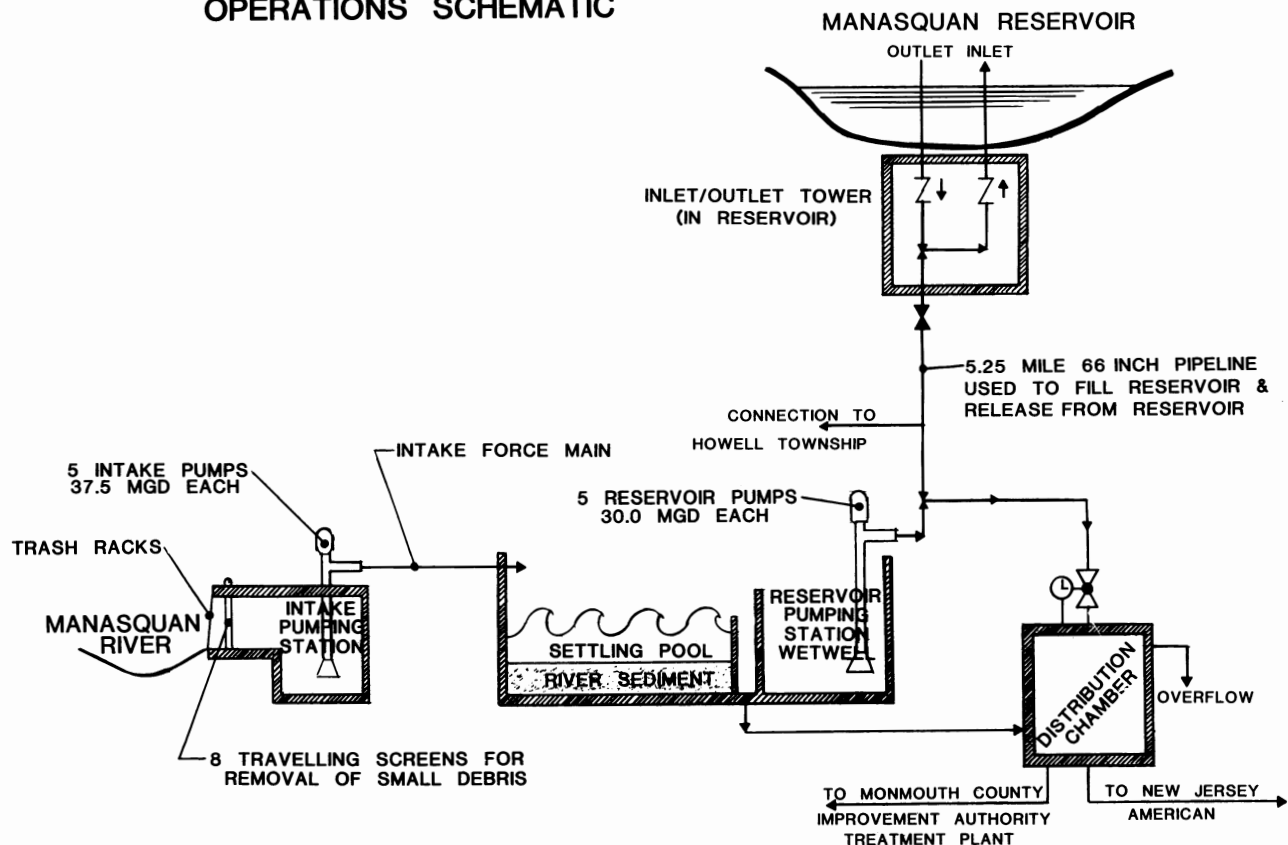
The remaining area of the dam and dike were fertilized by the grounds unit in an effort to bolster the grass growth on the slopes. The grounds unit is also responsible for the removal of residual material from the Backwash Recycle Lagoons at the Water Treatment Plant.

Maintenance of mechanical devices is the responsibility of the Facilities Maintenance Unit. The preventive maintenance function is directed by a computer based maintenance program. All preventive maintenance activities have been identified and fed into the computer record. The program maintains a schedule of events and issues work orders which detail the tasks to be performed and the work force, supplies, parts and special

tools required to perform the task. New tasks which arise and corrective actions taken by the unit are logged into the program to create a maintenance history of all individual devices. This computer program is also integrated into the payroll function of the unit. The unit's time is recorded by work order number which allows the analysis of the unit's time allocation between the various budget expense centers.

The Facilities Maintenance Unit is responsible for the coordination of the activities of numerous vendor and service organizations. The unit participates with these organizations in tasks such as the maintenance and testing of the 2,300 volt variable frequency drives on the intake and reservoir pumps, the removal of residuals from the intake pump station and the high voltage electrical testing and maintenance program.

MANASQUAN RESERVOIR SYSTEM OPERATIONS SCHEMATIC



SUMMARY OF WATER USE CONTRACTS
Manasquan Water Supply System
(Million Gallons Per Day - mgd)

<u>User</u>	<u>Type of Contract</u>	<u>Supply</u>
Wall Township	U	2.300 (1)
Borough of Avon	U	0.142 (2)
Shorelands Water Company	U	1.900 (2)
New Jersey-American Water Co.	U	7.035
Borough of Red Bank	U	0.778 (2)
Borough of Sea Girt	U	0.075 (1)
Borough of Spring Lake	U	0.310 (1)
Borough of Spring Lake Heights	U	0.450 (1)
Borough of Belmar	U	0.650 (2)
Howell Township Water & Sewer	U	0.730
Borough of Brielle	U	0.400 (1)
Adelphia Water Company	U	0.300 (4)
Borough of Keyport	U	0.458 (3)
Borough of Matawan	U	0.469 (2)
Borough of South Belmar	U	0.100 (2)
<hr/> System Total:		16.097 mgd

(1) Water treated and distributed through Monmouth County Improvement Authority Facilities.

(2) Water supplied through New Jersey-American Water Company, Eastern Division.

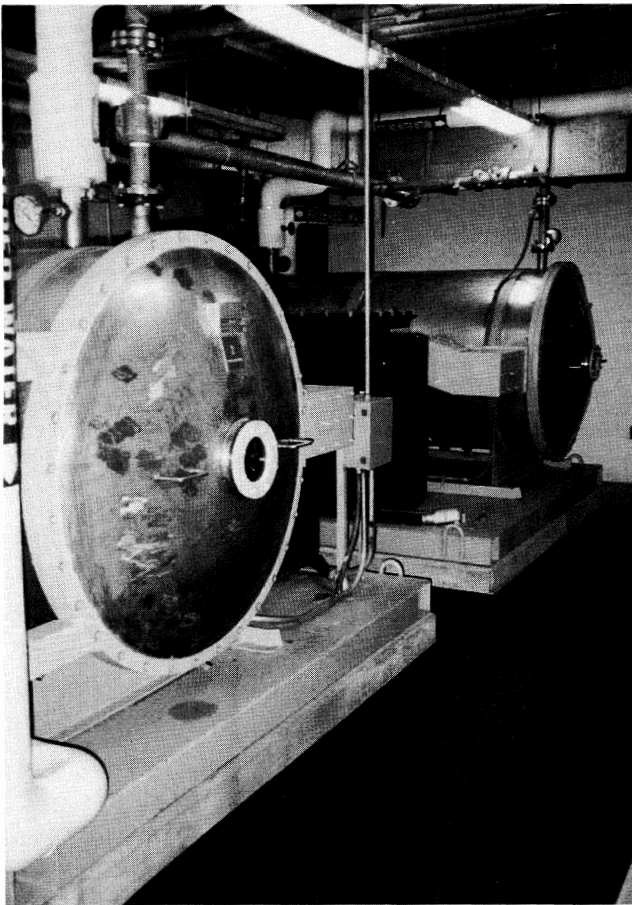
(3) Water supplied through Shorelands Water Company.

(4) Water supplied through Howell Township Water & Sewer.

U = Uninterruptible Service

Water Treatment Plant and Transmission System

As part of the overall distribution of water from the Manasquan project, the Monmouth County Improvement Authority entered into a contract with the Authority to construct and operate a 4 million gallon per day water treatment plant and treated water transmission system for the benefit of the communities of Wall Township, Brielle, Sea Girt, Spring Lake and Spring Lake Heights. Throughout the first three years of operation, the plant has produced an average of 2.9 million gallons of water per day.



The ozone generators produce a strong oxidant used to pretreat high levels of iron and manganese, remove objectionable taste and odor, improve conventional treatment efficiency and reduce high THM formation potential while providing primary disinfection.

The technology employed in the design of the treatment plant has proven able to effectively treat raw water drawn from the river and the reservoir as well as a blend of the two water sources. In the treatment process, the plant employs preoxidation with ozone,

coagulation with aluminum sulfate, flocculation, clarification/filtration package units, granular activated carbon adsorption (GAC) contact, disinfection, pH adjustment and the addition of a corrosion control agent. The quality of the plant effluent continues to surpass the design predictions.

The plant staff has put their operating experience to use by streamlining the treatment process. The use of treatment chemicals, a major budget item, has been steadily reduced, resulting in a savings to the customers and lower treatment plant residuals. The treated water quality readily meets standards set by current State and Federal regulations.



Continuous monitoring of incoming raw water and the treated water occurs in the Water Treatment Plant Laboratory.

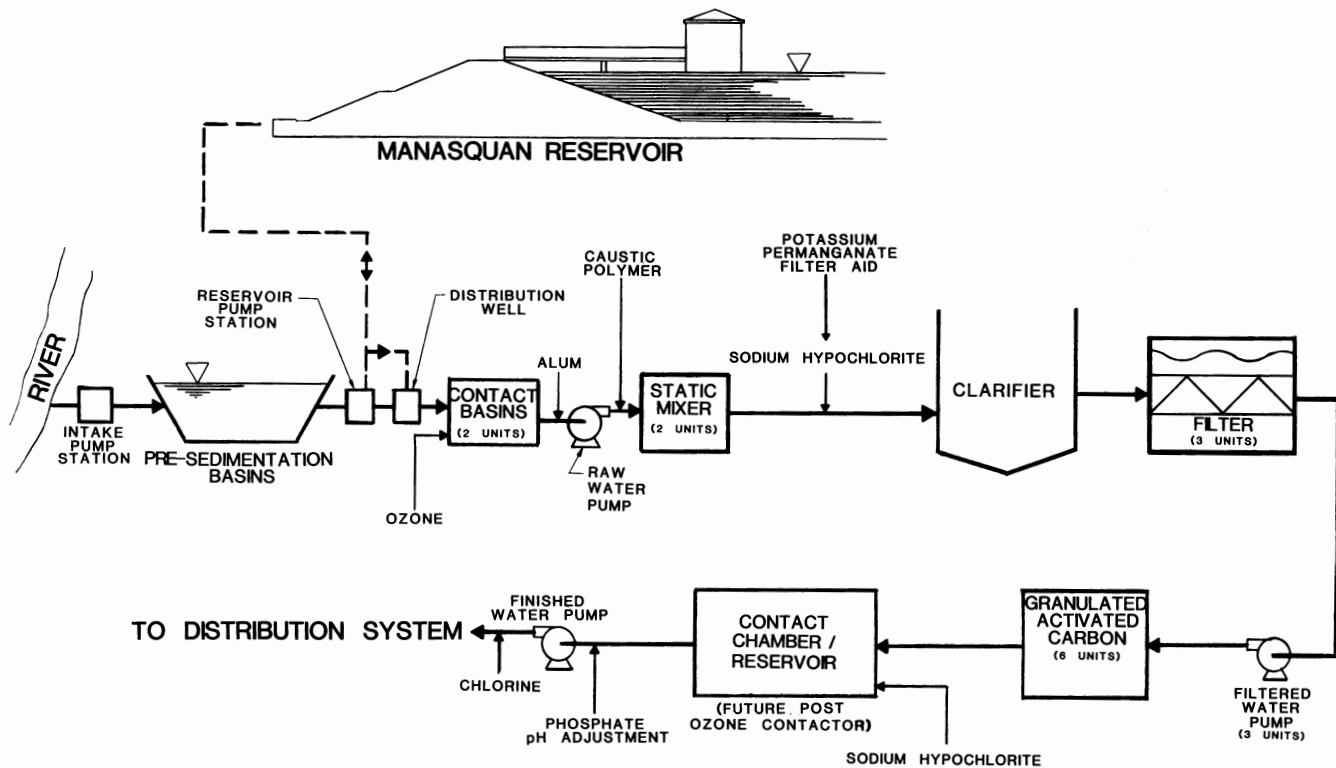
Taking into account the current drinking water regulatory climate and proposed new standards, the Authority, with MCIA approval, moved to conduct a feasibility and preliminary design study for modifications to the adsorption clarifier/filter units and associated impacts on the recycle lagoon system. The engineering consulting firm of Environmental Engineering & Technology of Newport News, Virginia was chosen to conduct the study as a result of a competitive process involving the submittal of technical and fee proposals from interested consulting firms.

The study has recommended numerous modifications covering a variety of the treatment plant processes. The treatment plant

still produces excellent quality water, but with the inclusion of several study recommendations into the plant process, the Authority could increase its level of confidence in meeting current and any more stringent future regulations.

The Manasquan plant provides between 25 and 85 percent of the drinking water consumed in the customer communities. The

treatment plant was designed to function as a constant flow facility meeting the base demand of the customer communities; however, the demand imposed upon the plant is greatest during the day and is at a minimum during the late night and early morning hours. The plant staff has developed operational plans which meet this demand pattern.



