



Druker, Rahl & Fein

Business Consultants
Certified Public Accountants

P.O. Box 7648 • Princeton, NJ 08543-7648 • 609-689-9700 • FAX 609-689-9720

DONALD F. CONWAY, CPA*
CONRAD L. DRUKER, CPA
ESMOND S. DRUKER, CPA
EUGENE J. ELIAS, CPA, RMA
JACK H. ELIN, CPA*
PETER A. INVERSO, CPA
ROBERT J. RAHL, CPA*
DAVID L. STAFFORD, CPA*
RICHARD S. WILLINGER, CPA

* CPA in NJ and PA
* CPA in NY

Other Office:

86 Buck Road
Holland, PA 15965
215-355-4860

INDEPENDENT AUDITORS' REPORT

The Honorable Chairperson and Members of **NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**

We have audited the accompanying balance sheet of **NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY** as of June 30, 2000 and the related statement of revenues, expenditures and changes in fund balance for the year 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 audit.

We conducted our audit in accordance with generally accepted auditing standards 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY** as of June 30, 2000 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2000 on our consideration of **NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY'S** internal control over financial reporting.

Druker, Rahl & Fein

August 16, 2000



Druker, Rahl & Fein

Business Consultants
Certified Public Accountants

P.O. Box 7648 • Princeton, NJ 08543-7648 • 609-689-9700 • FAX 609-689-9720

DONALD F. CONWAY, CPA*
CONRAD L. DRUKER, CPA
ESMOND S. DRUKER, CPA
EUGENE J. ELIAS, CPA, RMA
JACK H. FEIN, CPA*
PETER A. INVERSO, CPA
ROBERT J. RAHL, CPA*
DAVID L. STAFFORD, CPA*
RICHARD S. WILLINGER, CPA

* CPA in NJ and PA
* CPA in NY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Chairperson and Members of **NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**

Other Office:

55 Buck Road
Holland, PA 18966
215-355-4960

We have audited the general purpose financial statements of **NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY** as of and for the year ended June 30, 2000, and have issued our report thereon dated August 16, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY'S** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and others within the Organization, and State awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Druker, Rahl & Fein

August 16, 2000

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

BALANCE SHEET June 30, 2000

	Government Fund Types			Account Group		Total - Memorandum Only	
	Special Revenue			General			
	Authority Reserve	Transportation Improvement	Total	Debt Service	Long-Term Debt	2000	June 30, 1999
ASSETS							
Account Receivable - State of New Jersey	\$ -	\$ 11,258,571	\$ 11,258,571	\$ -	\$ -	\$ 11,258,571	\$ 12,158,332
Investments	47,298	674,567,634	674,614,932	10,435,263	-	685,050,195	331,887,125
Due from other funds	253,842	-	253,842	264,681,552	-	264,935,394	117,009,237
Amount available in debt service fund	-	-	-	-	265,450,183	265,450,183	112,063,960
Amount to be provided for retirement of bonds	-	-	-	-	4,229,794,817	4,229,794,817	3,625,966,040
Total Assets	\$ 301,140	\$ 685,826,205	\$ 686,127,345	\$ 275,116,815	\$ 4,495,245,000	\$ 5,456,489,160	\$ 4,199,084,694
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accrued interest payable	\$ -	\$ -	\$ -	\$ 9,666,632	\$ -	\$ 9,666,632	\$ 8,596,616
Account payable - State of New Jersey	-	42,794,646	42,794,646	-	-	42,794,646	10,237,957
Due to other funds	-	264,935,394	264,935,394	-	-	264,935,394	117,009,237
Transportation system bonds payable	-	-	-	-	4,495,245,000	4,495,245,000	3,738,030,000
Total Liabilities	-	307,730,040	307,730,040	9,666,632	4,495,245,000	4,812,641,672	3,873,873,810
FUND BALANCES:							
Reserved for debt service requirements	-	-	-	265,450,183	-	265,450,183	112,063,960
Reserve for payment of State transportation system cost	-	378,096,165	378,096,165	-	-	378,096,165	212,889,044
Unreserved - designated for operating expenses	301,140	-	301,140	-	-	301,140	257,880
Total fund balances	301,140	378,096,165	378,397,305	265,450,183	-	643,847,488	325,210,884
TOTAL LIABILITIES AND FUND BALANCES	\$ 301,140	\$ 685,826,205	\$ 686,127,345	\$ 275,116,815	\$ 4,495,245,000	\$ 5,456,489,160	\$ 4,199,084,694

