

TRANSPORTATION TRUST FUND AUTHORITY
1995 ANNUAL REPORT

GOVERNOR CHRISTINE TODD WHITMAN



NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Financial Statements for the
Years Ended June 30, 1993
and Independent Auditors' Report

**INDEPENDENT AUDITORS' REPORT**

The Members of New Jersey
Transportation Trust Fund Authority

We have audited the accompanying balance sheet of the New Jersey Transportation Trust Fund Authority as of June 30, 1993, 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. 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 the New Jersey Transportation Trust Fund Authority as of June 30, 1993, and the results of its operations and changes in fund balances for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of the Authority's management. Such 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.

Deloitte & Touche

July 30, 1993

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

BALANCE SHEET
JUNE 30, 1993

	Government Fund Types				Account Group	Total Memorandum Only June 30, 1993	June 30, 1992
	Special Revenue			Debt Service			
	Authority Reserve	Transportation Improvement	Total				
ASSETS							
Accounts receivable - State of New Jersey (Note E)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,250,000
Investments, at cost (Note B)	-	155,216	562,186,265	562,341,481	-	591,599,786	435,697,948
Bond discount	-	-	4,468,895	4,468,895	-	4,468,895	-
Due from other funds	-	-	-	-	-	53,857,441	39,250,000
Amount available in debt service fund	-	-	-	-	76,731,592	76,731,592	67,197,019
Amount to be provided for retirement of bonds (Note C)	-	-	-	-	829,433,408	829,433,408	395,462,981
TOTAL ASSETS	\$ -	\$ 155,216	\$ 566,655,160	\$ 566,810,376	\$ 906,165,000	\$ 1,556,091,122	\$ 976,857,948
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accrued interest payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,384,154	\$ 5,071,237
Accounts payable	-	40,000	440,000	480,000	-	480,000	25
Due to other funds	-	-	53,857,441	53,857,441	-	53,857,441	39,250,000
Arbitrage rebate payable	-	-	52,300	52,300	-	52,300	256,642
Transportation system bonds payable (Note C)	-	-	-	-	-	906,165,000	462,660,000
Total liabilities	-	40,000	\$ 54,349,741	\$ 54,389,741	\$ 906,165,000	\$ 966,938,895	\$ 507,237,904
FUND BALANCES:							
Reserved for debt service requirements (Note C)	-	-	-	-	-	50,286,772	40,752,199
Reserve for debt service reserve requirements (Note C)	-	-	-	-	-	26,444,820	26,444,820
Reserved for payment of state transportation system costs	-	-	512,305,419	512,305,419	-	512,305,419	402,194,299
Unreserved - designated for operating expenses	-	115,216	-	115,216	-	115,216	228,726
Total fund balances	-	115,216	\$ 512,305,419	\$ 512,420,635	-	\$ 589,152,227	\$ 469,620,044
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 155,216	\$ 566,655,160	\$ 566,810,376	\$ 906,165,000	\$ 1,556,091,122	\$ 976,857,948

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1993

	Government Fund Types				Debt Service	Total	Total Memorandum Only	
	Special Revenue			June 30, 1993			June 30, 1992	
	Revenue	Authority Reserve	Transportation Improvement					
REVENUES (Notes C and D):								
State appropriations equivalent to:								
Motor fuel taxes	\$ 138,250,000	\$ -	-	\$ 138,250,000	\$ -	\$ 138,250,000	\$276,500,000	
Commercial vehicle fees and taxes	4,500,000	-	-	4,500,000	-	4,500,000	30,000,000	
Toll road authorities	12,250,000	-	-	12,250,000	-	12,250,000	24,500,000	
Interest income (Note B)	-	6,885	12,315,215	12,322,100	2,701,068	15,023,168	21,756,730	
Total revenues	155,000,000	6,885	12,315,215	167,322,100	2,701,068	170,023,168	352,756,730	
EXPENDITURES:								
Operating expenditures								
Bond interest expenditures (Note C)	-	115,846	-	115,846	-	115,846	69,872	
State transportation costs	-	-	-	-	30,387,983	30,387,983	17,985,769	
Principal retirement of bonds payable (Note C)	-	-	460,000,000	460,000,000	-	460,000,000	520,000,000	
Bond issuance expenditures	-	-	-	-	56,495,000	56,495,000	33,070,000	
Total expenditures	-	115,846	463,492,156	463,608,002	86,882,983	3,492,156	4,151,032	
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	155,000,000	(108,961)	(451,176,941)	(296,285,902)	(84,181,915)	(380,467,817)	(222,519,943)	
OTHER FINANCING (USES) SOURCES:								
Bond proceeds	-	-	500,000,000	500,000,000	-	500,000,000	275,000,000	
Operating transfers in	-	2,148	61,288,061	61,290,209	93,709,791	155,000,000	331,000,000	
Operating transfers out	(155,000,000)	-	-	(155,000,000)	-	(155,000,000)	(331,000,000)	
Excess transfers in (out) - net	-	(6,697)	-	(6,697)	6,697	-	-	
FUND BALANCES AT BEGINNING OF YEAR	(155,000,000)	(4,549)	561,288,061	406,283,512	93,716,488	500,000,000	275,000,000	
FUND BALANCES AT END OF YEAR	-	228,726	402,194,299	402,423,025	67,197,019	469,620,044	417,139,987	
\$	\$	\$ 115,216	\$ 512,305,419	\$ 512,420,635	\$ 76,731,592	\$ 589,152,227	\$ 469,620,044	