MANASQUAN WATER TREATMENT PLANT

FLOW SCHEMATIC

Letter of Transmittal - Chief Financial Officer



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. Box 5196 • Clinton, NJ 08809 • (908) 638-6121
(FAX) • (908) 638-5241

September 16, 1994

To the Commissioners of
the New Jersey Water
Supply Authority

The Comprehensive Annual Financial Report of the New Jersey Water Supply Authority for the year ended June 30, 1994 is submitted herewith. Responsibilities 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 my knowledge and belief the enclosed data are 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 Comprehensive Annual Financial Report.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory section contains a reproduction of the Authority's Government Finance Officers Association Certificate of Achievement, a list of principal officials, the organizational chart, a letter to the Governor, and operational and maintenance information on the Raritan Basin System and Manasquan Water Supply System. The Financial section contains the

Independent Auditor's Report, the Financial Statements for fiscal year 1994 and comparative data for fiscal year 1993, as well as notes, and supplemental information to the Financial Statements. The Statistical section contains historical, financial and operational data on a multi-year basis.

Reporting Entity and its Services

The New Jersey Water Supply 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 New Jersey Water Supply 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 Monmouth County Improvement Authority and is operated and maintained by the New Jersey Water Supply Authority under the terms of an operating agreement. Each of these systems provide sufficient revenues to cover their own operating expenses, and each system's debt service.

TO: Distribution *Puc*
FROM: Zenona Puc', Admin. Secretary
SUBJECT: Highlights - Senior Staff Meeting
January 24, 1995

February 9, 1995

Executive Director Baxter opened the meeting by greeting everyone.

Noting that this is the first meeting in 1995 he mentioned that the weather has been so unusual that his skiing trips have been disrupted.

Director Baxter asked if anyone listened to the State of the State Address or read the articles in the newspapers regarding privatization of Authorities. He asked what do you think about those articles?

Joanna said that they are scary and we should all be afraid of losing our jobs.

Mr. Baxter noted that the articles stated that there is a potential for someone out there who wants our jobs. This is an unusual feeling for people employed by Authorities. There was a list of Authorities that were being looked at for privatization, fortunately our name was not on the first list published. Mr. Baxter said that he does know first hand that we are being looked at.

Jay asked why? We are not costing the State any money.

Mr. Baxter said correct - we are being looked at because the Authority represents a cost market value of \$500M between both systems. We did not make the first list because of the way we do business. Mr. Baxter noted that a person who sits on the Governor's Committee was told that he has to talk to Mr. Baxter. To date they have not spoken.

Mr. Baxter questioned whether this was doable, yes it is doable. Some laws of the State of New Jersey would have to be changed but Government can change laws.

A lengthy discussion took place and Mr. Baxter said that if everyone continues to do their job in a professional way, rule out unnecessary expenditures, set good examples (start work at 8:00-4:30, not 8:10-4:28) and do what we were establish to do we should be fine. The Governor's Committee considers us to be a well run utility. So without apologies for those who are unhappy about being told not to read the newspaper during working hours, balance their check books at their desks, transport material in Authority vehicles, etc. - we should start thinking about our image at the Authority.

Ed reported that work at the Administration Building is progressing. A revised schedule received from the contractor states

that they will be substantially completed by April 30, 1995. Ed feels that at the rate they're going they could probably meet that deadline. He also mentioned that with the new addition the existing building had to comply with certain codes.

Jay talked about ordering furniture and Ed said there are no plans to purchase new furniture now except for partitions.

It was noted that the stockroom now has no doors and it would be nice if they were replaced.

Mr. Baxter reported that Rich has been appointed by the Monmouth County Freeholders to serve on the Monmouth County Water Resources Association. Rich will be representing all utilities in Monmouth County and Mr. Baxter said that's a commendation to Rich and the Authority.

It was noted that the power company has taken a very active role in contacting the Authority and keeping us informed of what is going on with market change in their utility. Rich noted that we entered into a five year agreement with JCP&L to hold our power costs to no more than a 1.5% increase per year.

Rich reported that pumping at the reservoir continues. The reservoir is at elevation 100.7, 90% of capacity and pumping approximately 350 million gallons. Everything is operating well at the Treatment Plant.

Rich noted that the consultant who designed the treatment plant spent the day at the plant going over things that he did right/wrong and changes that we've made.

Joanna reminded Rich that the Authority meeting on March 6, 1995 will be held at Manasquan.

Mr. Baxter said that it will be the five year Anniversary of the Manasquan Reservoir.

Mr. Baxter said that a Computer Committee has been setup. He asked for a list of authorized software and stressed that computer games WILL NOT be on that list. Also, if it was not purchased with Authority money it will not end up on Authority computers.

M. Citarelli noted that it's a felony to copy software to other computers. Individual software packages must be purchased for each computer. Mike stated that directories of all computers will soon be printed out.

M. Citarelli said that 1996 budgets will be passed out for review and changes. Remember, the bottom line must remain the same. All telephone calling cards went out and Mike asked everyone to try them out at least once.

Ann reported that direct deposit went through smoothly. Direct deposits into Credit Union Accounts will take an extra few days. It was noted that only 30 employees signed up and people are encouraged to sign up. The W2 forms were distributed, everyone should have

received them. See Gerry or Ann with any questions.

Mel reported that yearly routine work has be done, i.e., annual report, insurance remarketing, rate adjustments. When Steve returns from vacation, information on the Winter Training Program will be sent out. Mel reported that Bob, Pat and he updated the P&P Index. Mr. Baxter is currently reviewing the Index to also incorporate some guidelines that have been issued over the years. After that, Pat will take care of updating everyone's manual. She will review a few manuals each week until she has seen them all. Mel noted that the Equipment Committee meeting will follow soon after this meeting and also mentioned that a Housing Committee has been formed and they hope to meet every two weeks or so initially. Hopefully, a recommended P&P on housing will be drafted in the near future. There are three Authority houses that will be vacated soon and three requests have been received to fill these vacancies. Mel stated that they want to have a P&P in place before decisions are made.

Gerry reported that there was only one reported incident of a person slipping on ice and one car sliding on ice. There were four reported incidents in the last two months.

Mel said that the next quarterly Safety meeting is scheduled for February 17, 1995 at 9:00 am followed by the Safety Suggestion Evaluation Committee Meeting.

Mel noted that the revised Safety Program P&P will be out for review and comments.

Tom reported that Canal operations have been normal. He noted that there were two oil spills on Friday, January 20. A cleanup contractor was called in by DEP to clean up the first spill and the Trenton Fire Department as well as others contained the second oil spill. Authority Personnel used the Emergency Response Trailer to help install booms. Mobilization of the dredging program at Scudders Falls began yesterday, January 23. Tom noted that dredging of the Manasquan River will be at the intake for approximately 300 feet. Other Canal operations & maintenance work continues.

Coti noted that in January we had one new hire Aaron Smith, Maintenance Worker I, one promotion Mr. Baxter to Executive Director and no resignations or retirements. There are three remaining vacancies, Project Engineer I, Project Engineer III and Chief Engineer - all on hold.

Mr. Baxter noted that Ed will take over the duties of Ethics Officer. Again, we will fill out a form this year stating any outside employment/business that may be seen as a conflict of interest to the Authority.

Gerry said that seat belts should be worn in all Authority vehicles. He noted that all Authority vehicles should contain a forms package. Check your vehicles for these forms and get copies if you don't have them.

A film named "Avoiding Liability" was viewed and a lengthy discussion followed.

Mr. Baxter reminded everyone that we should be professionals and businesslike. If anyone receives questions about the newspaper articles on privatization, remember no one has approached this Authority. Mr. Baxter noted that on February 10, 1995 he will be attending a workshop with the Governor. Presently, there is no Agenda.

Please note that the next Senior Staff Meeting will be held on TUESDAY, FEBRUARY 28, 1994 at 9:00 a.m. at the Annex Conference Room, Clinton. Please mark your calendars.

There being no further discussion the meeting adjourned at 10:55 a.m.

Distribution:	TGB	AGC	RKV	LD	MM	EG	JS	AW	GH
	MHM	JEK	WO	TP	EB	CL	CN	SH	PS
	MC	RF	CW	KM	JH	IS	CH	LP	LC

The New Jersey Water Supply Authority is governed by a seven member Board of Commissioners. The Board of Commissioners consists of the Commissioner of the Department of Environmental Protection of the State of New Jersey who serves as Chair and six public members appointed for three year terms by the Governor with the advice and consent of the Senate. The Commissioner may designate, in writing, an officer or employee of the Department as a representative to act on behalf of the Commissioner. The members must include one expert in the field of Water Resource Management and Distribution and one expert in Public Finance. The remaining members must represent the Agricultural Community, Industrial Water Users, Residential Water Users and Private Watershed Associations. The Board also designates a Vice Chairman, a Treasurer and a Secretary. The members of the Authority serve without compensation.

The Executive Director is responsible for the management of the daily operations of the three systems and prepares proposals for presentation to the Board of Commissioners at monthly business meetings. The Executive Director is responsible for implementing such proposals after presentation to, and approval by the Board. The Authority's Executive Director heads a full-time staff of professional, technical, and operational personnel totaling 133 employees.

The meetings of the Authority are normally scheduled for the first working Monday of each month. Four members of the Authority constitutes 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. A copy of the minutes of every meeting of the Authority must be delivered to the Governor. Actions taken at the meeting will not be effective until ten business days after the copy of the minutes has been delivered. If in this ten day period the Governor returns the copy of the minutes with a veto of any action taken by the Authority at that meeting, the action will be ineffective. All meetings held by the Author-

ity 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 New Jersey Water Supply Authority's consolidated 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 services 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 by management and implemented. This internal control structure includes policies and procedures, approved organizational structures, and approved budgets for capital and operating expenditures.

The New Jersey Water Supply Authority adopts an annual budget for its operations and establishes water rates accordingly. The budget of the Authority does not establish legal spending limitations, but is used for the purpose of establishing rates. Even though the Authority is required to give at least six months advance notice of proposed rate adjustments to contractual customers, the Authority usually begins the rate adjustment procedure nine months in advance of the effective date through informal meetings with the water users. The initial informal meeting with the water users usually takes place in September or October of the year preceding the proposed effective date of the following July 1.

Financial Position

The total assets of the Authority as of June 30, 1994 were \$231,540,769 an increase of less

than one percent over the previous year's total of \$231,377,826. The Consolidated Utility Plant in service increased three percent or \$5,093,957, from \$195,410,320 to \$200,504,277. The Raritan Basin System increased five percent or \$5,042,892, from \$103,021,562 to \$108,064,454. The increase within this system is largely due to completed projects associated with the Five Year Capital Improvement Program being transferred from construction work in progress to utility plant in service. A \$32,405,000 Five Year Capital Improvement Program was started on December 7, 1988, and most of the projects are within their final stages of completion. As of June 30, 1994, \$30,861,869 has been expended on projects within the Capital Improvement Program. The last major project, an addition to the Authority's Administration Building, having a budget of \$1,253,600, is expected to be completed no later than February 1, 1995. With the present Capital Improvement Program coming to an end, the Authority has turned its attention to financing a new Five Year Capital Improvement Program (1994-1999). The Authority anticipates spending \$7,237,600 during this period for recurrent capital improvement projects and will finance the program utilizing an internally generated Capital Fund Component. The Authority established a new Capital Fund Component of \$10 per million gallons (mg) effective July 1, 1994 with subsequent increases in this component of the total rate structure to \$15 per MG effective July 1, 1995 and to \$20 per MG July 1, 1996 and to \$25 per MG effective July 1, 1998 and thereafter. The Authority deems that the use of internally generated funds for recurrent capital improvements is the most cost effective method of financing. This method of financing recurrent capital improvements will also place the Authority in the strongest possible financial position to meet the needs of the Raritan Basin System in the 21st century.

The assets of the Manasquan Water Supply System increased less than one percent, or \$51,065, from \$92,388,758 to \$92,439,823. The small increase is due to final payments to complete the construction of the Manasquan

Water Supply System and capital equipment purchases at the System. The Utility Plant associated with the Manasquan Water Treatment Plant and Transmission System is not reported within the Authority's financial statements and is the responsibility of the Monmouth County Improvement Authority. The Monmouth County Improvement Authority contracts with the Authority to operate the water treatment plant and related transmission facilities.

The total of cash and cash equivalents decreased by \$7,112,479 or 30% from \$23,847,090 to \$16,734,611. The decrease in cash is attributable to the ongoing Raritan Basin System's Five Year Capital Improvement Program and the Manasquan Reservoir Project

Current liabilities decreased \$551,022 from \$7,198,372 to \$6,647,350 a decrease of eight percent. The decrease is primarily due to the decrease in accounts payable from \$1,843,291 in fiscal year 1993 to \$1,121,015 in fiscal year 1994. Total capitalization of the Authority increased \$2,861,946 from \$78,038,738 to \$80,900,684 an increase of four percent.

The Consolidated Revenues increased six percent or \$1,113,964 due to normal rate increases and the receipt of overdraft revenue, from \$18,605,401 to \$19,719,365. The Consolidated Operating Expenses increased one percent or \$108,928, from \$9,041,977 to \$9,150,905. Contained in the following paragraphs is an explanation of changes in revenue and expense for each system.

The Raritan Basin System Revenues increased nine percent or \$1,055,624, from \$12,324,487 to \$13,380,111. The increase in revenues is due to the adjustment in the water rates from \$214.86 to \$220.47 per million gallons effective July 1, 1993, and the continued receipt of overdraft revenue. Total Operating Expenses increased one percent or \$62,808, from \$6,242,405 to \$6,305,213. Payroll and Fringe Benefits increased two percent or \$103,418 from \$4,467,974 to \$4,571,392 due to agreements in the Union Contracts and annual increases from the insurance companies underwriting our fringe benefit package. Operations and Maintenance expenses

decreased two percent, or \$40,610 from \$1,774,431 to \$1,733,821, mostly due to decreases in insurance.

The Manasquan Water Supply System Revenues increased one percent, or \$58,340 from \$6,280,914 to \$6,339,254. The increase in revenues is due to the adjustment in the water rates from \$1,086.67 to \$1,064.33 on July 1, 1993 and to \$1,096.75 on February 1, 1994, per million gallons. Total Operating Expenses increased three percent or \$48,452, from \$1,746,257 to \$1,794,709. Payroll and Fringe Benefits increased ten percent or \$51,167, from \$526,962 to \$578,129. The increase is due to the allocation of salary between the Manasquan Reservoir System and the Water Treatment Plant because employees share responsibilities between the two systems. Operations and Maintenance expenses decreased less than one percent or \$2,715 from \$1,219,295 to \$1,216,580 mostly due to decreases in insurance costs.

