

**NORTH JERSEY DISTRICT  
WATER SUPPLY COMMISSION**

**WANAQUE NORTH PROJECT**

Financial Statements  
with Additional Financial Information

December 31, 2009 and 2008

(With Independent Auditor's Report Thereon)

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT**

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## **Independent Auditor's Report**

The Commissioners  
North Jersey District Water Supply Commission  
Wanaque, New Jersey:

We have audited the accompanying financial statements – statutory basis of the North Jersey District Water Supply Commission - Wanaque North Project, (the “Commission”), (a component unit of the North Jersey District Water Supply Commission) as of and for the year ended December 31, 2009, as listed in the accompanying table of contents. These financial statements are the responsibility of the Commission’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended December 31, 2008 were audited by other auditors whose report dated June 15, 2009 expressed an unqualified opinion based upon the basis of accounting described in note 1.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared in conformity with the New Jersey statutory basis, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the prescribed accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the North Jersey District Water Supply Commission - Wanaque North Project (a component unit of the North Jersey District Water Supply Commission), as of December 31, 2009 and the results of its operations for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Jersey District Water Supply Commission - Wanaque North Project (a component unit of the North Jersey District Water Supply Commission) of December 31, 2009 and the results of its operations for the year then ended on the basis of accounting described in note 1.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Commission taken as a whole. The additional information included in the accompanying table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of State Awards is presented for the purpose of additional analysis as required by the State of New Jersey OMB Circular Letter 04-04 “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments*” and is not a required part of the financial statements. The Schedule of Expenditures of State Awards and additional information listed in the table of contents are also the responsibility of the management of the Commission. Such information and schedules have been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated June 10, 2010 on our consideration of Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The information included in the supplementary data as listed in the table of contents is presented for additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we express no opinion on such information.

*Louis C. Mai CPA & Associates*

Louis C Mai CPA & Associates

June 10, 2010

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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

The Commissioners  
North Jersey District Water Supply Commission  
Wanaque, New Jersey:

We have audited the financial statements – statutory basis of the North Jersey District Water Supply Commission - Wanaque North Project, (the “Commission”), (a component unit of the North Jersey District Water Supply Commission) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 10, 2010, which report expressed an adverse opinion in accordance with accounting principles generally accepted in the United States of America and an unqualified opinion on the basis of accounting practices prescribed by New Jersey statute. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Commission’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Commissioners, management, State awarding agencies and the Participants of the Wanaque North Project of the North Jersey Water Supply Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Louis C. Mai CPA & Associates*

Louis C Mai CPA & Associates

June 10, 2010

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## **Report on Compliance with Requirements Applicable to Each Major State Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and State of New Jersey OMB Circular 04-04**

The Commissioners  
North Jersey District Water Supply Commission  
Wanaque, New Jersey:

### Compliance

We have audited the compliance of the North Jersey District Water Supply Commission - Wanaque North Project, (the "Commission"), (a component unit of the North Jersey District Water Supply Commission), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the State of New Jersey OMB State Grant Compliance Supplement that are applicable to each of its major State of New Jersey programs for the year ended December 31, 2009. The Commission's major State of New Jersey programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State of New Jersey programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and State of New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State of New Jersey program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the North Jersey District Water Supply Commission - Wanaque North Project, the Commission, (a component unit of the North Jersey District Water Supply Commission) complied, in all material respects, with the requirements referred to above that are applicable to each of its major State of New Jersey programs for the year ended December 31, 2009.

### Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State of New Jersey programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major State of New Jersey program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned

functions, to prevent or detect noncompliance with a type of compliance requirement of a State of New Jersey program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a State of New Jersey program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State of New Jersey program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a State of New Jersey program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as identified above.

This report is intended solely for the information and use of the Commission, management, State of New Jersey awarding agencies and pass-through entities, and Participants of the Wanaque North Project of the North Jersey Water Supply Commission and is not intended to be and should not be used by anyone other than these specified parties.



Louis C Mai CPA & Associates

June 10, 2010



**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2009**

**(1) Summary of Auditor's Results**

**FINANCIAL STATEMENTS**

The type of report issued on the financial statements:

**Adverse opinion in accordance with accounting principles generally accepted in the United States of America.**

**Unqualified opinion on a statutory/ regulatory basis of accounting practices prescribed by statute.**

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

- (a) Material weakness(es) identified? **No**
- (b) Significant deficiencies identified that are not considered to be material weaknesses?  
**None reported**
- (c) Noncompliance material to the financial statements noted? **No**