See notes to financial statements

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 1993

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Jersey Transportation Trust Fund Authority (the "Authority") is a public body of the State of New Jersey, organized and existing under and pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984 (the "Act") to provide the payment for and financing of all, or a portion of, the costs incurred by the State Department of Transportation for planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the State's transportation system. Pursuant to the Act, the Authority may issue bonds to provide the payment for and financing of all, or a portion of, the State's share of the costs of such programs to the extent that State appropriations to the Authority and other available Authority revenues in each fiscal year are insufficient to fund such costs. The Act currently provides that the aggregate outstanding principal amount of bonds issued, notes or other obligations, including subordinated indebtedness of the Authority, may not exceed \$1,700,000,000.

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

The accounting policies of the Authority conform with generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

Basis of Presentation - Fund Accounting - The accounts of the Authority are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account group are used by the Authority:

Special Revenue Fund - To account for the proceeds of specific revenue sources that are legally reserved for specific purposes. Under the terms of the bond resolution, the Authority maintains the following accounts:

- Revenue - to account for the proceeds of specific revenue sources (motor fuel taxes, toll road authority contracts and commercial vehicle fees and taxes) that are legally restricted to expenditure for specific purposes.
- Authority Reserve - to account for the operating expenditures of the Authority.
- Transportation Improvement - to account for the accumulation of resources for payment of State transportation system costs.

Debt Service Fund - To account for the accumulation of resources for the payment of principal and interest on bonds as defined by the Bond Resolution.

General Long-Term Debt Account Group - Is used to establish accounting control and accountability for the Authority's general long-term debt. The General Long-Term Debt Account Group accounts for all long-term debt of the Authority.

Basis of Accounting - The modified accrual basis of accounting is followed by the Authority. Under the modified accrual basis of accounting, revenues, including interest income, are recorded when susceptible to accrual (i.e., both measurable and available). Revenues are considered available if they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

Assessments to toll road authorities, other fees and taxes collected by the State of New Jersey are recorded in accordance with contractual requirements. Installments for assessments and other fees and taxes not yet remitted by the State of New Jersey are recorded as accounts receivable - State of New Jersey.

Investments - State of New Jersey Cash Management Fund Units are stated at a fixed cost of \$1.00 per unit, which approximates market value.

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, including assets therein, 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 Data - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position.

B. INVESTMENTS

The market value of the Authority's investments as of June 30, 1993 is as follows:

State of New Jersey Cash Management Fund	<u>\$591,599,786</u>
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The market value of the Authority's investments as of June 30, 1992 was \$435,697,948.

The purchase, sale, receipt of income and other transactions affecting investments are governed by custodial agreements between the Authority through the State Treasurer and custodian banks as agents for the funds. State laws and policies set forth the requirements of such agreements and other particulars as to the size of the custodial institution, amount of the portfolio to be covered by the agreements and other pertinent matters. All investments must conform to standards set by State law. A general description of those investments is the following: (a) direct obligations of or obligations guaranteed by the United States, (b) bonds or obligations of any state of the United States or of any agency, instrumentality or local governmental unit of any such state, (c) bonds, debentures or other evidence of indebtedness issued or guaranteed by any agency or corporation created pursuant to an Act of Congress, (d) new housing authority bonds, (e) certificates of deposit, (f) commercial paper, (g) repurchase agreements, and (h) State of New Jersey Cash Management Fund.

GASB Statement No. 3 requires disclosure of the level of investment risk assumed by the Authority at June 30, 1993. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the Trust Department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Authority's name. As of June 30, 1993, all investments held by the Authority are classified as Category 1.

The New Jersey Cash Management Fund is a common trust fund administered by the State Department of the Treasury, Division of Investments. Securities in the Fund are insured, registered or held by the Division or its agent in the Fund's name.