Operating Revenue for the Water Treatment Plant and Transmission System decreased nine percent or \$103,329 from \$1,134,000 to \$1,030,671 and total operating expenses decreased less than one percent or \$2,332 from \$1,053,315 to \$1,050,983. The budget is prepared on the basis of delivering the contracted amount of 3.42 million gallons per day to the five participating municipalities. The actual Operations and Maintenance expenses will vary with the actual draw from the Treatment Plant. The Water Treatment Plant Payroll and Fringe benefits decreased four percent or \$16,188 from \$462,286 to \$446,098, and is subject to the same increases or decreases as the Manasquan Reservoir System because of the allocation of employee responsibilities between the two systems. Operations and Maintenance expenses increased two percent, or \$13,856 from \$591,029 to \$604,885 due to normal increases in materials.

In April 1994, the Authority adopted a Raritan Basin System rate to become effective July 1, 1994 of \$229.50 per million gallons covering Operations and Maintenance and Debt Service for the fiscal year ending June 30, 1995. This rate was an increase of \$9.03 or

four percent from the previous fiscal year. The proposed rate for the fiscal year ending June 30, 1996, effective July 1, 1995 is \$237.91 per million gallons covering Operations and Maintenance, Debt Service and the Capital Fund Component. The proposed fiscal year 1996 rate represents an increase of \$8.55 or four percent.

A revised rate of \$1,114.98 per million gallons, effective July 1, 1994, was adopted for the Manasquan Water Supply System at the April 1994 Authority meeting. In accordance with the Manasquan Reservoir Water Supply System Bond Resolution, Section 713, the Manasquan Water Supply System was required to establish a debt service coverage charge starting at five percent of gross debt service with the first interest payment date, ten percent with the third interest payment date, 15% with the fifth interest payment date, and 20% with the seventh interest payment date and thereafter. The proposed fiscal year 1996 rate for the Manasquan Water Supply System is \$1,141.75 per million gallons, effective July 1, 1995. There will be no further changes in the water rate due to increases in debt coverage requirements, which has reached a maximum coverage level of 120% as of February 1, 1994. The proposed rate of \$1,141.75 per million gallons, effective July 1, 1995 represents a total rate increase, from the original rate of \$1,000 per million gallons set July 1, 1990, of \$141.75 per million gallons, a 14% increase for the six year period or an average of two percent per year.

The New Jersey Water Supply Authority entered into an agreement on September 1, 1987 with the Monmouth County Improvement Authority to design, construct, operate, and maintain the Manasquan Water Treatment Plant and Transmission System. The Monmouth County Improvement Authority raises all of the revenues necessary to cover Operations and Maintenance Expenses and Debt Service and Transfers to the New Jersey Water Supply Authority the annual budget requirement on a monthly basis. The New Jersey Water Supply Authority is responsible for presenting a calendar year operating

budget to the Monmouth County Improvement Authority at least 210 days prior to the beginning of each calendar year. The New Jersey Water Supply Authority is responsible for submitting a statement of actual operation and maintenance expenses for the prior fiscal (calendar) year to the Monmouth County Improvement Authority 120 days after the end of each calendar year. The budget for calendar year 1995 is \$1,270,022 which represents a \$177,832 increase over calendar year 1994's budget of \$1,092,190.

Cash Management

The Raritan Basin System had a total of \$17,945,832 in cash and investments as of June 30, 1994. These funds generated interest income of \$711,596.

The Manasquan Water Supply System had a total of \$4,813,892 in cash and investments as of June 30, 1994. These funds generated interest income of \$128,819.

The Manasquan Water Treatment Plant and Transmission System had a total of \$674,937 in cash and investments, which consists of operating funds held by the New Jersey Water Supply Authority, as of June 30, 1994. These funds generated interest income of \$21,552.

Funds of \$12,263,027 from all systems are held by the Trustees in accordance with bond resolutions and are invested in securities of the U.S. Government and its agencies and are collateralized at 102% of the carrying amount. Funds of \$7,715,452 from all systems were invested in the State of New Jersey Cash Management Fund. State laws permit the Division of Investment to invest in a variety of securities, such as obligations of the U.S. Government and its agencies, commercial paper, certificates of deposit, repurchase agreements, banker's acceptances and loan participation notes. All such investments must fall within the guidelines set forth by the regulations of the State's Investment Council. The Investment Council does not impose any limits on the amount of funds which may be deposited or withdrawn. The falling interest rates have

brought new investment challenges to the Authority, and as a result the Authority has elected to invest \$3,194,500 of funds from the Raritan Basin System in 5-Year Treasury Notes at a six percent return, due July 31, 1997. Funds of \$261,682 were held at National Westminster Bank and Chemical Bank NJ representing the Revenue, Operating and Payroll accounts as of June 30, 1994.

Debt Service

The Raritan Basin System has the obligation to repay the following debt. The 1969 Bond Fund obligation has a remaining principal and interest balance of \$6,160,000 as of June 30, 1994. The bonds bear interest at 5.4% and payments are made semi-annually in the amount of \$385,000. On December 12, 1985 the Authority obtained a loan of \$19,600,000 from a 1981 State of New Jersey Water Supply Bond Appropriation of \$20,550,000 for the purpose of financing the Dredging Program for the Delaware and Raritan Canal. The 1981 Bond Fund obligation has a remaining principal and interest balance of \$24,384,145 as of June 30, 1994. The bonds bear interest at 7.3% and debt service payments are made semi-annually and range from \$169,204 to \$1,865,204 through November 1, 2006. On December 7, 1988, the Authority issued \$32,405,000 of Water System Revenue Bonds, Series 1988, to finance a Five Year Capital Improvement Program for projects relating to the Delaware and Raritan Canal and the Spruce Run/Round Valley Reservoirs System. The Series 1988 Bonds are obligations of the Authority payable from revenues and pledged property. Payments on the Series 1988 Bonds are secured solely by pledged properties of the Authority. The Series 1988 Revenue Bonds have a bond yield of 7.86%, the remaining principal and interest balance is \$62,468,945 at June 30, 1994. Semi-annual payments are made in the amount of \$1,500,000 to the bondholders.

The Manasquan Water Supply System has the obligation to repay \$63,600,000 of State Loan Notes, which bear interest at 7.15%

and \$7,416,000 of Completion Loan Notes, which bear interest at 6.24%, which were sold to construct the Manasquan Reservoir Facilities. The current portion of the debt is defined as the ratio of the present water purchased under contract divided by the total system yield of 30 million gallons per day. At present the Manasquan Reservoir System has 16.097 million gallons per day under contract. The Authority has the obligation only to repay the current portion of the loans as defined in the terms of the State Loan Agreement. The State Loan Notes and the Completion Loan have a principal and interest balance of \$151,645,195, at June 30, 1994 which represents both the current and deferred portion. Semi-annual payments are made on the current portion only in the amount of \$1,905,000 to the bondholders.

In accordance with the Delaware and Raritan Water System Revenue Bonds, Series 1988, Bond Resolution, Section 713, the Raritan Basin System's schedule of rates shall be maintained at such a level so as to produce net revenues equal to at least 1.20 times the amount required to be paid in the Debt Service Account. For Fiscal Year 1994, the coverage is adequate at 1.88.

Risk Management

The Authority carries insurance for all of its facilities covering direct physical loss or damage and loss of revenue resulting therefrom, with deductibles as it deems appropriate. The Authority also carries General and Umbrella Public Liability Insurance, with Self-Insured Retainers as it deems appropriate. Automotive and Public Officials Liability coverage is also maintained with deductibles. Workers' Compensation coverage is also maintained as required by State law.

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. Deloitte & Touche, Certified Public Accountants, was retained to perform an audit of the 1994 Fiscal Year in accordance with generally accepted auditing standards. Deloitte & Touche reports directly to the Audit Committee of the Board of Commissioners. Deloitte & Touche also performed, as part of the annual audit, a review of the internal control structure.

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, 1993. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized (comprehensive annual/component unit) financial report, whose contents conform to program standards. Such (CAFR/CUFR) must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The New Jersey Water Supply Authority has received a Certificate of Achievement for the last two years (fiscal years ended June 30, 1992 and June 30, 1993.) The Authority believes that our current report continues to conform to the Certificate of Achievement program requirements, and has submitted it to the GFOA for consideration.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Financial and Administrative staff of the New Jersey Water Supply Authority. In particular, the Financial Secretary, Doris Stecker, and Administrative Secretary, Zenona Puc, for the in-house typing and preparation of the report and the Business Manager, Melvin H. Myers, for the fine editing work that went into the report. Any financial report is also only as good as the accounting records that supply its supporting data. The Authority's entire accounting staff deserves special recognition for their dedication, perseverance and attention to the detail that results in the Authority's records being kept in a manner that reflects credit on the staff as a unit as well as each employee individually. The Authority appreciates the efforts of all employees who contributed to the preparation of this report. The report also could not have been prepared without the full support and encouragement of the Chair and Members of the Board, and the Executive Director.

Economic Outlook

The continuing economic viability of the Authority is ensured by the water contracts maintained with our water users. The water users have entered into 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. 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. Strong population growth trends presently characterize the central and shore regions of New Jersey and we expect our major water customers to be increasing their contractual water allocations in the future.



Michael R. Citarelli
Chief Financial Officer

Independent Auditor's Report

**Deloitte &
Touche LLP**



Two Hilton Court
P.O. Box 319
Parsippany, New Jersey 07054-0319

Telephone: (201) 631-7000
Facsimile: (201) 631-7459

To the Commissioners of the
New Jersey Water Supply Authority

We have audited the accompanying consolidated balance sheets of the New Jersey Water Supply Authority as of June 30, 1994 and 1993, and the related consolidated statements of revenues and expenses and changes in retained earnings and cash flows for the years then ended. 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 generally accepted auditing standards. 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 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, such financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 1994 and 1993 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The consolidated and supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. This consolidated and supplemental information is the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied in our audits of the basic 1994 consolidated financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

September 16, 1994

**Deloitte Touche
Tohmatsu
International**

New Jersey Water Supply Authority
CONSOLIDATED BALANCE SHEETS
June 30, 1994 and 1993

<u>ASSETS</u>	<u>1994</u>	<u>1993</u>
Utility plant:		
Utility plant in service (Note 3)	\$200,504,277	\$195,410,320
Less: Accumulated depreciation (Note 3)	<u>34,190,925</u>	<u>29,746,765</u>
Net utility plant in service	166,313,352	165,663,555
Construction work in progress	<u>13,682,359</u>	<u>11,312,172</u>
Net utility plant	<u>179,995,711</u>	<u>176,975,727</u>
Current assets:		
Cash (Note 4)	261,682	792,071
Restricted cash (Note 4)	748,324	898,097
Short-term investments (Note 4)	7,634,708	6,726,218
Unbilled sales	1,034,231	1,043,802
Accounts receivable, less allowance for doubtful accounts of \$1,000 for the D&R System at June 30, 1994 and 1993	2,471,567	1,571,397
Accounts receivable — State of New Jersey	99,980	22,373
Interest receivable	140,166	121,644
Prepaid expenses and other current assets	<u>654,087</u>	<u>613,873</u>
Total current assets	<u>13,044,745</u>	<u>11,789,475</u>
Restricted investments:		
D&R System Revenue Bonds, Series 1988 proceeds, current (Note 4)	6,080,465	14,040,325
D&R System Revenue Bonds, Series 1988 proceeds, long-term (Note 4)	2,748,575	2,748,575
D&R System Revenue Bonds, Series 1988 — Rebate Requirement (Note 4)	—	—
Manasquan System — State Loan Notes proceeds, current (Note 4)	1,928,688	1,310,296
Manasquan System — State Loan Notes proceeds, long-term (Note 4)	756,975	276,051
Manasquan System — Rebate Requirement (Note 4 & 9)	80,744	80,083
Deferred compensation plan assets (Note 7)	<u>270,436</u>	<u>164,814</u>
Total restricted investments	<u>11,865,883</u>	<u>18,620,144</u>
Long-term investments (Note 4)	3,194,500	3,194,499
Appropriation receivable — State of New Jersey 1976 Bond Act	262,393	262,393
Costs to be recovered from future revenues (Note 2)	<u>23,177,537</u>	<u>20,535,588</u>
Total assets	<u>\$231,540,769</u>	<u>\$231,377,826</u>

(continued on next page)

New Jersey Water Supply Authority
CONSOLIDATED BALANCE SHEETS (Continued)
June 30, 1994 and 1993

<u>CAPITALIZATION AND LIABILITIES</u>	<u>1994</u>	<u>1993</u>
Capitalization:		
Contributed capital	\$ 51,402,335	\$ 51,402,335
Retained earnings	29,498,349	26,636,403
Total capitalization	<u>80,900,684</u>	<u>78,038,738</u>
Long-term liabilities:		
Due to State of New Jersey including accrued interest of \$25,563,184 at June 30, 1994 and \$25,316,834 at June 30, 1993 and net of unamortized issuance costs of \$441,456 at June 30, 1994 and \$454,659 at June 30, 1993 (Note 5)	113,400,483	114,958,067
D&R System Revenue Bonds, Series 1988, net of unamortized issuance costs of \$526,975 at June 30, 1994 and \$554,136 at June 30, 1993 and unamortized bond discount of \$216,953 at June 30, 1994 and \$228,112 at June 30, 1993 (Note 6)	30,241,072	30,937,752
Deferred rebate requirement (Note 9)	80,744	80,083
Accrued deferred compensation plan (Note 7)	270,436	164,814
Total long-term liabilities	<u>143,992,735</u>	<u>146,140,716</u>
Current liabilities:		
Current portion of amounts due to State of New Jersey and principal on bonds	2,552,137	2,384,879
Accounts payable	1,121,015	1,843,291
Accrued payroll and payroll taxes	251,441	223,901
Accrued vacation	168,437	154,701
Accrued interest	1,917,730	1,956,249
Deferred revenue (Note 2)	636,590	635,351
Total current liabilities	<u>6,647,350</u>	<u>7,198,372</u>
Total liabilities	<u>150,640,085</u>	<u>153,339,088</u>
Total capitalization and liabilities	<u>\$231,540,769</u>	<u>\$231,377,826</u>