**STATE FINANCIAL ASSISTANCE**

**INTERNAL CONTROL OVER MAJOR PROGRAMS:**

- (a) Material weakness(es) identified? **No**
- (b) Significant deficiencies identified that are not considered to be material weaknesses?  
**None reported**
- (c) The type of auditor's report issued on compliance for State of New Jersey major programs:  
**Unqualified opinion for major state programs.**
- (d) Any audit findings that are required to reported under State of New Jersey OMB Circular 04-04:  
**No**
- (e) Identification of major programs:

State of New Jersey:	Name of Program
Project #	
<b>W1613001-003/010/011</b>	<b>NJ Environmental Infrastructure Trust</b>

- (f) Dollar threshold used to distinguish between Type A and Type B programs:  
  
State: **\$300.000**
- (g) Auditee qualified as a low-risk auditee? **No**

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

**None**

**(3) State of New Jersey Awards Findings and Questioned Costs:**

State Financial Assistance – **None**

## FINANCIAL STATEMENTS

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION**  
**WANAQUE NORTH PROJECT**  
**BALANCE SHEETS**  
**DECEMBER 31, 2009 AND 2008**

	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 11,739,537	\$ 5,889,707
Due From Joint Venture	711,321	418,290
Other Receivables	668,698	654,136
Other Assets	201,111	178,201
Inter Project Receivables	367,517	1,882,564
<b>Total Current Assets</b>	<b>13,688,184</b>	<b>9,022,898</b>
<b>Noncurrent Assets:</b>		
Restricted Cash and Cash Equivalents	4,936,235	6,196,123
Loan Receivable	9,689,555	11,654,388
Property, Plant and Equipment	122,888,469	121,885,298
<b>Total Noncurrent Assets</b>	<b>137,514,259</b>	<b>139,735,809</b>
<b>TOTAL ASSETS</b>	<b>151,202,443</b>	<b>148,758,707</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	948,636	659,824
Current Portion of Bonds Payable	2,942,545	2,340,010
Accrued Expenses	693,218	287,954
Retainage Payable	67,262	26,455
Inter Project Payables	1,864,535	898,467
<b>Total Current Liabilities</b>	<b>6,516,196</b>	<b>4,212,710</b>
<b>Noncurrent Liabilities:</b>		
Long Term Portion of Bonds Payable	33,305,625	35,688,171
Deferred Revenues	10,337,637	13,864,098
<b>Total Noncurrent Liabilities</b>	<b>43,643,262</b>	<b>49,552,269</b>
<b>TOTAL LIABILITIES</b>	<b>50,159,458</b>	<b>53,764,979</b>
<b>NET ASSETS</b>		
Investment in Capital Assets, Net of Related Debt	86,640,299	83,857,122
Restricted:		
Reserve - Operating	3,839,438	3,839,438
Debt Service	1,343,920	1,365,403
Reserve - Debt Service	3,366,536	3,366,536
Reserve - Capital Outlays	5,108,813	3,151,948
Unrestricted	743,979	(586,719)
	<b>14,402,686</b>	<b>11,136,606</b>
<b>TOTAL NET ASSETS</b>	<b>101,042,985</b>	<b>94,993,728</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 151,202,443</b>	<b>\$ 148,758,707</b>

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
 WANAQUE NORTH PROJECT  
 STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND  
 CHANGES IN RESTRICTED/UNRESTRICTED NET ASSETS  
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 25,558,127	\$ 22,633,697
Reimbursement - Wanaque South Project J/V	<u>2,906,988</u>	<u>2,675,809</u>
Total Operating Income	<u>28,465,115</u>	<u>25,309,506</u>
<b>OPERATING EXPENSES</b>		
Payroll and Related Taxes	9,725,109	9,949,857
Utilities and Fuels	1,791,157	2,555,582
Real Estate Taxes	2,231,472	2,001,851
Supplies and Expenses	2,089,903	1,842,762
Insurance	4,944,549	4,089,814
Legal and Accounting	353,636	294,585
Chemicals	1,925,255	2,034,835
Engineering and Consulting	397,512	138,744
Trustee Fee	32,733	34,174
Bond Principal	2,045,011	2,290,487
Bond Interest	1,952,089	1,990,255
Fuel	76,994	138,633
Capital Outlay	<u>2,507,920</u>	<u>1,367,122</u>
Total Operating Expenses	<u>30,073,340</u>	<u>28,728,701</u>
OPERATING INCOME/(LOSS)	<u>(1,608,225)</u>	<u>(3,419,195)</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>		
Rental Income	140,987	139,261
Use Fees	661,273	662,368
Refunding Bond Proceeds	14,660,804	-
NJ DEP Reimbursement	1,802,962	-
Bond Principal Refunded	(14,195,000)	-
Cost of Issuance	(281,465)	-
Other Income and Credits	33,422	937,270
NJEIT Loan Proceeds	1,955,045	-
Interest and Investment Income	<u>96,277</u>	<u>270,405</u>
Total Non-Operating Revenues/(Expenses)	<u>4,874,305</u>	<u>2,009,304</u>
Increase/(Decrease) in Net Assets	<u>3,266,080</u>	<u>(1,409,891)</u>
Net Assets Restricted/Unrestricted - Beginning of Year	<u>11,136,606</u>	<u>12,546,497</u>
Net Assets Restricted/Unrestricted - End of Year	<u>\$ 14,402,686</u>	<u>\$ 11,136,606</u>