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended June 30, 2000

	Government Fund Types				Total - Memorandum Only	
	Special Revenue		Total	Debt Service	2000	June 30, 1999
	Authority Reserve	Transportation Improvement				
OPERATING REVENUES						
State appropriations equivalent to:						
Motor fuel taxes	\$ -	\$ 360,000,000	\$ 360,000,000	\$ -	\$ 360,000,000	\$ 320,000,000
Good driver's surcharge	-	60,000,000	60,000,000	-	60,000,000	80,000,000
Commercial vehicle fees and taxes	-	30,000,000	30,000,000	-	30,000,000	30,000,000
Toll road authorities	-	24,500,000	24,500,000	-	24,500,000	24,500,000
General fund	-	8,600,237	8,600,237	-	8,600,237	9,200,000
Interest income	2,903	36,041,713	36,044,616	402,662	36,447,278	17,006,172
Total operating revenues	2,903	519,141,950	519,144,853	402,662	519,547,515	480,706,172
OPERATING EXPENSES						
Operating expenses and financial costs	21,247	206,325	227,572	-	227,572	261,839
Bond issuance costs	-	16,573,454	16,573,454	-	16,573,454	2,578,100
Bond interest expense	-	-	-	217,871,248	217,871,248	189,471,333
State transportation costs	-	747,556,689	747,556,689	-	747,556,689	789,439,446
Principal retirement of bonds/notes payable	-	-	-	137,535,000	137,535,000	116,385,000
Total operating expenses	21,247	764,336,468	764,357,715	355,406,248	1,119,763,963	1,098,135,718
LOSS FROM OPERATIONS	(18,344)	(245,194,518)	(245,212,862)	(355,003,586)	(600,216,448)	(617,429,546)
OTHER CHANGES						
Bond proceeds	-	918,853,052	918,853,052	-	918,853,052	717,997,087
Operating transfers in	61,604	447,210	508,814	1,053,933,143	1,054,441,957	1,252,493,419
Operating transfers out	-	(219,055)	(219,055)	(1,054,222,902)	(1,054,441,957)	(1,252,493,419)
Transfer in (out) - net	-	(508,679,568)	(508,679,568)	508,679,568	-	-
Total other changes	61,604	410,401,639	410,463,243	508,389,809	918,853,052	717,997,087
Excess of revenues over expenditures	43,260	165,207,121	165,250,381	153,386,223	318,636,604	100,567,541
FUND BALANCE, BEGINNING OF YEAR	257,880	212,889,044	213,146,924	112,063,960	325,210,884	224,643,343
FUND BALANCE, END OF YEAR	\$ 301,140	\$ 378,096,165	\$ 378,397,305	\$ 265,450,183	\$ 643,847,488	\$ 325,210,884

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY, located in Ewing, New Jersey, was created by the State of New Jersey in 1984 pursuant to the New Jersey Transportation Trust Fund Authority Act to provide a stable, predictable funding mechanism for transportation system improvements undertaken by the New Jersey Department of Transportation. The Authority also finances State aid to counties and municipalities for transportation system improvements.

Basis of Accounting

The Authority is a component unit of the State of New Jersey and is included in the general purpose financial statements of the state.

The financial statements of **NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY** have been prepared on the modified accrual basis of accounting and in accordance with generally accepted accounting principles applicable to governmental units.

Revenues

Revenues are recognized as they are earned. The primary sources of revenues are appropriations received from the State of New Jersey from motor fuel taxes, Good driver's surcharge, commercial vehicle fees and taxes and toll road authorities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Investments

As of January 1, 1998 the Authority adopted statement of Government Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under Statement No. 31, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of operations. The Authority's investments are limited by the 1995 Bond Resolution to obligations of, or guaranteed by, the Federal government and bank certificates of deposit.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounts

In accordance with the 1995 Bond Resolution, the Authority has established the following fund accounts maintained by the Authority.