*The accompanying notes are an integral
part of these consolidated financial statements.*

New Jersey Water Supply Authority
CONSOLIDATED STATEMENTS OF REVENUES AND EXPENSES AND CHANGES
IN RETAINED EARNINGS
For the Years Ended June 30, 1994 and 1993

	<u>1994</u>	<u>1993</u>
Operating revenues:		
Water sales	\$ 19,719,365	\$ 18,605,401
Reimbursement of operating expenses	<u>1,030,671</u>	<u>1,134,000</u>
Total operating revenues	<u>20,750,036</u>	<u>19,739,401</u>
Operating expenses:		
Payroll	4,389,417	4,156,891
Operations and maintenance	3,555,286	3,584,755
Fringe benefits	<u>1,206,202</u>	<u>1,300,331</u>
Total operating expenses	<u>9,150,905</u>	<u>9,041,977</u>
Income from operations before depreciation	11,599,131	10,697,424
Depreciation	<u>4,769,187</u>	<u>4,378,819</u>
Income from operations	<u>6,829,944</u>	<u>6,318,605</u>
Costs to be recovered from future revenues (Note 2)	<u>2,383,069</u>	<u>2,676,749</u>
Non-operating revenues:		
Interest income	750,761	698,214
Rental income	61,259	55,228
Other (loss)	(1,354,316)	(78,570)
Total non-operating revenues	<u>(542,296)</u>	<u>674,872</u>
Non-operating expenses:		
Interest component of debt service to the State of New Jersey	5,757,246	5,545,173
Amortization of issuance costs and bond discount — D&R System Revenue Bonds, Series 1988	38,321	38,242
Amortization of issuance costs — Manasquan State Loan Notes	<u>13,204</u>	<u>12,471</u>
Total non-operating expenses	<u>5,808,771</u>	<u>5,595,886</u>
Net income	2,861,946	4,074,340
Retained earnings, beginning of year	<u>26,636,403</u>	<u>22,562,063</u>
Retained earnings, end of year	<u><u>\$ 29,498,349</u></u>	<u><u>\$ 26,636,403</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

New Jersey Water Supply Authority
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years ended June 30, 1994 and 1993

	<u>1994</u>	<u>1993</u>
Cash flows from operating activities:		
Cash received from water sales	\$ 18,983,466	\$ 19,276,975
Cash received from reimbursable expenses	1,087,867	1,242,649
Cash received from rental income	15,057	15,107
Cash paid to or on behalf of employees	(5,631,665)	(5,464,422)
Cash paid to suppliers	(3,564,569)	(3,586,273)
Net cash provided by operating activities	<u>10,890,156</u>	<u>11,484,036</u>
Cash flows from capital and related financing activities:		
Principal paid on capital obligation	(2,384,879)	(1,588,967)
Interest paid on capital obligation, net of capitalized interest	(6,927,495)	(6,220,362)
Additions to utility plant	(8,822,613)	(5,206,212)
Payment of rebate requirement	<u>—</u>	<u>(651,000)</u>
Net cash (used) for financing activities	(18,134,987)	(13,666,541)
Cash flows from investing activities:		
Purchase of investment securities	(480,925)	(6,219,125)
Interest received on investments	<u>613,277</u>	<u>698,214</u>
Net cash provided by (used for) investing activities	<u>132,352</u>	<u>(5,520,911)</u>
Net decrease in cash and cash equivalents	(7,112,479)	(7,703,416)
Cash and cash equivalents, beginning of year (Note 2)	<u>23,847,090</u>	<u>31,550,506</u>
Cash and cash equivalents, end of year (Note 2)	<u>\$ 16,734,611</u>	<u>\$ 23,847,090</u>

(continued on next page)

The accompanying notes are an integral part of these consolidated financial statements.

New Jersey Water Supply Authority
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
For the Years ended June 30, 1994 and 1993

	<u>1994</u>	<u>1993</u>
Reconciliation of income from operations to the cash provided by operating activities:		
Income from operations	\$ 6,829,944	\$ 6,318,605
Adjustments to reconcile income from operations to net cash flows provided by operating activities:		
Operating activities:		
Non-cash items expensed to O&M	294,764	—
Depreciation	4,769,187	4,378,819
Change in assets and liabilities:		
(Decrease)/increase in unbilled sales	9,571	(94,344)
(Increase)/decrease in accounts receivable	(759,789)	764,905
(Increase)/decrease in accounts receivable — State of New Jersey	(74,107)	49,911
(Increase) in prepaid expenses	(40,214)	(116,350)
(Decrease)/increase in accounts payable	(166,740)	103,158
Increase/(decrease)in accrued payroll and taxes	27,540	(22,934)
Increase in deferred revenue	<u>—</u>	<u>102,266</u>
Total adjustments	<u>4,060,212</u>	<u>5,165,431</u>
Net cash provided by operating activities	<u>\$ 10,890,156</u>	<u>\$ 11,484,036</u>

*The accompanying notes are an integral
part of these consolidated financial statements.*

New Jersey Water Supply Authority

Notes to Consolidated Financial Statements

1. Organization and Operations:

The New Jersey Water Supply Authority (the "Authority"), consisting of the Spruce Run/Round Valley Reservoirs Complex and the Delaware and Raritan Canal Transmission Complex ("the Raritan Basin System") and the Manasquan Reservoir Water Supply System ("the Manasquan System"), is a public body, corporate and politic, constituted as an instrumentality of the State of New Jersey, exercising public and essential governmental functions. The Authority is a component unit of the State of New Jersey. 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 (Delaware and Raritan Canal Transmission Complex and Spruce Run/Round Valley Reservoir Complex) were transferred or leased to the Authority. The Act empowers the Authority to acquire, finance, construct and operate water systems and authorizes the issuance of bonds of the Authority and provides for the terms and security thereof. The members of the Authority consist of the Commissioner of the New Jersey Department of Environmental Protection (ex officio member) and six public members appointed by the Governor upon the advice and consent of the New Jersey Senate. The public members represent the agricultural community, industrial water users, residential water users, and private watershed associations, public finance, and water resource management and distribution. The Authority prepares an annual budget. The Authority's budget does not constitute a legal budget for purposes of determining or establishing spending limitations. The budget is used to establish rates and as a management tool.

2. Summary of Significant Accounting Policies:

Basis of Accounting

The Authority derives most of its revenues from water user charges and is considered to be an enterprise fund; accordingly, the Authority presents its financial statements on the accrual basis of accounting. In addition, the Authority has established certain restricted funds as directed by internal resolution.

Revenues

Charges for wholesale water usage are established to provide sufficient services, essential repairs and improvements to utility plant, and repayment of debt service on certain long-term obligations used for plant construction. Sales are recognized as revenue after water is made available to customers and are billed in the month or quarter following availability.

Utility Plant

Utility plant is stated at original cost and consists primarily of amounts expended to license, construct, acquire, complete and place in operation the projects of the Authority. Such expenditures include labor, materials, services and indirect costs. Normal maintenance and repair costs are charged to operations and maintenance expense. Major repairs, improvements and replacements are capitalized. Costs of computer hardware and software are capitalized. Interest earned on long-term debt proceeds used for utility plant construction and temporarily invested during the construction period is netted against interest expense. The excess, if any, is capitalized to construction work in progress, and the portion related to completed projects is expensed. The cost of utility plant retired net of any gain or loss on the disposal of such utility plant is offset to accumulated depreciation.

Depreciation

Utility plant is depreciated on the straight-line basis over the estimated useful lives of the various classes of plant.

Investments

Short-term investments and restricted investments for construction, payment of interest, and the rebate requirement on the Water System Revenue Bonds, Series 1988 and the Manasquan State Loan Notes consist of money market funds and U.S. Government backed securities with various interest rates. All investments, except for the deferred compensation plan, are carried at cost, which approximates market. Deferred compensation plan assets are recorded at market value.

Compensated Absences

All full-time employees accumulate vacation benefits in varying annual amounts up to a maximum allowable accumulation of two years benefit. Unused sick leave benefits are earned by all full-time employees at a rate of 15 days per year and may be accumulated without limit. In the event of termination, an employee is reimbursed for all accumulated vacation days. Unused sick leave benefits do not vest but are payable only upon retirement to a maximum of \$15,000.

Costs to be recovered from Future Revenues

The Authority's cost recovery rate model used to establish rates, fees and charges includes an amount for debt principal repayment and not depreciation on the related debt financed assets and also includes vacation amounts paid. In accordance with Financial Accounting Standards Board Statement No. 71, the Authority has deferred the excess of current depreciation on assets financed with debt proceeds over the costs for debt principal repayment and the excess of vacation expense over vacation paid. The deferred costs will be recovered through future revenues in accordance with the rate model. The deferred amount for the years ended June 30, 1994 and 1993 were determined as follows:

<u>Raritan Basin System</u>		
	<u>June 30, 1994</u>	<u>June 30, 1993</u>
Cost excluded from rate model:		
Depreciation of debt-financed utility plant	\$ 3,150,590	\$ 2,751,127
Excess vacation expense over vacation paid	7,235	133,101
Cost excluded from rate model	3,157,825	2,884,228
Cost included in rate model:		
Debt principal repayment	(1,839,879)	(1,083,967)
Cost included in rate model	(1,839,879)	(1,083,967)
Raritan Basin subtotal	\$ 1,317,946	\$ 1,800,261
<u>Manasquan System</u>		
	<u>June 30, 1994</u>	<u>June 30, 1993</u>
Cost excluded from rate model:		
Depreciation of debt financed utility plant recoverable from current rate payers	\$ 868,485	\$ 867,551
Depreciation of debt financed utility plant recoverable from future rate payers	750,112	749,304
Excess vacation expense over vacation paid	4,056	11,847
Simple interest on deferred debt recoverable from future rate payers (Note 5)	246,350	2,876,720
Cost excluded from rate model	1,869,003	4,505,422
Cost included in rate model:		
Debt principal repayment	(545,000)	(505,000)
Cost included in rate model	(545,000)	(505,000)
Manasquan subtotal	\$ 1,324,003	\$ 4,000,422
Total	\$ 2,641,949	\$ 5,800,683
Balance, beginning of year	20,535,588	14,734,905
Balance, end of year	<u>\$23,177,537</u>	<u>\$20,535,588</u>

Notes to Consolidated Financial Statements (Continued)

Accounting for Monmouth County Improvement Authority Agreement

Effective with the commencement of operations of the Manasquan Reservoir System on July 1, 1990, the authority assumed responsibility for the operations and maintenance of a Water Treatment Plant/Transmission System ("WTP/TS") of the Monmouth County Improvement Authority ("MCIA"). Per the terms of the contract dated September 1, 1987 covering this agreement, the MCIA is charged for budgeted operating expenses expected to be incurred by the Authority during the MCIA's fiscal year (January 1 through December 31).

Because of the difference resulting from billing the MCIA for budgeted expenses versus actual expenses appearing in the financial statements, the Authority includes deferred costs (actual costs exceed MCIA billings) or deferred revenues (MCIA billings exceed actual costs) in its balance sheet. These excess costs or billings will be recovered or recognized in future periods. As of June 30, 1994, deferred revenues amounted to \$636,590 and were determined as follows:

Reimbursement of operating expenses	\$ 1,052,222
Operating expenses	1,050,983
Deferred revenue	\$ 1,239
Balance, beginning of year	\$ 635,351
Balance, end of year	<u>\$ 636,590</u>

Cash and Cash Equivalents

For purposes of the statements of cash flows the Authority considers short-term and restricted investments that have original maturities of three months or less to be cash equivalents. Cash equivalents consists of the following at June 30, 1994 and June 30, 1993:

	June 30, 1994	June 30, 1993
Cash	\$ 261,682	\$ 792,071
Restricted cash	748,324	898,097
Short-term Investments	7,634,708	6,726,218
Restricted Investments:		
D&R System Revenue Bonds, Series '88 proceeds, current	6,080,465	14,040,325
D&R System Revenue Bonds, Series '88-Rebate Requirement	—	—
Manasquan System-State Loan Notes proceeds, current	1,928,688	1,310,296
Manasquan System-Rebate Requirement	80,744	80,083
Cash and cash equivalents	<u>\$16,734,611</u>	<u>\$23,847,090</u>

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

3. Utility Plant:

Utility plant in service, at original cost consists of the following major classifications:

	Estimated Useful Life	June 30, 1994	June 30, 1993
Raritan Basin System:			
Land and land rights		\$ 6,126,958	\$ 6,126,958
Dams	100 years	34,114,867	47,146,974
Building, structures and improvements	15,40 years	43,930,870	26,267,131
D&R Dredging Project	20 years	21,160,274	20,796,053
Machinery and equipment	3,5,10 years	2,731,485	2,684,446
Raritan Basin System subtotal		<u>108,064,454</u>	<u>103,021,562</u>
Manasquan System:			
Land and land rights		3,854,212	3,854,212
Dams	100 years	43,429,940	43,411,097
Building, structures and improvements	15,40 years	44,800,211	44,791,187
Machinery and equipment	3,5,10 years	355,460	332,262
Manasquan System subtotal		<u>92,439,823</u>	<u>92,388,758</u>
TOTAL		<u>\$200,504,277</u>	<u>\$195,410,320</u>

Accumulated depreciation on utility plant in service consists of the following major classifications:

	Estimated Useful Life	June 30, 1994	June 30, 1993
Raritan Basin System:			
Dams	100 years	\$ 9,846,056	\$11,243,699
Building, structures and improvements	15,40 years	7,167,684	4,144,793
D&R Canal Dredging Project	20 years	8,841,358	7,798,520
Machinery and equipment	3,5,10 years	1,903,128	1,744,330
Raritan Basin System subtotal		<u>27,758,226</u>	<u>24,931,342</u>
Manasquan System:			
Dams	100 years	1,741,121	1,303,391
Building, structures and improvements	15,40 years	4,483,805	3,358,763
Machinery and equipment	3,5,10 years	207,773	153,269
Manasquan System subtotal		<u>6,432,699</u>	<u>4,815,423</u>
TOTAL		<u>\$34,190,925</u>	<u>\$29,746,765</u>

4. Cash and Investments:

The Authority's policy regarding bank deposits and investments, as described by bond resolutions, permits the following investments and deposits:

- (i) any bonds or other obligations which as to principal and interest constitute direct general obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in (iii) below to the extent unconditionally guaranteed by the United States of America;

Notes to Consolidated Financial Statements (Continued)

(ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state or of any agency or instrumentality of any such local governmental unit (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in (a) above, as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in (i) above which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in (a) above as appropriate;

(iii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;

(iv) new housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment with the United States of America;

(v) direct and general obligations of any state of the United States of America, to the payment of the principal of and interest on which the full faith and credit of such state is pledged, provided that at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by Moody's Investors Service and Standard & Poor's Corporation;

(vi) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which shall be rated in the highest rating category by Moody's Investors Service and by Standard & Poor's Corporation;

(vii) direct and general obligations of the State of New Jersey to the payment of the principal of and interest of which the full faith and credit of, said State are pledged or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of New Jersey;

(viii) certificates or other instruments that evidence ownership of the rights to payments of principal of or interest on obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee as defined by bond resolutions, and provided further that the payments of all principal of and interest on such certificates or such obligations shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations which shall be rated in the highest rating category

by Moody's Investors Service and Standard & Poor's Corporation, or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bonds, such insurance policy shall result in such municipal bonds being rated in the highest rating category by Moody's Investors Service and Standard & Poor's Corporation;

(ix) certificates that evidence ownership of the right to payments of principal or interest on such obligations described in (i) above, provided that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee as defined by the bond resolutions;

(x) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of any of the 50 largest banks in the United States which is rated not lower than the second highest rating category by Standard & Poor's Corporation and Moody's Investors Service;

(xi) commercial paper, other than that issued by bank holding companies, rated at the date of investment in the highest rating category by Moody's Investors Service and by Standard & Poor's Corporation;

(xii) any repurchase agreement which by its terms matures not later than one year from its date of execution with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in (i), (iii), (iv), (x) or (xi) above which securities shall at all times have a market value exclusive of accrued interest (such market value to be determined not less frequently than monthly by the provider of such repurchase agreement or by such other person, firm or corporation as the Authority may select) not less than one hundred two per cent (102%) of the full amount of the repurchase agreement, dates of maturity not in excess of 7 years and be delivered to another bank or trust company organized under the laws of any state of the United States of America or any national banking association, as custodian;

(xiii) shares of an Investment Company, organized under the Investment Company Act of 1940 as amended, which invests its assets exclusively in obligations of the type described in (i), (vi), (x), (xi) or (xii);

(xiv) investment contracts or certificates of deposit issued by or time deposits with a commercial bank, trust company or any national bank holding company or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York; provided that such investment contracts, certificates of deposit and time deposits shall be fully collaterally secured as to principal with obligations of the type specified in (i), (iii), (iv), (x) or (xi) above, which obligations shall at all times have a market value exclusive of accrued interest at least equal to the full amount of such certificate of deposit or time deposit and at least equal to one hundred two percent (102%) of the full amount of such investment contract (such market value to be determined not less frequently than monthly by the deposit or time deposit or by such other person, firm or corporation as the Authority may select), except that such deposits do not need to be collateralized if they are issued by or made with a commercial bank, trust company, national banking association or bank holding company, that either (A) has unsecured or uncollateralized long-term debt obligations which, at the time of investment, are rated in either of the two highest rating categories of Moody's Investors Service, Inc. and Standard & Poor's Corporation, or (B) has capital stock and surplus of more than \$50,000,000.

Notes to Consolidated Financial Statements (Continued)

1) Cash

The Authority's bank balance was \$1,186,891 at June 30, 1994. \$505,150 of this balance was covered through the Federal Depository Insurance and \$617,250 was fully collateralized by collateral held by a financial institution's trust department in the trust department's name. The remaining balance of \$64,491 was not collateralized.

2) Investments

Investments are carried at cost which approximates market. Governmental Accounting Standards Board Statement No. 3 requires a disclosure of the credit risk associated with the investments as follows:

Category 1 - Securities held by the Authority in Authority's name.

Category 2 - Securities held by bank's trust department in the Authority's name.

Category 3 - Uncollateralized.

<u>Description</u>	<u>GASB Category</u>	<u>Rate</u>	<u>Book Value</u>	<u>Market Value</u>
Categorized investments:				
GNMA, FHLMC, FNMA (Morgan Stanley)	2	various	\$ 4,177,419	\$ 4,271,553
US Treasury Bill (Chemical Bank due 8/18/94)	2	3.36%	44,793	46,687
US Treasury Bill (Chemical Bank due 7/28/94)	2	3.14%	347,145	360,006
US Treasury Bill (Chemical Bank due 7/28/94)	2	3.69%	954,255	990,016
US Treasury Bill (Chemical Bank due 7/28/94)	2	3.45%	109,684	113,795
US Treasury Bill (Chemical Bank due 7/28/94)	2	3.22%	145,647	151,037
US Treasury Bill (Chemical Bank due 7/28/94)	2	3.12%	173,590	180,003
US Treasury Bill (Chemical Bank due 7/28/94)	2	3.69%	173,501	180,003
US Treasury Note (NatWest due 7/31/97)	2	5.50%	1,531,797	1,456,875
US Treasury Note (NatWest due 7/31/97)	2	5.50%	245,087	233,100
US Treasury Note (NatWest due 7/31/97)	2	5.50%	1,021,198	971,250
US Treasury Note (NatWest due 7/31/97)	2	5.50%	197,091	187,451
US Treasury Note (NatWest due 7/31/97)	2	5.50%	272,660	259,323
US Treasury Note (Chemical Bank due 5/15/99)	2	9.125%	278,868	269,075
US Treasury Note (Chemical Bank due 5/15/99)	2	9.125%	492,515	437,929
US Treasury Note (Midlantic due 9/30/97)	2	5.50%	2,786,057	2,639,960
Categorized investments subtotal			<u>12,951,307</u>	<u>12,748,063</u>
Uncategorized investment:				
State of New Jersey's Cash Management Fund (Dean Witter)	—	various	7,717,471	7,717,471
Compass US Treasury Fund (Midlantic)	—	various	<u>1,903,045</u>	<u>1,903,045</u>
Uncategorized investments subtotal			<u>9,620,516</u>	<u>9,620,516</u>
Total investments, June 30, 1994			<u>\$22,571,823</u>	<u>\$22,368,579</u>

Notes to Consolidated Financial Statements (Continued)

5. Due to State of New Jersey

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

- a) The remaining principal and interest associated with the 1969 bond issue which amounted to \$4,960,892 and \$1,199,108, respectively, as of June 30, 1994. The bonds bear interest at 5.40% and are payable in semi-annual payments of \$385,000, including interest through June 25, 2002.
- b) The December 12, 1985 loan of \$19,600,000 which was obtained from the 1981 bond appropriation of \$20,550,000 for the purpose of financing improvements to the Delaware and Raritan Canal. The outstanding principal and interest on this loan amounted to \$15,634,000 and \$8,750,145, respectively, as of June 30, 1994. The loan bears interest at 7.30% and is payable in semi-annual payments, including interest, which range from \$169,204 to \$1,865,204 through November 1, 2006.
- c) The \$63,600,000 of Manasquan Reservoir Water Supply System (the "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 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 System. The State Loan Notes and the Completion Loan Notes bear interest at 7.15% and 6.24% (converted from 7.16% Interim Advance Notes effective February 1, 1992), respectively, and are collateralized by the property and revenues of the System.

In accordance with the terms of the State Loan Agreement, the State Loan Notes are classified as either Current Debt Service Portion Notes (the "Current Notes") or Deferred Debt Service Portion Notes (the "Deferred Notes"). At June 30, 1994, the principal amount classified as the Current Notes was \$40,742,205 and the principal amount classified as the Deferred Notes was \$44,703,907. Per the terms of the Agreement dated September 12, 1989, the Interim Advance Notes are to be accounted for in accordance with the terms of the State Loan Agreement. Accordingly, \$4,319,277 of the Interim Advance Notes have been classified as Current Notes and the remaining \$4,713,795 have been classified as Deferred Notes. Payment of the interest on the Current Notes was deferred until February 1, 1991. Interest accruing on the Current Notes accreted as principal and bore interest through July 31, 1990. Principal of the Current Notes shall be payable in thirty annual installments, the first of which was due on August 1, 1991.

The interest on the Deferred Notes accretes as principal through July 31, 1993 and is not payable until they have been exchanged for Current Notes. The interest which accretes as principal through July 31, 1990 accrued interest; however, the interest which accretes for the period from August 1, 1990 through July 31, 1993 will not accrue interest. 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, 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 System on an annual basis. Such Current Notes are payable over a thirty year period commencing from a date as defined, in the State Loan Agreement.

The accretion of interest to the principal amount for the Current Notes and the Deferred Notes is expected to be \$25,563,184. The initial issuance costs of \$478,406 for the State Loan Notes are being amortized over a forty year period. Ad-

ditional issuance costs of \$49,748 are also being amortized over a forty year period. During the System's construction period, the amortization of the issuance costs was charged to construction work in progress.

- d) Aggregate maturities of bond, loan, State Loan Notes and Interim Advance Notes principal and interest, net of unamortized issuance costs, are as follows:

As of June 30,	Raritan Basin System	Manasquan System	Total
1995	2,612,302	3,788,208	6,400,510
1996	2,613,698	3,785,565	6,399,263
1997	2,614,860	3,789,750	6,404,610
1998	2,619,350	3,785,561	6,404,911
1999	2,623,693	3,782,998	6,406,691
2000 through 2021 Deferred Portion	17,460,242 —	83,295,411 49,417,702	100,755,653 49,417,702
Total principal & interest	30,544,145	151,645,195	182,189,340
Less: Amounts representing interest	9,949,253	56,581,011	66,530,264
Principal amount due to State of New Jersey	20,594,892	95,064,184	115,659,076
Less: Current principal portion	1,232,137	585,000	1,817,137
Unamortized issuance costs	—	441,456	441,456
Long-term liability at June 30, 1994	\$19,362,755	\$ 94,037,728	\$113,400,483

6. D&R System Revenue Bonds, Series 1988:

On December 7, 1988, the Authority issued \$32,405,000 of Water System Revenue Bonds, Series 1988 (Delaware and Raritan System) (the "Bonds"), dated November 1, 1988. The proceeds of the Bonds are being used to finance certain capital improvement projects relating to the Delaware & Raritan Canal - Spruce Run/Round Valley Reservoirs System (the "System"). \$10,915,000 of the bonds have been classified as serial bonds which bear interest at varying rates from 6.8% to 7.7% and mature in incremental annual principal amounts over an eleven-year period from November 1, 1993 through November 1, 2003. Principal maturities as of June 30, 1994 and 1995 are \$685,000 and \$735,000, respectively. The remaining \$21,490,000 of the Bonds have been classified as term bonds due on November 1, 2013, which bear interest at 7.875%. The term bonds are subject to mandatory redemption in incremental principal amounts prior to maturity on each November 1, commencing November 1, 2004, by lot, at a redemption price of 100% of the principal amount thereof plus accrued interest thereon to the redemption date specified. Principal maturity as of November 1, 2004 is \$1,495,000. The property and revenues of the System are pledged as collateral for the Bonds.

For the year ended June 30, 1994, interest expense amounted to \$2,461,641 and the related interest income earned on the restricted investments amounted to \$396,191. The excess of interest expense over interest income relating to projects under construction has been charged to construction work in progress. The remaining interest expense and interest income relating to completed projects has been recognized. The bond discount and initial issuance costs of \$956,043 are being amortized over the total twenty-five year financing period. Aggregate maturities of Bond principal and interest, net of unamortized issuance costs, are as follows:

Notes to Consolidated Financial Statements (Continued)

DELAWARE & RARITAN '88 WATER REVENUE BONDS

Year ending June 30,

1995	3,162,380
1996	3,159,547
1997	3,157,252
1998	3,149,765
1999	3,151,393
2000 through 2021	<u>46,688,608</u>
Total principal & interest	62,468,945
Less: Amounts representing interest	<u>30,748,945</u>
Principal amount due	31,720,000
Less: Current principal portion	735,000
Unamortized issuance costs	526,975
Unamortized bond discount	<u>216,953</u>
Long term liability at June 30, 1994	<u>\$30,241,072</u>

7. Employee Benefits:

a. Pension and Retirement Plans

Permanent full-time employees of the Authority are covered by the Public Employee's Retirement System of the State of New Jersey (PERS), a multiple employer public retirement system. The payroll for employees covered by PERS for the years ended June 30, 1994 and 1993 was \$4,117,438 and \$3,840,287 respectively. The Authority's total payroll for the years ended June 30, 1994 and 1993 was \$4,389,417 and \$4,156,891, respectively.

All Authority permanent employees are required as a condition of employment to be members of PERS. A member may retire on a service retirement allowance as early as age 60; no minimum service requirement must be established. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 60, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the largest benefit. Pension benefits fully vest on reaching 10 years of service. Vested employees who have established 25 years or more of creditable service may retire without penalty at or after age 55 and receive full retirement benefits. The system also provides death and disability benefits. Benefits are established by State statute.