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 1      Summary of Significant Accounting Policies**

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**A. Financial Reporting Entity**

The North Jersey District Water Supply Commission (the “Commission”) is a public body politic and corporate established by Chapter 70 and 71, New Jersey Public Law 1916, and amended by Title 58 Chapter 5 of the Revised Statutes of 1937 (Section 58:5-1 et seq.). The law authorized this Commission to supply and distribute water to the counties of Sussex, Warren, Hunterdon, Passaic, Morris, Monmouth, Somerset, Bergen, Hudson, Essex, Union and Middlesex. The Commission is empowered to finance, construct, and operate facilities necessary for the treatment, filtration, transmission, and distribution of potable water within the District.

The Commission consists of a board of seven members appointed by the Governor with the advice and consent of the Senate. The Commission, in accordance with its authorization in R.S. 58:5-1 et seq. to supply water to interested municipalities in North Jersey District, developed the Wanaque North (formerly the Wanaque Ramapo) Project and the Wanaque South Project, (South). The Operation of the Wanaque North Project, (North) is governed by an agreement executed on December 26, 1940 between the Commission and the participating municipalities. This report contains the financial statements of the Wanaque North Project only. The Commission does not issue entity wide financial statements.

The Commission has no stockholders and its investment in water supply facilities is jointly owned by the participating municipalities in proportion to the amount of water to be taken in the contract between each of the municipalities and the Commission.

The cost of operations of the several water supply projects is apportioned at the end of each year among the participating municipalities based on the amount of actual water consumed by each, but such amount shall not be less than the quantity contracted for. In apportioning operating cost, no participating municipality shall be charged with any item of expense or cost of operation of any water supply project, which is not used in supplying water to the respective municipality.

The Commission has the power to sell any unused water to any municipality or person for the amount of any contracting municipality or municipalities (hereinafter called the “interested municipality”) having the right to use such water. Any such sale is subject, however, to the prior right of the interested municipality to use such water. The sale of unused water shall be at a price determined by the Commission, but not at a price lower than the cost of water to the interested municipality unless such municipality shall consent thereto.

As a public body under existing statute, the Commission is exempt from both Federal and State taxes. The municipalities in the North Jersey Water Supply District contracting with the Commission to receive water from the Wanaque River and the allotment to each municipality, as revised in 1982, are as follows:

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 1      Summary of Significant Accounting Policies – (continued)**

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**A. Financial Reporting Entity – (continued)**

<u>MUNICIPALITY</u>	<u>ALLOTMENT PER DAY (IN MILLIONS OF GALLONS)</u>
Newark	38.070
*Paterson	18.800
Kearny	11.280
*Passaic	10.340
*Clifton	6.345
Montclair	4.700
Bloomfield	3.760
Glen Ridge	<u>0.705</u>
	<u>94.000</u>

\* Represented by the Passaic Valley Water Commission

For financial statements purposes, the Wanaque North Project is a component unit of the North Jersey District Water Supply Commission. There are no component units included in the accompanying statements. All component units of the Commission issue separately audited financial statements.

The financial statements of the component units of Commission are not presented in accordance with Governmental Accounting Standards Board Statement No. 14. If the provisions of GASB No. 14 had been complied with, the financial statements of all component units would have been either blended or discretely presented with the financial statements of the Commission.

**B. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

The Proprietary Funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary Fund equity is classified as net assets.

The Commission’s funds are Enterprise Funds. Enterprise Funds are Proprietary Funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The term basis of accounting is used to determine when a transaction or event is recognized on the Commission’s operating statement. The Commission uses the cash basis of accounting with exception for known operating liabilities. Under this basis, revenues are recorded when received and expenses are recorded when paid, with minor exceptions.

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 1      Summary of Significant Accounting Policies – (continued)**

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**B. Measurement Focus and Basis of Accounting – (continued)**

The Commission has elected not to follow the pronouncements of the Governmental Accounting Standards Board.