C. TRANSPORTATION SYSTEM BONDS PAYABLE

Transportation systems bonds payable as of June 30, 1993 is composed of the \$200,000,000 1986 Series A Bonds dated December 1, 1986, maturing serially from June 15, 1988 through June 15, 1997 at interest rates ranging from 4.10% to 6.00%, the \$125,000,000 1988 Series A Bonds dated March 1, 1988, maturing serially from June 15, 1989 through June 15, 1998 at interest rates ranging from 4.90% to 6.90%, the \$275,000,000 1992 Series A Bonds dated March 1, 1992, maturing serially from June 15, 1993 through June 15, 2002 at interest rates ranging from 4.50% to 6.00%, and the \$500,000,000 1993 Series A Bonds dated April 21, 1993, maturing serially from June 15, 1995 through June 15, 2003 at interest rates ranging from 3.50% to 4.75%. The outstanding balance on the transportation system bonds payable as of June 30, 1993 consists of \$92,040,000 for the 1986 Series A Bonds, \$60,810,000 for the 1988 Series A Bonds, \$253,315,000 for the 1992 Series A Bonds and \$500,000,000 for the 1993 Series A Bonds.

The 1986 Series A Bonds maturing on or after June 15, 1993 are subject to redemption prior to maturity, in whole or in part, at any time after June 15, 1992 at varying premium rates. The 1988, 1992 and 1993 Series A Bonds are not subject to redemption prior to maturity.

One or more series of additional bonds may be issued at any time or from time to time for the purpose of financing the cost of transportation improvements. Pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984, the Authority shall minimize debt incurrence by first relying on appropriations and other revenues before incurring debt to meet its statutory purposes.

The Bonds are special obligations of the Authority payable from and secured primarily by payments received by the Authority from the State of New Jersey (the "State") pursuant to the Act and pursuant to a contract for implementing such payments entered into by and among the State Treasurer, the Commissioner of the New Jersey Department of Transportation and the Authority, dated January 14, 1985, together with any amendments or supplements thereto. Payments to the Authority by the State are subject to and dependent upon appropriations being made from time to time by the State Legislature for such purpose.

The bonds are primarily secured by revenues received or to be received by the Authority from the State of New Jersey as described in Note E.

Annual debt service requirements (principal and interest) to maturity for the transportation system bonds payable as of June 30, 1993 are as follows:

Year Ending June 30,	1986 Series A Bonds			1988 Series A Bonds			1992 Series A Bonds			1993 Series A Bonds			Total Debt Services
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
1994	\$ 21,185,000	\$ 5,258,810	\$ 26,443,810	\$15,520,000	\$ 3,963,583	\$19,483,583	\$ 22,660,000	\$14,236,685	\$ 36,896,685	\$ -	\$ 26,072,272	\$ 26,072,272	\$ 108,896,350
1995	22,330,000	4,114,820	26,444,820	16,455,000	3,001,343	19,456,343	23,795,000	13,103,685	36,898,685	47,130,000	21,626,770	68,756,770	151,556,618
1996	23,580,000	2,864,340	26,444,340	9,000,000	1,948,223	10,948,223	24,985,000	11,913,935	36,898,935	48,785,000	19,977,220	68,762,220	143,053,718
1997	24,945,000	1,496,700	26,441,700	9,595,000	1,354,223	10,949,223	26,285,000	10,614,715	36,899,715	50,635,000	18,123,390	68,758,390	143,049,028
1998	-	-	-	10,240,000	706,560	10,946,560	27,705,000	9,195,325	36,900,325	52,710,000	16,047,355	68,757,355	116,604,240
1999	-	-	-	-	-	-	29,255,000	7,643,845	36,898,845	54,980,000	13,780,825	68,760,825	105,659,670
2000	-	-	-	-	-	-	30,980,000	5,917,800	36,897,800	57,400,000	11,361,705	68,761,705	105,659,505
2001	-	-	-	-	-	-	32,840,000	4,059,000	36,899,000	59,980,000	8,778,705	68,758,705	105,657,705
2002	-	-	-	-	-	-	-	-	-	62,740,000	6,019,625	68,759,625	105,658,225
2003	-	-	-	-	-	-	34,810,000	2,088,600	36,898,600	65,640,000	3,117,900	68,757,900	68,757,900
Total debt service	\$ 92,040,000	\$13,734,670	\$105,774,670	\$60,810,000	\$10,973,932	\$71,783,932	\$253,315,000	\$78,773,590	\$332,088,590	\$500,000,000	\$144,905,767	\$644,905,767	1,154,552,959
Less total interest	-	-	-	-	-	-	-	-	-	-	-	-	248,387,959
Total principal	-	-	-	-	-	-	-	-	-	-	-	-	\$ 906,165,000