Covered Authority employees are required by PERS to contribute a percentage of their salary based on their age at the time of enrollment. The Authority is required by State statute to contribute the remaining amounts necessary to pay benefits when due. The amount of the Authority's contribution is certified each year by the PERS on the recommendation of the Actuary who makes an annual actuarial valuation. The valuation is 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.

The actuarial contribution requirements and the contributions made for the years ended June 30, 1994 and 1993 were \$185,037 and \$299,638, respectively, which consisted of \$23,267 and \$143,746 from the Authority and \$161,770 and \$155,892 from the employees, respectively. The employer and employee contributions represented .56 percent and 3.93 percent of covered payroll for the year ended June 30, 1994

and 3.74 percent and 4.06 percent of covered payroll for the year ended June 30, 1993. The PERS bills the Authority annually for its required contributions. Contributions were made in accordance with the actuarial funding requirement.

The "Pension Benefit Obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits is intended to help users assess the PERS funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. PERS does not make separate measurements of assets and pension benefit obligations for individual employers. The last PERS information available indicated the pension benefit obligation at June 30, 1993 for PERS as a whole determined through an actuarial valuation performed as of that date, was \$13,635,890,000. The book value of assets at June 30, 1993 was \$12,954,204,000, which resulted in an unfunded pension benefit obligation at June 30, 1993 of \$681,686,000. The market value of assets at June 30, 1993 was \$13,282,316,000. The Authority's 1993 contribution represented less than one (1) percent of total contributions required of all participating entities. The unfunded pension benefit obligation of the PERS does not constitute an obligation of the Authority.

Funding by the State and related employers are based upon annual actuarially determined percentages of total compensation of all active members. This amount approximates the actuarially determined pension cost for the year, including amortization of prior service cost over 5 to 27 years. The plans use the "projected benefit method" with aggregate normal cost and frozen initial unfunded accrued liability. Under this method, employers are required to make a normal cost and an accrued liability contribution to fund retirement benefits accrued by members with credited past service.

In determining plan obligations, the assumed rate of return on investments was 8.75% and assumed salary increases for the plans ranged from 5.0% to 10.2%. Mortality, vestings, retirement age and withdrawal estimates are based upon tables supplied by the plan actuary.

Governmental Accounting Standards Board Statement No. 5 requires employers participating in cost-sharing multiple employer public employees' retirement systems to disclose certain information which the standard requires the system itself to disclose. Therefore, information has been extracted from the June 30, 1993 comprehensive annual financial report of the State of New Jersey. The State of New Jersey does not provide the 10 year trend information which is required for disclosure in accordance with Governmental Accounting Standards Board No. 5.

Accumulated benefits information as well as other actuarial information for the PERS at June 30, 1993 was as follows:

Notes to Consolidated Financial Statements (Continued)

	PERS (in thousands)
Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 5,074,740
Current employees:	
Accumulated employee contributions with interest	2,739,510
Employer financed:	
Vested	4,427,670
Nonvested	1,393,970
Total pension benefit obligation	13,635,890
Fund balance available for benefits at cost	12,954,204
Unfunded pension benefit obligations	681,686
Net assets available as a percentage of the pension benefit obligation	95%
Market value of net assets	13,282,316

The actual present value of vested and non-vested accrued benefits is based on the same interest rate used for valuation purposes of 8-3/4% for both 1992 and 1993. The following actuarial assumptions and methods used for valuing the System have been changed: (1) the funding for post-retirement medical benefits has been changed from a pre-funding basis to a pay-as-you-go basis with additional contribution beginning with the 1996 fiscal year; (2) the valuation funding method has been changed to the Projected Unit Credit Method from the Entry Age Normal Method with a frozen initial liability; (3) the phase-in period for COLA benefits for active members has been amended; (4) the current member contribution schedule has been revised; (5) the salary scale assumption has been amended such that the average assumed percentage rate of increase is 2.8% less the regular valuation interest rate; (6) the assumed annual rate of increase in the Consumer Price Index has been changed to 4%.

b. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Authority's deferred compensation plan is administered by the State of New Jersey, Department of the Treasury, Division of Pensions.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Authority (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Authority's general creditors. Participants' rights under the plan are equal to those of general creditors of the Authority in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Authority that it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

c. Post-Retirement Health Care Benefits

The Authority provides continued health care benefits to employees retiring after twenty-five years of service for themselves and eligible dependents. Benefits, contributions, funding and the manner of administration are determined by the State Legislature. The Division of Pensions within the New Jersey Treasury Department administers the funds. Monthly, the Division of Pensions charges the Authority for its contribution. Total cost for these post-retirement benefits, included in fringe benefits approximated \$76,186 and \$68,550 for the years ended June 30, 1994 and 1993.

8. Major Water Customers:

During fiscal year 1994, the Authority supplied water to approximately seventeen customers of the Raritan Basin System and seventeen customers of the Manasquan System. Two customers accounted for approximately 80% of total Raritan Basin System operating revenues. Three Manasquan System customers accounted for approximately 60% of total operating revenues.

9. Deferred Rebate Requirement:

The Tax Reform Act of 1986 enacted Section 148 of the Internal Revenue Code, (the "Code") setting forth certain requirements which must be met related to the Manasquan Project State Loan Notes (the "Notes") and the Water System Revenue Bonds, Series 1988 (the "Bonds"). Specifically, the difference between the aggregate future value of all payments and the aggregate future value of all receipts (including constructive receipts) related to the Notes and Bonds must be rebated to the United States Department of the Treasury (the "Treasury"). The Code requires that this rebate requirement be calculated at the end of every fifth year that the Notes and the Bonds are outstanding with payment representing at least 90% of the cumulative rebate requirements made within sixty days, thereafter. Additionally, the final payment constituting the balance of the rebate requirement must be made within sixty days of the retirement of the Notes and the Bonds.

The rebate requirement as of June 30, 1994 and June 30, 1993 are as follows:

	Raritan Basin System	Manasquan System	Total
June 30, 1994:			
Long-term portion	\$ —	\$ 80,744	\$ 80,744
Current portion	—	—	—
June 30, 1993:			
Long-term portion	—	80,083	80,083
Current portion	—	—	—

New Jersey Water Supply Authority
CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN RETAINED EARNINGS
For the Year Ended June 30, 1994

	<u>Raritan Basin System</u>	<u>Manasquan Reservoir System</u>	<u>Manasquan Water Treatment Plant</u>	<u>Consolidated Total</u>
Operating revenues:				
Water sales	\$13,380,111	\$6,339,254	—	\$19,719,365
Reimbursement of operating expenses	—	—	1,030,671	1,030,671
Total operating revenues	<u>13,380,111</u>	<u>6,339,254</u>	<u>1,030,671</u>	<u>20,750,036</u>
Operating expenses:				
Payroll	3,582,544	456,896	349,977	4,389,417
Operations and maintenance (Direct)	2,141,024	795,147	498,495	3,434,666
Operations and maintenance (G & A)		87,527	33,093	120,620
Fringe benefits	988,848	121,233	96,121	1,206,202
Headquarters overhead	(407,203)	333,906	73,297	0
Total operating expenses	<u>6,305,213</u>	<u>1,794,709</u>	<u>1,050,983</u>	<u>9,150,905</u>
Income from operations before depreciation	7,074,898	4,544,545	(20,312)	11,599,131
Depreciation	<u>3,150,590</u>	<u>1,618,597</u>	<u>—</u>	<u>4,769,187</u>
Income from operations	<u>3,924,308</u>	<u>2,925,948</u>	<u>(20,312)</u>	<u>6,829,944</u>
Costs (Revenue) to be recovered from (recognized against) future revenue (costs)	<u>1,310,711</u>	<u>1,073,597</u>	<u>(1,239)</u>	<u>2,383,069</u>
Non-operating revenues:				
Interest income	573,720	155,490	21,551	750,761
Rental income	55,977	5,282	—	61,259
Other (loss)/income	(1,377,775)	23,459	—	(1,354,316)
Total non-operating revenues	<u>(748,078)</u>	<u>184,231</u>	<u>21,551</u>	<u>(542,296)</u>
Non-operating expenses:				
Interest component of debt service to the State of New Jersey	2,530,024	3,227,222	—	5,757,246
Amortization of issuance costs and bond discount — D&R System Revenue Bonds, Series 1988	38,321	—	—	38,321
Amortization of issuance costs - Manasquan State Loan Notes	—	13,204	—	13,204
Total non-operating expenses	<u>2,568,345</u>	<u>3,240,426</u>	<u>0</u>	<u>5,808,771</u>
Net income	1,918,596	943,350	0	2,861,946
Retained earnings, beginning of year	<u>25,060,930</u>	<u>1,575,473</u>	<u>0</u>	<u>26,636,403</u>
Retained earnings, end of year	<u>\$26,979,526</u>	<u>\$2,518,823</u>	<u>\$0</u>	<u>\$29,498,349</u>

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**New Jersey Water Supply Authority
RARITAN BASIN SYSTEM**

SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION

For the Year ended June 30, 1994

	OPERATING FUND				
	Revenue Fund	Operating Account	Payroll Account	Operating Fund	Reserve for O&M
Fund Balance — July 1, 1993	\$719,660	\$31,658	\$750	\$560,572	\$1,968,261
Cash Receipts:					
Water Sales Operations & Maintenance	6,262,108				
Water Sales Debt Service	5,048,037				
Water Sales Overdrafts	1,290,412				
Rental Income	15,057				
Water Contract Renewals	1,507				
Capital Improvement Program					52,604
Manasquan Reservoir Support					23,622
Manasquan Water Treatment Supplies					
Headquarter's Overhead				405,092	
Disposition of Property					16,538
Telephone Reimbursement					314
Recycling Revenue					1,000
Non-Refundable Bid Deposits					3,400
FEMA Reimbursement					23,641
N.J. Dept. of Transportation Reimbursement					
Worker's Comp. Insurance Rebate					164,922
Kingston House 1976 Bond Fund					11,674
Misc. Expense Reimb.		465			3,651
Rebate Transfer					
Contributions from Reserve for O&M:				1,372	(199,106)
Contributions to Reserve for O&M:					
Contributions from Operating Fund:		4,686,031	2,338,237	(14,603,073)	
Contributions to Operating Fund:					
Transfers for Operations:	(13,336,436)			13,688,936	
Distribution from Reserves to Operations:		2,758,341		127,673	
Interest Income:				43,697	71,503
Per Resolution, Section 603					
Interest Income, transfer from:	433,690			(43,611)	(105,285)
Interest Income, transfer to:	(433,690)			55,000	191,616
Total Cash Receipts	(719,315)	7,444,837	2,338,237	(324,914)	260,094
Total Available Funds	\$345	\$7,476,495	\$2,338,987	\$235,658	\$2,228,355

New Jersey Water Supply Authority
RARITAN BASIN SYSTEM

SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION

For the Year ended June 30, 1994

Pumping Reserve	Self-Insurance Reserve	Depreciation Reserve	Major Rehabilitation	1988 Bonds Debt Service Account	1988 Bonds Debt Service Reserve	Sub-Total
\$245,013	\$1,020,884	\$1,122,712	\$2,062,957	\$524,576	\$2,787,120	\$11,044,163
						6,262,108
						5,048,037
						1,290,412
						15,057
						1,507
						52,604
						23,622
						0
						405,092
		7,000				23,538
						314
						1,000
						3,400
						23,641
						0
						164,922
						11,674
						4,116
						0
	125,600	8,184				(63,950)
						0
		175,000		3,162,000		(4,241,805)
						0
						352,500
		(18,202)	(458,387)			2,409,425
7,775	32,411	40,499	56,968	21,620	113,757	388,230
(13,200)	(55,000)	(14,685)		(21,430)	(150,960)	29,519
		14,685				(172,389)
(5,425)	103,011	212,481	(401,419)	3,162,190	(37,203)	12,032,574
\$239,588	\$1,123,895	\$1,335,193	\$1,661,538	\$3,686,766	\$2,749,917	\$23,076,737

New Jersey Water Supply Authority
RARITAN BASIN SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

	Sub-Total From Preceding Page	1969 Debt Service Fund	1981 Debt Service Fund	Construction Fund (A)	Capital Improvement Fund
Fund Balance — July 1, 1993	\$11,044,163	\$2,645	\$481,343	\$12,835,914	\$0
Cash Receipts:					
Water Sales Operations & Maintenance	6,262,108				
Water Sales Debt Service	5,048,037				
Water Sales Overdrafts	1,290,412				
Rental Income	15,057				
Water Contract Renewals	1,507				
Capital Improvement Program	52,604				
Manasquan Reservoir Support	23,622				
Manasquan Water Treatment Supplies	0				
Headquarter's Overhead	405,092				
Disposition of Property	23,538				
Telephone Reimbursement	314				
Recycling Revenue	1,000				
Non-Refundable Bid Deposits	3,400				
FEMA Reimbursement	23,641				
N.J. Dept. of Transportation Reimbursement	0				315,595
Workers' Comp. Insurance Rebate	164,922				
Kingston House 1976 Bond Fund	11,674				
Misc. Expense Reimb.	4,116				
Rebate Transfer	0			8,759	
Contributions from Reserve for O&M:	(63,950)				63,950
Contributions to Reserve for O&M:	0				
Contributions from Operating Fund:	(4,241,805)	770,000	1,842,000		
Contributions to Operating Fund:	0				
Transfers for Operations:	352,500				
Distribution from Reserves to Operations:	2,409,425	(770,000)	(1,842,000)		357,561
Interest Income:	388,230	4,875	14,148	252,055	17,611
Per Resolution, Section 603					
Interest Income, transfer from:	29,519	(4,839)	(14,050)		
Interest Income, transfer to:	(172,389)				172,389
Total Cash Receipts	12,032,574	36	98	260,814	927,106
Total Available Funds	\$23,076,737	\$2,681	\$481,441	\$13,096,728	\$927,106