The accounting principles and practices of the Commission differ in certain respects from Accounting Principles Generally Accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**Revenues** – Revenues are recognized on a cash basis, with minor exceptions. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**Expenditures** – Expenditures are recognized on the cash basis, with minor exceptions. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on general long-term debt, which should be recognized when due.

**Inventories** – The cost of inventories of supplies are recorded as expenditures at the individual items are purchased. The costs of inventories are not included on the statement of net assets.

**Property, Plant and Equipment** – Property, Plant and Equipment is recorded at cost with no recognition of depreciation. GAAP requires the recognition of depreciation of property and equipment for proprietary funds. The Commission expenses debt principal payments in lieu of depreciation.

**Debt Issuance** – Debt issue cost and deferred charges on advance refundings are expenses when incurred. GAAP requires that these costs be capitalized and amortized over the life of the related bond issue.

**Equity Classifications**

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted Net Assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 1      Summary of Significant Accounting Policies – (continued)**

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**B. Measurement Focus and Basis of Accounting – (continued)**

Budget

In accordance with the Commission's enabling legislation, the Board holds public hearings and adopts an annual budget for operating expenses and capital outlays for North. The budget is adopted on a basis of consistent with the cash basis of accounting including no provision for depreciation and amortization. It is monitored at various levels of classification detail within the enterprise funds. Expenses at the fund level may not exceed the total budget.

Use of Estimates

The preparation of financial statements in conformity with accounting principles general accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2      Cash and Cash Equivalents**

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New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States, that insure deposits, or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed seventy-five (75%) percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred (100%) percent of the amount exceeding seventy-five (75%) percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The Commission had complied with all statutes and regulations applicable to deposits and investments. In general, bank deposits are classified as to credit risk by three categories described below:

At December 31, 2009 cash and cash equivalents of the Commission consisted of \$11,739,537.



**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION**  
**WANAQUE NORTH PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**NOTE 2      Cash and Cash Equivalents - (continued)**

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GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of failure of a depository institution, the North will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. As of December 31, 2009 the North's bank deposits are insured or covered by the State's Government Unit Deposit Protection Act.

**NOTE 3      Investments**

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The funds of the Commission can be invested in:

Direct Obligations of United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America: (1) U.S. Export-Import Bank (Eximbank); (2) Farmers Home Administration (FHMA); (3) Federal Financing Bank; (4) Federal Housing Administration Debentures (FHA); (5) General Services Administration; (6) Government National Mortgage Association; (7) U.S. Maritime Administration; and (8) U.S. Department of Housing and Urban Development.

Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies: (1) Federal Home Loan Bank System; (2) Federal Home Loan Mortgage Corporation; (3) Federal National Mortgage Associations; (4) Student Loan Marketing Association; (5) Resolution Funding Corporation obligations; and (6) Farm Credit System.

Money Market funds registered under the Federal Investment company Act of 1940.

Certificates of deposit secured at all times by collateral described above.

Certificates of deposit, savings accounts, deposit accounts, or money market deposits which are fully insured by FDIC, including DIF and SAIF.

Investments Agreements, including GIC's Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to MBIA.

Commercial paper rated, at the time of purchase "Prime - 1" by Moody's and "A - 1" or better by S&P.

Bonds or Notes issued by any state or municipality, which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
 WANAQUE NORTH PROJECT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2009 AND 2008**

**NOTE 3 Investments – (continued)**

Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime – 1” or “A – 3” or better by Moody’s and “A – 1” or “A” or better by S&P.

The New Jersey Cash Management Fund, and Repurchase Agreements for 30 days or less. Repurchase Agreements, which exceed 30 days, must be acceptable to the insurer.

**NOTE 4 Property, Plant and Equipment**

Details of property, plant and equipment as of December 31, 2009 and 2008 as follows:

	Balance 12/31/08	Additions	Deletions	Balance 12/31/09
Land	\$ 4,406,112	\$ —	\$ —	\$ 4,406,112
Buildings	75,393,535	15,933,113	—	91,326,648
Machinery & Equipment	15,745,565	7,295,022	—	23,040,587
Construction in Progress	26,340,086	743,596	22,968,560	4,115,122
	<u>\$ 121,885,298</u>	<u>\$ 23,971,731</u>	<u>\$ 22,968,560</u>	<u>\$ 122,888,469</u>

	Balance 12/31/07	Additions	Deletions	Balance 12/31/08
Land	\$ 4,406,112	\$ —	\$ —	\$ 4,406,112
Buildings	75,153,801	239,734	—	75,393,535
Machinery & Equipment	15,050,851	721,424	26,710	15,745,565
Construction in Progress	26,198,968	141,118	—	26,340,086
	<u>\$ 120,809,732</u>	<u>\$ 1,102,276</u>	<u>\$ 26,710</u>	<u>\$ 121,885,298</u>

Construction work in progress represents costs associated plant expansions and rehabilitations, and other projects that were not completed at year-end. The North records assets with a useful life in excess of five years and with a value over \$5,000 as a fixed asset. The accounts are adjusted for disposition and abandonment.