<u>Fund Accounts</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Transportation improvement	Deposit of all revenues received by the Authority. Also used to account for the accumulation of resources for payment of state transportation costs.	Expenditures for specific purposes
Debt service	Amounts needed to pay matured principal and interest on bonds	Interest and principal on bonds
General long-term debt	Establish accounting control and accountability for the Authority's general long-term debt.	Transfers to meet minimum levels in debt service accounts
Authority reserve	Accounts for the operating expenditures of the Authority	Operating expenditures

Income Taxes

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

Debt Issue Cost and Original Issue Discount

Costs related to the issuance of bonds are expensed when incurred.

Total (Memorandum Only)

Total (Memorandum Only) columns contain the totals of the similar accounts of the various funds and the General Long-Term Debt Account Group. Since the assets of the funds are restricted, the combination of the funds and account group is for convenience only and does not indicate that the combined assets are available for expenditures in any manner other than that provided for in the bond resolution.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 1999, from which the summarized information was derived.

NEW JERSEY TRANSPORTATION TRUST AUTHORITY

NOTES TO FINANCIAL STATEMENTS

B. INVESTMENTS

Investments are stated at fair value and consist of U.S. obligations in the State of New Jersey cash management fund.

C. TRANSPORTATION SYSTEM BONDS PAYABLE

Bond resolutions have been adopted by the Authority for the purpose of making improvements to the transportation system in the State of New Jersey. The following is a summary of revenue bonds outstanding:

Series	Issue Date	Maturity Date	Interest Rates	Amount of Original Issue	June 30,	
					2000	1999
1995 Series A	7/15/1995	6/15/2015	5.000% - 6.500%	\$ 804,475,000	\$ 674,530,000	\$ 702,650,000
1995 Series B	10/15/1996	6/15/2015	4.500% - 7.000%	788,225,000	659,280,000	687,045,000
1996 Series A	2/1/1996	12/15/2016	4.500% - 6.000%	334,065,000	302,680,000	313,670,000
1996 Series B	10/15/1996	6/15/2017	4.750% - 6.000%	714,340,000	648,985,000	671,840,000
1997 Series A	12/1/1997	6/15/2018	4.500% - 6.000%	703,940,000	651,620,000	673,220,000
1998 Series A	12/1/1998	6/15/2019	4.250% - 5.250%	700,000,000	668,255,000	689,605,000
1999 Series A	10/6/1999	6/15/2020	4.500% - 5.750%	450,000,000	445,145,000	-
2000 Series A	1/1/2000	6/15/2019	5.000% - 6.125%	450,000,000	444,750,000	-
Total				<u>\$ 4,945,045,000</u>	<u>4,495,245,000</u>	<u>3,738,030,000</u>
Less current portion					166,410,000	132,680,000
Net long-term portion					<u>\$ 4,328,835,000</u>	<u>\$ 3,605,350,000</u>

Total maturities of transportation system bonds are as follows:

<u>Year ending June 30,</u>	
2001	\$ 166,410,000
2002	175,105,000
2003	183,855,000
2004	193,405,000
2005	203,650,000
Thereafter	3,572,820,000
	<u>\$ 4,495,245,000</u>

All bonds are subject to mandatory redemption in annual installments through their final maturity.

NEW JERSEY TRANSPORTATION TRUST AUTHORITY

NOTES TO FINANCIAL STATEMENTS

D. CONCENTRATION OF CREDIT RISK

The Authority maintains investment balances which may exceed federally insured limits. They historically have not experienced any credit related losses.

E. PRIOR PERIOD ADJUSTMENT

Certain errors, resulting in both the overstatement and understatement of previously reported liabilities and expenses of prior years, were corrected during 2000 resulting in the following changes to fund balance as of June 30, 1999:

Fund balance, reserve for payment of state transportation system cost, as previously reported	\$ 208,901,542
Overstatement of bond interest expense	<u>3,987,502</u>
Fund balance, as adjusted	<u><u>\$ 212,889,044</u></u>