New Jersey Water Supply Authority
RARITAN BASIN SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

Rate Stabilization Fund	D&R Rebate Fund	1969 Debt Service Reserve	Employment Benefit Funds	TOTALS
\$558,122	\$0	\$197,521	\$283,824	\$25,403,532
				6,262,108
				5,048,037
				1,290,412
				15,057
				1,507
				52,604
				23,622
				0
				405,092
				23,538
				314
				1,000
				3,400
				23,641
				315,595
				164,922
				11,674
				4,116
	(8,759)			0
				0
				0
1,290,450			143,600	(195,755)
(352,500)				(352,500)
				352,500
			(154,986)	0
				0
9,253	8,759	6,268	10,397	711,596
		(10,630)		0
				0
947,203	0	(4,362)	(989)	14,162,480
\$1,505,325	0	\$193,159	\$282,835	\$39,566,012

New Jersey Water Supply Authority
RARITAN BASIN SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

	OPERATING FUND				
	Revenue Fund	Operating Account	Payroll Account	Operating Fund	Reserve for O&M
Total Available Funds	\$345	\$7,476,495	\$2,338,987	\$235,658	\$2,228,355
Cash Disbursements:					
Payroll			2,229,002		
Fringe Benefits		2,316,472			
Operations & Maintenance		1,318,954			
Prepaid Insurance		772,803			
GHA Lock Joint Matter		72,930			
Manasquan Workman's Comp. Rebate		2,403			
Manasquan F.E.M.A. Rebate		2,763			
Miscellaneous Disbursements		1,273			
Capital Improvements:					
Capital Assets		173,921			
Major Rehabilitation		101,281			
Five Year Construction Project		39,586			
New Five Year Construction Project		224			
'76 Bond Funds					
Manasquan Reservoir Support					
Manasquan WTP/TS					
Principal of 1969 Bonds		485,879			
Interest on 1969 Bonds		284,121			
Principal on 1981 Bonds		669,000			
Interest on 1981 Bonds		1,173,000			
Principal on 1988 Revenue Bonds					
Interest on 1988 Revenue Bonds					
Total Cash Disbursements	0	7,414,610	2,229,002	0	0
Fund Balance — June 30, 1994	\$345	\$61,885	\$109,985	\$235,658	\$2,228,355
Summary of Funds:					
CASH (RARITAN)	345	61,885	109,985		
RESTRICTED CASH					
SHORT-TERM INVESTMENTS				235,658	730,933
LONG-TERM INVESTMENTS					1,497,422
RESTRICTED INVESTMENTS (CURRENT)					
RESTRICTED INVESTMENTS (LONG-TERM)					
RARITAN SYSTEM REBATE REQUIREMENT					
TOTAL FUNDS	\$345	\$61,885	\$109,985	\$235,658	\$2,228,355

New Jersey Water Supply Authority
RARITAN BASIN SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

<u>Pumping Reserve</u>	<u>Self-Insurance Reserve</u>	<u>Depreciation Reserve</u>	<u>Major Rehabilitation</u>	<u>1988 Bonds Debt Service Account</u>	<u>1988 Bonds Debt Service Reserve</u>	<u>Sub-Total</u>
\$239,588	\$1,123,895	\$1,335,193	\$1,661,538	\$3,686,766	\$2,749,917	\$23,076,737
						2,229,002
						2,316,472
						1,318,954
						772,803
						72,930
						2,403
						2,763
						1,273
						0
						173,921
						101,281
						39,586
						224
						0
						0
						0
						485,879
						284,121
						669,000
						1,173,000
				685,000		685,000
				2,476,027		2,476,027
0	0	0	0	3,161,027	0	12,804,639
\$239,588	\$1,123,895	\$1,335,193	\$1,661,538	\$525,739	\$2,749,917	\$10,272,098
						172,215
						0
	125,614	1,068,652	1,661,538			3,822,395
239,588	998,281	266,541				3,001,832
				525,739	1,342	527,081
					2,748,575	2,748,575
						0
\$239,588	\$1,123,895	\$1,335,193	\$1,661,538	\$525,739	\$2,749,917	\$10,272,098

New Jersey Water Supply Authority
RARITAN BASIN SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

	Sub-Total From Preceding Page	1969 Debt Service Fund	1981 Debt Service Fund	Construction Fund (A)	Capital Improvement Fund
Total Available Funds	\$23,076,737	\$2,681	\$481,441	\$13,096,728	\$927,106
Cash Disbursements:					
Payroll	2,229,002				
Fringe Benefits	2,316,472				
Operations & Maintenance	1,318,954				
Prepaid Insurance	772,803				
GHA Lock Joint Matter	72,930				
Manasquan Workman's Comp. Rebate	2,403				
Manasquan F.E.M.A. Rebate	2,763				
Miscellaneous Disbursements	1,273				
Capital Improvements:	0				
Capital Assets	173,921				
Major Rehabilitation	101,281				
Five Year Construction Project	39,586			8,815,541	
New Five Year Construction Project	224				
'76 Bond Funds	0				
Manasquan Reservoir Support	0				
Manasquan WTP/TS	0				
Principal on 1969 Bonds	485,879				
Interest on 1969 Bonds	284,121				
Principal on 1981 Bonds	669,000				
Interest on 1981 Bonds	1,173,000				
Principal on 1988 Revenue Bonds	685,000				
Interest on 1988 Revenue Bonds	2,476,027				
Total Cash Disbursements	12,804,639	0	0	8,815,541	0
Fund Balance — June 30, 1994	\$10,272,098	\$2,681	\$481,441	\$4,281,187	\$927,106
Summary of Funds:					
CASH (RARITAN)	172,215				
RESTRICTED CASH	0				
SHORT-TERM INVESTMENTS	3,822,395				927,106
LONG-TERM INVESTMENTS	3,001,832				
RESTRICTED INVESTMENTS					
(CURRENT)	527,081	2,681	481,444	4,281,187	
RESTRICTED INVESTMENTS					
(LONG-TERM)	2,748,575				
RARITAN SYSTEM REBATE					
REQUIREMENT	0				
TOTAL FUNDS	\$10,272,098	\$2,681	\$481,441	\$4,281,187	\$927,106

New Jersey Water Supply Authority

RARITAN BASIN SYSTEM

SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION

For the Year ended June 30, 1994

Rate Stabilization Fund	D&R Rebate Fund	1969 Debt Service Reserve	Employment Benefit Funds	TOTALS
\$1,505,325	\$0	\$193,159	\$282,835	\$39,566,012
				2,229,002
				2,316,472
				1,318,954
				772,803
				72,930
				2,403
				2,763
				1,273
				0
				173,921
				101,281
				8,855,127
				224
				0
				0
				0
				485,879
				284,121
				669,000
				1,173,000
				685,000
				2,476,027
0	0	0	0	21,620,180
\$1,505,325	\$0	\$193,159	\$282,835	\$17,945,832
				172,215
717,250				717,250
		491	282,835	5,032,827
		192,668		3,194,500
788,075				6,080,465
				2,748,575
	0			0
\$1,505,325	\$0	\$193,159	\$282,835	\$17,945,832

New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

	OPERATING FUND				
	Revenue Fund	Operating Account	Payroll Account	Operating Fund	Reserve for O&M
Fund Balance — July 1, 1993	\$4	\$8,779	\$750	\$246,389	\$614,631
Cash Receipts:					
Water Sales Operations & Maintenance	1,949,257				
Water Sales Debt Service	4,433,652				
Receipt of WTP/TS Reimbursement					
N.J. American, Pumping Costs					64,659
Reservoir Construction Expenses					32,001
Reimbursement of WTP Capital Expenses					11,406
Disposition of Assets					
F.E.M.A. Reimbursement					2,763
Demolition Work					10,699
Jersey Central Power & Light Rebate					
Workman's Compensation Rebate					15,394
Salary Reimbursement from Raritan Basin					2,146
O&M Reimbursement		1			339
Rebate Transfer					
Contribution from Reserve for O&M:					(46,200)
Contributions to Reserve for O&M:					
Contributions from Operating Fund:		1,596,500	553,895	(6,700,941)	12,500
Contributions to Operating Fund:				505,144	
Transfers for Operations:	(6,368,696)			6,368,696	
Distribution from Reserves to Operations:		16,556		99,616	(75,000)
Interest Income:				9,958	22,190
Interest Income, Transfer From:	45,987			(9,966)	(22,121)
Interest Income, Transfer To:	(45,987)			45,987	
Total Cash Receipts	14,213	1,613,057	553,895	318,494	30,776
Total Available Funds	\$14,217	\$1,621,836	\$554,645	\$564,883	\$645,407

New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

Self-Insurance Reserve	Renewal & Replacement Account	Depreciation Reserve	Pumping Reserve	Sediment Reserve	Rebate Fund	Sub-Total
\$249,939	\$274,623	\$150,204	\$44,358	\$98,498	\$80,083	\$1,768,258
						1,949,257
						4,433,652
						0
						64,659
						32,001
						11,406
						0
	20,905					23,668
			13,850			10,699
						13,850
						15,394
						2,146
						340
					(2,019)	(2,019)
14,100	32,100					0
						0
12,500		51,000		19,800		(4,454,746)
						505,144
						0
		(15,571)	(727)	(24)		24,850
8,666	9,411	5,603	1,698	3,582	2,680	63,788
(8,640)			(1,690)	(3,569)		
						0
26,626	62,416	41,032	13,131	19,789	661	2,694,090
\$276,565	\$337,039	\$191,236	\$57,489	\$118,287	\$80,744	\$4,462,348

New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

	Sub-Total From Preceding Page	WATER TREATMENT PLANT / TRANSMISSION SYSTEM			
		Operating Account	Operating Fund	Sediment Reserve	Carbon Filter Reserve
Fund Balance — July 1, 1993	\$1,768,258	\$30,470	\$198,676	\$222,777	\$284,220
Cash Receipts:					
Water Sales Operations & Maintenance	1,949,257				
Water Sales Debt Service	4,433,652				
Receipt of WTP/TS Reimbursement	0		1,093,446		(62,774)
N.J. American, Pumping Costs	64,659				
Reservoir Construction Expenses	32,001				
Reimbursement of WTP Capital Expenses	11,406				
Disposition of Assets	0				
F.E.M.A. Reimbursement	23,668				
Demolition Work	10,699				
Jersey Central Power & Light Rebate	13,850				
Workman's Compensation Rebate	15,394		12,193		
Salary Reimbursement from Raritan Basin	2,146				
O&M Reimbursement	340		79		
Rebate Transfer	(2,019)				
Contributions from Reserve for O&M:	0				
Contributions to Reserve for O&M:	0				
Contributions from Operating Fund:	(4,454,746)	539,000	(630,980)	44,380	47,600
Contributions to Operating Fund:	505,144		(505,144)		
Transfers for Operations:	0				
Distribution from Reserves to Operations:	24,850		84,311	(22,025)	(61,559)
Interest Income:	63,788		5,451	7,695	8,406
Interest Income, Transfer From:			15,348	(6,842)	(8,507)
Interest Income, Transfer To:	0				
Total Cash Receipts	2,694,090	539,000	74,704	23,208	(76,834)
Total Available Funds	\$4,462,348	\$569,470	\$273,380	\$245,985	\$207,386

New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

1981 Bonds Debt Service Account	1981 Bonds Debt Service Reserve	Construction Fund	General Reserve Fund	Employment Benefit Funds	TOTALS
\$1,241,249	\$766,363	\$76,012	\$42,807	\$31,851	\$4,662,683
					1,949,257
					4,433,652
					1,030,672
					64,659
					32,001
					11,406
					0
					23,668
					10,699
					13,850
					27,587
					2,146
					419
		2,019			0
					0
					0
3,826,141	562,807			37,389	(28,409)
					0
					0
				(25,577)	0
10,935	50,198	1,052	1,435	1,411	150,371
					0
3,837,076	613,005	3,071	1,435	13,223	7,721,978
\$5,078,325	\$1,379,368	\$79,083	\$44,242	\$45,074	\$12,384,661

New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

	OPERATING FUND				
	Revenue Fund	Operating Account	Payroll Account	Operating Fund	Reserve for O&M
Total Available Funds	\$14,217	\$1,621,836	\$554,645	\$564,883	\$645,407
Cash Disbursements:					
Payroll			531,410		
Fringe Benefits		492,414			
Operations & Maintenance		843,338			
Demolition work due from State of N.J.		70			
Miscellaneous Disbursements					
Prepaid Insurance		98,975			
Headquarters Overhead				331,654	
N.J. American Water, Pumping Costs		64,658			
Reservoir Construction		52,459			
Capital Assets Water Treatment Plant		11,406			
Capital Assets Reservoir		28,125			
Principal on 1981 Bonds					
Interest on 1981 Bonds					
Total Cash Disbursements	0	1,591,445	531,410	331,654	0
Fund Balance — June 30, 1994	\$14,217	\$30,391	\$23,235	\$233,229	\$645,407
Summary of Funds:					
CASH (MANASQUAN)	14,217	30,391	23,235		
CASH (WATER TREATMENT PLANT / TS)					
RESTRICTED CASH (MANASQUAN)					
SHORT-TERM INVESTMENTS				233,229	645,407
SHORT-TERM INVESTMENTS (WTP / TS)					
RESTRICTED INVESTMENTS (CURRENT)					
RESTRICTED INVESTMENTS (LONG-TERM)					
MANASQUAN SYSTEM REBATE REQUIREMENT					
TOTAL FUNDS	\$14,217	\$30,391	\$23,235	\$233,229	\$645,407