**NOTE 5 Compensated Absences**

Commission employees earn .63% of a day after the first six months of service for each full month worked to a maximum of five weeks for vacation time.

Sick leave is earned at the rate of 1 to 1.25 days per month of each full month of employment up to 12 and 15 days for non-union and union employees, respectively.

The Commission has a policy of reimbursing an employee for any accumulated sick leave upon the employee’s retiring after rendering a minimum of ten years of service and is paid the rate of the lesser of 50% of current salary rate or \$15,000.00.

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 6      Long-Term Debt**

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Long-term Debt of \$36,248,170 consists of the following:

1999 Project Revenue Bonds

\$987,166 Serial Bonds bearing interest ranging from 4.75% to 5.70% maturing at various intervals to August 1, 2019.

The Series 1999 Bond maturing on or after September 1, 2009, will not be subject to redemption prior to their respective stated maturing dates. The Series 1999 Bonds maturing on or after September 1, 2010, will be subjected to optional redemption prior to their respective stated maturing dates on or after September 1, 2009, at the option of the Commission upon their terms set forth in the respective Series 1999 Bond Resolution, either in whole (or either Series) or any date or in part.

Interest payment dates on the 1999 Bonds are on February 1 and August 1 each year.

2000 Project Revenue Bonds

\$545,964 Serial Bonds bearing interest ranging from 5.05% to 5.25% maturing at various to August 1, 2020.

The Series I and II Bonds shall be subject to optional redemption prior to maturity by or on behalf of the Commission in accordance with the terms and provisions set forth in the loan agreement and in accordance with the terms and provisions of Article IV of the General Bond Resolutions.

Interest payment dates on the 2000 Bonds are on February 1 and August 1 of each year.

2003 Project Revenue Refunding Bonds

\$10,920,000 Serial Bonds bearing interest ranging from 2% to 4.125% maturing at various intervals to November 15, 2017.

The Series 2003 Bonds maturing on and before November 15, 2013 are not subject to optional redemption. The Series 2003 Bonds maturing on and after November 15, 2014 are subject to redemption, at the option of the Commission prior to maturity, upon the giving of notice as provided in the North Bond Resolution, as a whole at any time or in part on any interest payment date in such order of maturity and the commission shall direct and by lot within any maturity, on or after November 15, 2013 at the redemption price of 100% of the principle amount of the Series 2003 Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption.

Interest payment dates on the Series 2003 Bonds are November 15 and May 15 of each year.

2003A Project Revenue Bonds

\$8,054,856 Serial Bonds bearing interest ranging from 3% to 5% at various intervals to August 1, 2023.

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
 WANAQUE NORTH PROJECT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2009 AND 2008**

**NOTE 6      Long-Term Debt – (continued)**

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The Series I and II Bonds shall be subject to optional redemption prior to maturity by or on behalf of the Commission in accordance with the terms and provisions set forth in the loan agreement and in accordance with the terms and provision of Article IV of the General Bond Resolutions.

Interest payment dates on the 2003A Bonds are on February 1 and August 1 of each year.

2006 Project Revenue Bonds

\$1,280,184 Serial Bonds bearing interest ranging from 3% to 5% at various intervals to August 1, 2026.

The Series I and II Bonds shall be subject to optional redemption prior to maturity by or on behalf of the Commission in accordance with the terms and provisions set forth in the loan agreement and in accordance with the terms and provisions of Article IV of the General Bond Resolutions.

Interest payment dates on the 2006 Bonds are on February 1 and August 1 of each year.

2009 Project Revenue Refunding Bonds

\$13,625,000 Serial Bonds Series 2009 bearing interest ranging from 2% to 4% maturing at various intervals to November 15, 2019.

\$835,000 of term bonds maturing November 15, 2021 at 4.50% interest with mandatory redemptions in 2020 and 2021.

These bonds refunded all of the outstanding 1997 Project Revenue Bonds totaling \$13,900,000 and provided for the costs associated with the issuance plus the required debt service reserve.