During the year ended June 30, 1993, the following changes occurred in the General Long-Term Debt Account Group:

Balance, June 30, 1992	\$462,660,000
1993 Series A Bond issuance	500,000,000
Debt retirements	<u>(56,495,000)</u>
Balance, June 30, 1993	<u>\$906,165,000</u>

D. DEFEASANCE OF 1985 SERIES A BONDS

Pursuant to an Escrow Deposit Agreement dated March 1, 1988, the Authority deposited \$34,907,500 of the proceeds of the 1988 Series A Bonds and an additional \$14,147,575 of debt service fund investments to advance refund \$46,670,000 of outstanding 1985 Series A Bonds with an average interest rate of 7.77%. All funds so deposited were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1985 Series A Bonds. As a result, the 1985 Series A Bonds are considered defeased and the amounts outstanding for those bonds have been removed from the General Long-Term Debt Account Group. The primary objective of the advance refunding was to release the \$9,730,000 debt service reserve requirement for the 1985 Series A Bonds thereby making those funds available for State transportation system improvements.

E. REVENUE CONTRACTS

Pursuant to a contract signed with the State, the Authority will receive revenues during the year ending June 30, 1994 from State appropriations, which are funded from assessments to toll road authorities, commercial vehicle fees and motor fuel taxes, pursuant to Article VIII, Section 2 of the State Constitution. Revenues in the amount of \$160,400,000 have been appropriated by the State to the Authority for the year ending June 30, 1994.

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NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED JUNE 30, 1993

	Special Revenue Funds				Total	Debt Service	Total Memorandum
	Revenue Fund	Authority Reserve	Transportation Improvement				
CASH BALANCES, JUNE 30, 1992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RECEIPTS:							
Motor fuel taxes	161,291,666	-	-	194,250,000	-	-	194,250,000
Commercial vehicle fees	15,000,000	-	-	-	-	-	-
Toll road authorities	17,958,334	-	-	-	-	-	-
Bond proceeds	-	-	-	-	-	-	-
Net interest income	-	6,885	500,000,000	500,000,000	1,682,082	501,682,082	501,682,082
Sale of cash management fund investment - net	-	73,510	12,110,846	12,117,731	2,701,068	14,818,799	14,818,799
Operating transfers in	-	2,148	132,599,024	132,601,172	61,648,828	73,510	194,250,000
Total receipts	194,250,000	82,543	644,709,870	839,042,413	66,031,978	905,074,391	905,074,391
DISBURSEMENTS:							
Bond issuance expenditures	-	-	7,521,050	7,521,050	-	7,521,050	7,521,050
Operating expenditures	-	75,846	-	75,846	-	75,846	75,846
Arbitrage rebate expenditures	-	-	-	-	-	-	-
Bond interest expenditures	-	-	-	-	-	-	-
State transportation costs	-	-	-	-	30,757,148	30,757,148	30,757,148
Principal retirement of bonds	-	-	460,000,000	460,000,000	-	460,000,000	460,000,000
Purchase of cash management fund investment - net	-	-	-	-	56,495,000	56,495,000	56,495,000
Operating transfers out	194,250,000	-	105,877,857	105,877,857	50,097,490	155,975,347	155,975,347
Total disbursements	194,250,000	75,846	573,398,907	767,724,753	137,349,638	905,074,391	905,074,391
EXCESS TRANSFERS IN (OUT)	\$ -	\$ (6,697)	\$ (71,310,963)	\$ (71,317,660)	\$ (71,317,660)	\$ -	\$ -
CASH BALANCES, JUNE 30, 1993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**SCHEDULE OF INVESTMENTS
JUNE 30, 1993**

	<u>Interest Rate</u>	<u>Cost</u>	<u>Market Value</u>
AUTHORITY RESERVE FUND			
State of New Jersey Cash Management Fund, 155,216 units	3.13% (a)	\$ 155,216	\$ 155,216 (b)
TRANSPORTATION IMPROVEMENT FUND			
State of New Jersey Cash Management Fund, 562,186,265 units	3.13% (a)	562,186,265	562,186,265 (b)
DEBT SERVICE FUND			
State of New Jersey Cash Management Fund, 29,258,305 units	3.13% (a)	<u>29,258,305</u>	<u>29,258,305</u> (b)
TOTAL (memorandum only)		<u>\$ 591,599,786</u>	<u>\$ 591,599,786</u>

(a) As of June 30, 1993

(b) Funds are liquid investments due on demand