New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

Self-Insurance Reserve	Renewal & Replacement Account	Depreciation Reserve	Pumping Reserve	Sediment Reserve	Rebate Fund	Sub-Total
\$276,565	\$337,039	\$191,236	\$57,489	\$118,287	\$80,744	\$4,462,348
						531,410
						492,414
						843,338
						70
						0
						98,975
						331,654
						64,658
						52,459
						11,406
						28,125
						0
						0
0	0	0	0	0	0	2,454,509
\$276,565	\$337,039	\$191,236	\$57,489	\$118,287	\$80,744	\$2,007,839
						67,843
						0
						0
276,565	337,039	191,236	57,489	118,287		1,859,252
						0
						0
						0
					80,744	80,744
\$276,565	\$337,039	\$191,236	\$57,489	\$118,287	\$80,744	\$2,007,839

New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

	Sub-Total From Preceding Page	WATER TREATMENT PLANT / TRANSMISSION SYSTEM			
		Operating Account	Operating Fund	Sediment Reserve	Carbon Filter Reserve
Total Available Funds	\$4,462,348	\$569,470	\$273,380	\$245,985	\$207,386
Cash Disbursements:					
Payroll	531,410				
Fringe Benefits	492,414				
Operations & Maintenance	843,338	547,846			
Demolition work due from State of N.J.	70				
Miscellaneous Disbursements	0				
Prepaid Insurance	98,975				
Headquarters Overhead	331,654		73,438		
N.J. American Water, Pumping Costs	64,658				
Reservoir Construction	52,459				
Capital Assets Water Treatment Plant	11,406				
Capital Assets Reservoir	28,125				
Principal on 1981 Bonds	0				
Interest on 1981 Bonds	0				
Total Cash Disbursements	2,454,509	547,846	73,438	0	0
Fund Balance — June 30, 1994	\$2,007,839	\$21,624	\$199,942	\$245,985	\$207,386
Summary of Funds:					
CASH (MANASQUAN)	67,843				
CASH (WATER TREATMENT PLANT / TS)	0	21,624			
RESTRICTED CASH (MANASQUAN)	0				
SHORT-TERM INVESTMENTS	1,859,252				
SHORT-TERM INVESTMENTS (WTP / TS)	0		199,942	245,985	207,386
RESTRICTED INVESTMENTS (CURRENT)	0				
RESTRICTED INVESTMENTS (LONG-TERM)	0				
MANASQUAN SYSTEM REBATE REQUIREMENT	80,744				
TOTAL FUNDS	\$2,007,839	\$21,624	\$199,942	\$245,985	\$207,386

New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
SCHEDULE OF CHANGES IN CASH & INVESTMENTS BY FUND INFORMATION
For the Year ended June 30, 1994

1981 Bonds Debt Service Account	1981 Bonds Debt Service Reserve	Construction Fund	General Reserve Fund	Employment Benefit Funds	TOTALS
\$5,078,325	\$1,379,368	\$79,083	\$44,242	\$45,074	\$12,384,661
					531,410
					492,414
					1,391,184
					70
					0
					98,975
					405,092
					64,658
		32,002			84,461
					11,406
					28,125
545,000					545,000
3,243,037					3,243,037
<hr/>					
3,788,037	0	32,002	0	0	6,895,832
<hr/>					
1,290,288	\$1,379,368	\$47,081	\$44,242	\$45,074	\$5,488,829
<hr/>					
					67,843
					21,624
73	30,175	826			31,074
			44,242	45,074	1,948,568
					653,313
1,290,215	592,218	46,255			1,928,688
	756,975				756,975
					80,744
<hr/>					
\$1,290,288	\$1,379,368	\$47,081	\$44,242	\$45,074	\$5,488,829
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Statistical Section

Summary Financial Information	1985 - 1994
Summary of Raritan Basin System Water Use Contracts	1985 - 1994
Summary of Manasquan Water Supply System Water Use Contracts	1990 - 1994
Raritan Basin System Water Rates	1983 - 1994
Manasquan Water Supply System Water Rates	1990 - 1994

New Jersey Water Supply Authority
SUMMARY FINANCIAL INFORMATION 1985-1994

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
REVENUE AND EXPENSES					
Operating Revenue	\$ 5,905,709	\$ 7,599,316	\$ 8,703,542	\$ 8,876,502	\$ 8,846,647
Operating Expense	<u>3,588,043</u>	<u>4,205,159</u>	<u>4,513,277</u>	<u>4,836,452</u>	<u>5,156,353</u>
Income from Operations before Depreciation	2,317,666	3,394,157	4,190,265	4,040,050	3,690,294
Depreciation Expense	<u>785,593</u>	<u>1,243,245</u>	<u>1,839,095</u>	<u>1,957,194</u>	<u>2,050,188</u>
Income from Operations	1,532,073	2,150,912	2,351,170	2,082,856	1,640,106
Costs to be recovered from Future Revenues			519,313	240,292	1,381,412
Non-Operating Revenues	629,003	454,275	414,893	461,558	991,957
Non-Operating Expenses	<u>367,350</u>	<u>1,648,440</u>	<u>2,578,613</u>	<u>1,444,350</u>	<u>1,783,892</u>
Net Income	1,793,726	956,747	706,763	1,340,356	2,229,583
Net Investment in Plant beginning of period	<u>3,277,868</u>	<u>5,071,594</u>	<u>6,028,341</u>	<u>6,735,104</u>	<u>8,075,460</u>
Net Investment in Plant end of period	\$ 5,071,594	\$ 6,028,341	\$ 6,735,104	\$ 8,075,460	\$10,305,043
ASSETS					
Net Utility Plant	68,243,433	73,301,214	77,167,401	112,661,551	145,523,509
Current Assets	5,882,205	6,971,969	7,711,148	7,303,130	8,008,651
Restricted Investments and other Assets	<u>11,160,700</u>	<u>70,938,364</u>	<u>63,473,407</u>	<u>41,528,288</u>	<u>51,837,666</u>
Total Assets	\$85,286,338	\$151,211,547	\$148,351,956	\$161,492,969	\$205,369,826
CAPITALIZATION AND LIABILITIES					
Total Capitalization	53,032,675	53,989,422	54,681,920	59,876,488	61,707,378
Long Term Liabilities	29,764,470	93,810,659	89,876,592	94,233,999	138,108,629
Current Liabilities	<u>2,489,193</u>	<u>3,411,466</u>	<u>3,793,444</u>	<u>7,382,482</u>	<u>5,553,819</u>
Total Capitalization and Liabilities	\$85,286,338	\$151,211,547	\$148,351,956	\$161,492,969	\$205,369,826

New Jersey Water Supply Authority
SUMMARY FINANCIAL INFORMATION 1985-1994

<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
\$ 10,283,279	\$ 17,865,600	\$ 18,854,274	\$ 19,739,401	\$ 20,750,036
<u>5,354,800</u>	<u>7,468,949</u>	<u>8,716,079</u>	<u>9,041,977</u>	<u>9,150,905</u>
4,928,479	10,396,651	10,138,195	10,697,424	11,599,131
<u>2,070,557</u>	<u>3,826,536</u>	<u>4,483,649</u>	<u>4,378,819</u>	<u>4,769,187</u>
2,857,922	6,570,115	5,654,546	6,318,605	6,829,944
1,165,880	2,547,597	2,786,073	2,676,749	2,383,069
664,823	836,466	971,185	674,872	(542,296)
<u>1,751,321</u>	<u>4,771,544</u>	<u>5,274,722</u>	<u>5,595,886</u>	<u>5,808,771</u>
2,937,304	5,182,634	4,137,082	4,074,340	2,861,946
<u>10,305,043</u>	<u>13,242,347</u>	<u>18,424,981</u>	<u>22,562,063</u>	<u>26,636,403</u>
\$ 13,242,347	\$ 18,424,981	\$ 22,562,063	\$ 26,636,403	\$29,498,349
167,741,197	173,001,674	175,573,410	176,975,727	179,995,711
8,618,354	11,249,856	12,367,127	11,789,475	13,044,745
<u>35,617,719</u>	<u>36,050,120</u>	<u>38,289,850</u>	<u>42,612,624</u>	<u>38,500,313</u>
\$211,977,270	\$220,301,650	\$226,230,387	\$231,377,826	\$231,540,769
64,644,682	69,827,316	73,964,398	78,038,738	80,900,684
143,074,727	145,485,634	146,175,912	146,140,716	143,992,735
<u>4,257,861</u>	<u>4,988,700</u>	<u>6,090,077</u>	<u>7,198,372</u>	<u>6,647,350</u>
\$211,977,270	\$220,301,650	\$226,230,387	\$231,377,826	\$231,540,769

New Jersey Water Supply Authority
RARITAN BASIN SYSTEM
SUMMARY OF WATER USE CONTRACTS
MAXIMUM DAILY ALLOCATION IN MILLIONS GALLONS PER DAY -MGD

<u>WATER USER</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Lambertville Water Company	0.200	0.200	0.200	0.200	0.200
Mercer County Park Commission	0.100	0.100	0.100	0.100	0.100
Trenton Country Club	0.133	0.133	0.250	0.133	0.250
Thiokol Corporation					
Diamond Shamrock Corporation					
SDS Bio Tech Corporation	0.667	0.667			
Fermenta Animal Health Co.			0.667	0.667	0.667
Vaccaro Brothers	0.200	0.200	0.200	0.200	0.200
Mercer County Park Commission	0.135	0.135	0.135	0.135	0.135
Princeton University	1.000	1.000	1.000	1.000	1.000
Princeton Nurseries	0.300	0.300	0.300	0.300	0.300
North Brunswick	8.000	8.000	8.000	8.000	8.000
Somerset Rubber					
AGI Rubber Company					
Selody Sod Farms, Inc.	0.100	0.100	0.100	0.100	0.100
Elizabethtown Water Company	102.000	102.000	102.000	102.000	102.000
Union Carbide	0.720	0.720	0.720	0.720	
East Brunswick	4.000	6.000	8.000	8.000	8.000
New Brunswick	10.500	10.500	10.500	10.500	10.500
Johnson & Johnson	2.326	2.326	2.326	2.326	2.326
Middlesex Water Company	20.000	20.000	20.000	20.000	20.000
Johns Manville Sales Corporation	3.500	3.500	3.500		
Ethyl Corporation	0.006	0.012	0.012	0.012	
Tredegear Industries					0.012
Flemington Film Products					
SYSTEM TOTAL	153.887	155.893	158.010	154.393	153.790

New Jersey Water Supply Authority

RARITAN BASIN SYSTEM

SUMMARY OF WATER USE CONTRACTS

MAXIMUM DAILY ALLOCATION IN MILLIONS GALLONS PER DAY -MGD

<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
0.200	0.200	0.200	0.200	0.200
0.100	0.100	0.100	0.100	0.100
0.250	0.250	0.250	0.250	0.250
0.200	0.200	0.200	0.200	0.050
0.135	0.135	0.135	0.135	0.135
1.000	1.000	1.000	1.000	1.000
0.300	0.300	0.300	0.300	0.300
8.000	8.000	8.000	8.000	8.000
0.100	0.100	0.100	0.100	0.100
102.000	102.000	102.000	102.000	102.000
8.000	8.000	8.000	8.000	8.000
10.500	10.500	10.500	10.500	10.500
2.326	2.326	2.326	2.326	0.500
20.000	20.000	20.000	20.000	20.000
0.012	0.012	0.012	0.012	
				0.012
<u>153.790</u>	<u>153.123</u>	<u>153.123</u>	<u>153.123</u>	<u>151.147</u>

New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
SUMMARY OF WATER USE CONTRACTS

MAXIMUM DAILY ALLOCATION IN MILLIONS GALLONS PER DAY -MGD

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Wall Township	2.300	2.300	2.300	2.300	2.300
Borough of Avon	0.142	0.142	0.142	0.142	0.142
Shorelands Water Company	1.900	1.900	1.900	1.900	1.900
New Jersey-American Water Company	5.400	5.715	6.215	6.305	7.035
Borough of Red Bank	0.778	0.778	0.778	0.778	0.778
Borough of Sea Girt	0.075	0.075	0.075	0.075	0.075
Borough of Spring Lake	0.310	0.310	0.310	0.310	0.310
Borough of Spring Lake Heights	0.450	0.450	0.450	0.450	0.450
Borough of Union Beach	0.500	0.500			
Borough of Belmar	0.750	0.650	0.650	0.650	0.650
Howell Township MUA	1.130	1.130			
Howell Township			1.130	1.130	0.730
Borough of Brielle	0.400	0.400	0.400	0.400	0.400
Borough of Highlands	0.330	0.330	0.330	0.330	
Aberdeen Township MUA	0.315				
Adelphia Water Company	0.300	0.300	0.300	0.300	0.300
Borough of Allenhurst	0.090	0.090	0.090		
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 South Belmar		<u>0.100</u>	<u>0.100</u>	<u>0.100</u>	<u>0.100</u>
	16.097	16.097	16.097	16.097	16.097

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

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>7/1/83</u>	<u>10/1/85</u>	<u>7/1/86</u>	<u>7/1/88</u>	<u>7/1/89</u>	<u>7/1/90</u>	<u>7/1/91</u>	<u>7/1/92</u>	<u>7/1/93</u>	<u>7/1/94</u>
RATE PER MGD	\$105.39	\$147.37	\$152.17	\$152.12	\$187.56	\$188.60	\$201.33	\$214.86	\$220.47	\$229.50

New Jersey Water Supply Authority
MANASQUAN WATER SUPPLY SYSTEM
WATER CHARGES PER MILLION GALLONS OF RAW WATER DAILY

<u>EFFECTIVE DATE</u>	<u>7/01/90</u>	<u>2/01/91</u>	<u>7/01/91</u>	<u>2/01/92</u>	<u>7/01/92</u>	<u>2/01/93</u>	<u>7/01/93</u>	<u>2/01/94</u>	<u>7/01/94</u>
RATE PER MGD	\$1,000.00	\$1,032.75	\$1,000.86	\$1,033.53	\$1,054.27	\$1,086.67	\$1,064.33	\$1,096.75	\$1,114.98

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



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