North's long-term debt consists of the following:

		2009	2008
Balance, Beginning of Year	\$	38,028,181	40,318,665
Additions		14,460,000	—
		52,488,181	40,318,665
Deletions		16,240,011	2,290,484
Balance, End of Year	\$	36,248,170	38,028,101

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 6 Long-Term Debt – (continued)**

Schedule of annual debt service for principal and interest for the next five years and each subsequent five year period till maturity for bonded debt issued and outstanding as of December 31, 2009:

Years Ended December 31,	Principal	Interest
2010	\$ 2,782,545	1,165,388
2011	3,200,393	1,099,011
2012	3,288,380	1,010,151
2013	3,383,348	910,267
2014	3,485,155	805,992
2015-2019	16,109,381	2,123,025
2020-2024	3,831,818	249,539
2025-2026	167,150	4879
	\$ 36,248,170	7,368,252

**NOTE 7 Lease Revenue**

The Commission leases its property to various commercial enterprises. These leases are cancelable operating leases.

Minimum rentals on cancelable leases for the next five years are as follows:

Year	2010	2011	2012	2013	2014	Total
	\$ 82,800	\$ 82,800	\$ 82,800	\$ 82,800	\$ 82,800	\$ 414,000

**NOTE 8 Pension Plans**

Substantially all of the Commission’s employees participate in the defined benefit Public Employee Retirement Systems (retirement system) which has been established by State statute. These systems are sponsored and administered by the State of New Jersey.

Public Employees Retirement System

Public Employees’ Retirement System (PERS) – is a cost-sharing multiple-employer contributory defined plan which was established as of January 1, 1995, under the provision N.J.S.A. 43:15A to provide retirement, death and disability benefits, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 8 Pension Plans – (continued)**

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Other Pension Funds

The State also administers the Pension Adjustment Fund (PAF), which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in all State-sponsored pension systems except SACT. The cost of living increase for PERS is funded directly by the retirement system and is considered in the annual actuarial calculation of the required State contribution for that system.

According to State statutes, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of Treasury, Division of Pensions and Pensions and Benefits issues publicly available financial reports that include the financial statements and required supplementary information of each of the retirement system, funds, and trusts. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295

Significant Legislation

Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows for payments due in SFY ending June 30, 2005, 20 percent; for payments due in SFY year ending June 30, 2006, not more than 40 percent; for payments due in SFY June 30, 2007, not more than 60%; and for payments due in SFY June 30, 2008, not more than 80%.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform: established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60 plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62 plus 3% for every year under age 55.

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**NOTE 8 Pension Plans – (continued)**

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Funding Policy

Contribution Requirements

The contribution policy for PERS is set by New Jersey State statutes and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members of PERS contribute at a uniform rate of 5.5% of base salary, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2009, for PERS, which is multi-employer pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Contributions:

The North's year ended December 31, 2009, 2008 and 2007 contributions to the PERS were \$607,527, \$463,531 and \$267,244, respectively.

**NOTE 9 Deferred Compensation Plan**

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The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the Nationwide Retirement Solutions and the Hartford. The plan permits employees to defer a portion of their salary to future years. Individuals are one hundred percent vested. The plan, which began formal operations November 1990, is funded solely voluntary employee deductions. Distribution is available to employees upon termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, property or rights are solely property and rights of the individual contributors and are not subject to the claims of the Commission's general creditors.

**NOTE 10 Related Party Transactions**

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There are common infrastructure components of the North Jersey District Water Supply Commission shared by the participating municipalities of the Wanaque North Project and Wanaque South Project Partners. The costs associated with the maintenance of these common infrastructure components are shared by the Wanaque South Project Partners based upon a formula determined in the agreement between the NJDWSC and the partners in the joint venture. In addition, direct costs associated with the participating municipalities in Wanaque South Project are paid by the Wanaque North Project and subsequently reimbursed by the Wanaque South Project.

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
 WANAQUE NORTH PROJECT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2009 AND 2008**

**NOTE 11      Other Post Retirement Benefits**

The Commission offers post retirement medical, prescription drug, dental and vision benefits to retirees and their eligible dependents. Medicare Part B premiums are reimbursed for Medicare eligible retirees and their spouses.

The following subsections outline the eligibility for retirement, that would qualify a retiree for Commission paid post retirement health benefits for various groups of Commission employees.

- Age 60
- After twenty-five years of service
- After 25 years or more of service and are age 55 or older
- After 10 years of service for disability retirement
- Surviving spouse and dependent children under 26 are covered until spouses death or remarriage

As of the January 1, 2008 census there were 170 active and 52 retired participants in the plan.

In accordance with GAAP and accrual accounting principles, the cost associated with post-employment healthcare benefits (“OPEB”), generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 the cost of OPEB is recognized in the year when the employee services are received, the accumulated liability (as calculated on a triennial basis) is reported from prior years and provides information useful in assessing potential demands on cash flows. Recognition of the liability accumulated from prior years is phased in over 30 years, commencing with the current year. As of December 31, 2008, the Commission has adopted the requirements of GASB Statement No. 45 under the Level Percent of Pay approach.

This is the second year the Commission has adopted GASB No. 45; thus two years of data is shown on the following reporting tables:

Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability	Unfunded Actual Liability	Funded Ratio
1/1/09	\$ —	\$ 36,438,170	\$ 36,438,170	—%
1/1/08	—	34,246,329	34,246,329	—%

Employer Contributions without Advance Funding

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
12/31/09	\$ 2,868,254	\$ 885,474	30.87%	\$ 4,069,144
12/31/08	2,710,667	624,403	23.03%	2,086,364

The above statistics include both North and South Projects which are not segregated by the actuary.



ADDITIONAL FINANCIAL INFORMATION

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
 WANAQUE NORTH PROJECT  
 SCHEDULE OF BUDGETARY REVENUES AND EXPENDITURES COMPARED TO BUDGET  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>2009 Budget</u>	<u>2009 Actual</u>	<u>Variance</u>	<u>2008 Actual</u>
<b>Revenues</b>				
Assessments	\$ 25,556,997	25,558,127	1,130	22,633,697
Anticipated Income	2,649,622	2,734,921	85,299	2,009,304
Joint Venture Participation	3,122,972	2,906,988	(215,984)	2,675,809
Wanaque South Participation	7,889,012	7,903,021	14,009	6,806,264
Loan/Bond Proceeds (net)	-	1,673,581	1,673,581	-
Surplus	(145,860)	-	145,860	-
<b>Total Revenues</b>	<u>39,072,743</u>	<u>40,776,638</u>	<u>1,703,895</u>	<u>34,125,074</u>
<b>Expenditures</b>				
Salaries and Wages	11,509,827	11,425,465	(84,362)	11,713,213
Non Departmental Expenses	18,253,099	16,345,774	(1,907,325)	15,301,595
Materials and Supplies	378,200	317,378	(60,822)	367,524
Services Contractual	2,120,000	2,065,919	(54,081)	1,256,105
Repairs and Maintenance	894,900	839,046	(55,854)	799,511
Purchase of Equipment	312,100	273,577	(38,523)	243,867
Miscellaneous	106,500	185,628	79,128	184,852
Capital Items	1,203,283	2,507,920	1,304,637	1,387,586
Debt Service	4,294,834	4,015,655	(279,179)	4,280,742
<b>Total Expenditures</b>	<u>39,072,743</u>	<u>37,976,362</u>	<u>(1,096,381)</u>	<u>35,534,995</u>
<b>Excess (Deficit) of Revenue Over (Under) Expenditures</b>	<u>\$ -</u>	<u>2,800,276</u>	<u>2,800,276</u>	<u>(1,409,921)</u>

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION**  
**WANAQUE NORTH PROJECT**  
**SCHEDULE OF REVENUES COLLECTED, EXPENSES PAID AND CHANGES IN RESTRICTED/UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	OPERATING	CONSTRUCTION	DEBT SERVICE	Total (Memo Only)	
				12/31/2009	12/31/2008
<b>REVENUES</b>					
Municipality Assessments	\$ 20,060,010	1,203,283	4,294,834	25,558,127	22,633,697
Wanaque South Reimbursements	10,810,009	-	-	10,810,009	9,482,073
<b>TOTAL REVENUES</b>	<b>30,870,019</b>	<b>1,203,283</b>	<b>4,294,834</b>	<b>36,368,136</b>	<b>32,115,770</b>
<b>EXPENDITURES</b>					
Utilities	2,558,795	-	-	2,558,795	3,289,647
Real Estate Taxes	2,891,631	-	-	2,891,631	2,594,079
Insurances	6,407,346	-	-	6,407,346	5,299,745
Legal and Accounting	458,256	-	-	458,256	381,734
Payroll and Related Expenses	13,049,151	-	-	13,049,151	12,590,013
Engineering and Consulting	515,112	176,001	-	691,113	241,170
Supplies and Expenses	2,708,181	-	-	2,708,181	2,691,016
Trustee Fees	14,179	-	18,555	32,734	44,285
Interest	-	-	1,952,089	1,952,089	1,990,255
Bond Principal	-	-	2,045,011	2,045,011	2,290,487
Chemicals	2,750,364	-	-	2,750,364	2,636,821
Fuel	99,772	-	-	99,772	179,647
Capital Outlays	-	2,331,919	-	2,331,919	1,306,065
<b>TOTAL EXPENDITURES</b>	<b>31,452,787</b>	<b>2,507,920</b>	<b>4,015,655</b>	<b>37,976,362</b>	<b>35,534,964</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>(582,768)</b>	<b>(1,304,637)</b>	<b>279,179</b>	<b>(1,608,226)</b>	<b>(3,419,194)</b>
<b>NON OPERATING REVENUES/(EXPENSES)</b>					
Interest on Investments	81,488	291	14,499	96,278	270,405
Other Income	692,455	2,240	-	694,695	1,020,954
Proceeds of Refunding Bond	-	-	14,660,804	14,660,804	-
Cost of Issuance	-	-	(281,465)	(281,465)	-
Bond Principal Refunded	-	-	(14,195,000)	(14,195,000)	-
NJEIT Loan Proceeds	-	-	1,955,045	1,955,045	-
NJDEP Reimbursement	415,363	1,387,599	-	1,802,962	578,684
Rental Income	140,987	-	-	140,987	139,261
Transfer In	745,876	(54,372)	56,149	747,653	81,761
Transfer Out	(411)	(232,911)	(514,331)	(747,653)	(81,761)
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<b>2,075,758</b>	<b>1,102,847</b>	<b>1,695,701</b>	<b>4,874,306</b>	<b>2,009,304</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES/(USES)</b>	<b>\$ 1,492,990</b>	<b>(201,790)</b>	<b>1,974,880</b>	<b>3,266,080</b>	<b>(1,409,890)</b>

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Grantor/ Program Title	State Account/ Project Number	Program or Award Amount	(Unaudited) Total Expenditures	Funds Received	Funds Available 12/31/08	Net Disbursement Charges	Funds Available 12/31/09	Grant Period	
								From	To
Department of Environmental Protection									
New Jersey Environmental Infrastructure Trust									
Facilities Improvements	w1613001-003/010/011	\$ 13,500,000	3,183,366	2,519,728	12,506,059	2,189,425	10,316,634	11/1/2003	Completion
Solar Power	w1613001-015	1,396,910	26,506	75,955	1,376,906	6,502	1,370,404	11/1/2006	Completion
Wanaque South Pump Station and Motors	w1613001-017	2,183,362	13,793	131,793	2,178,791	9,221	2,169,570	11/1/2006	Completion
Filter Rehabilitation	w1613001-004/005	2,202,184	1,388,830	1,381,080	821,104	—	821,104	11/1/2000	Completion
Total Dept. of Environmental Protection			<u>4,612,495</u>	<u>4,108,556</u>	<u>16,882,860</u>	<u>2,205,148</u>	<u>14,677,712</u>		
Total State Assistance			\$ <u>4,612,495</u>	<u>4,108,556</u>	<u>16,882,860</u>	<u>2,205,148</u>	<u>14,677,712</u>		

See accompanying notes to schedule of expenditures of state awards.

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
NOTES TO SCHEDULES OF EXPENDITURES OF STATE AWARDS  
DECEMBER 31, 2009**

**(1) General**

The accompanying schedules of expenditures of State of New Jersey awards present the activity of State of New Jersey awards programs of the North Jersey District Water Supply Commission (NJDWSC). The NJDWSC is defined in Note 1 to the NJDWSC's financial statements.

**(2) Basis of Accounting**

The accompanying schedules of expenditures awards are presented using the budgetary basis of accounting. The basis of accounting is described in Note 1 to the NJDWSC's financial statements.

**(3) Relationship to General Purpose Financial Statements**

Amounts reported in the accompanying schedules agree with or are reconcilable to amounts reported in the NJDWSC's financial statements. Expenditures of state awards are reported in the NJDWSC's financial statements of the Wanaque North and Wanaque South Projects construction funds.

**(4) Relationship to State of New Jersey Financial Reports**

The regulations and guidelines governing the preparation of state financial reports vary by state agency and among programs administered by the same agency. Accordingly, the amounts reported in the state financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the cash basis.

SUPPLEMENTARY DATA

**NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION  
WANAQUE NORTH PROJECT  
ROSTER OF OFFICIALS  
DECEMBER 31, 2009**

The following officials were in office at December 31, 2009

<u><b>Name</b></u>	<u><b>Office</b></u>
Carmen A. Orechio	Commissioner, Chairman
Louis A. Cuccinello	Commissioner, Vice Chairman
Charles P. Shotmeyer	Commissioner
Brenda C. Sherman	Commissioner
Michael T. Cricco	Commissioner
Joseph Tempesta, Jr.	Commissioner
Albert Manzo	Commissioner
Angelo M. Valente	Secretary to the Commission
Michael E. Restaino	Executive Director
Colleen C. DeStefano	Deputy Executive Director
John Blonski	Comptroller