

TRANSPORTATION TRUST FUND AUTHORITY ANNUAL REPORT

**Governor Jim Florio
Commissioner Tom Downs**





NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

**Financial Statements for the
Year Ended June 30, 1992 and
Independent Auditors' Report**

Deloitte & Touche



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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, 1992, 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, 1992, 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

August 6, 1992

Deloitte Touche
Tohmatsu
International

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

BALANCE SHEET
JUNE 30, 1992

	Government Fund Types				Account Group		Total Memorandum Only	
	Special Revenue Authority			Total	Debt	Long-Term Debt	June 30, 1992	June 30, 1991
	Revenue	Reserve	Improvement					
ASSETS:								
Accounts receivable - State of New Jersey (Note E)	\$ 39,250,000			\$ 39,250,000			\$ 39,250,000	\$ 39,250,000
Investments, at cost (Note B)	-	\$ 228,726	\$ 395,813,042	\$ 396,041,768	\$ 39,656,180		435,697,948	381,413,366
Accrued interest receivable (Note B)	-	-	-	-	-		-	311,909
Due from other funds	-	25	6,637,899	6,637,924	32,612,076		39,250,000	39,250,000
Amount available in debt service fund	-	-	-	-	-	\$ 67,197,019	67,197,019	49,437,096
Amount to be provided for retirement of bonds (Note C)	-	-	-	-	-	395,462,981	395,462,981	171,292,904
TOTAL ASSETS	\$ 39,250,000	\$ 228,751	\$ 402,450,941	\$ 441,929,692	\$ 72,268,256	\$ 462,660,000	\$ 976,857,948	\$ 681,155,275
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accrued interest payable		\$ 25		\$ 25	\$ 5,071,237		\$ 5,071,237	\$ 7,762
Accounts payable	\$ 39,250,000	-		\$ 39,250,000	-		39,250,000	39,250,000
Due to other funds	-	-	\$ 256,642	256,642	-		256,642	4,027,526
Arbitrage rebate accrual	-	-	-	-	-		-	-
Transportation system bonds payable (Note C)	-	-	-	-	-	\$ 462,660,000	462,660,000	220,730,000
Total liabilities	39,250,000	25	256,642	39,506,667	5,071,237	462,660,000	507,237,904	264,015,288
FUND BALANCES:								
Reserved for debt service requirements (Note C)	-	-	-	-	40,752,199		40,752,199	22,992,266
Reserve for debt service reserve requirements (Note C)	-	-	-	-	26,444,820		26,444,820	26,444,830
Reserved for payment of state transportation system costs	-	-	402,194,299	402,194,299	-		402,194,299	367,464,447
Unreserved - designated for operating expenses	-	228,726	-	228,726	-		228,726	238,444
Total fund balances	-	228,726	402,194,299	402,423,025	67,197,019	-	469,620,044	417,139,987
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,250,000	\$ 228,751	\$ 402,450,941	\$ 441,929,692	\$ 72,268,256	\$ 462,660,000	\$ 976,857,948	\$ 681,155,275

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 1992

	Government Fund Types				Total Memorandum Only	
	Special Revenue Authority			Debit Service	June 30, 1992	June 30, 1991
	Revenue	Reserve	Transportation Improvement			
REVENUES (Notes C and D):						
State appropriations equivalent to:						
Motor fuel taxes	\$ 276,500,000				\$ 276,500,000	\$ 276,500,000
Commercial vehicle fees and taxes	30,000,000				30,000,000	30,000,000
Toll road authorities	24,500,000				24,500,000	24,500,000
Interest income (Note B)	-	\$ 12,481	\$ 17,694,636	\$ 4,049,613	21,756,730	31,624,158
Total revenues	331,000,000	12,481	17,694,636	4,049,613	352,756,730	362,624,158
EXPENDITURES:						
Operating expenditures	-	69,872	-	69,872	69,872	213,998
Bond interest expenditures (Note C)	-	-	-	17,985,769	17,985,769	14,530,944
State transportation costs	-	-	520,000,000	-	520,000,000	380,000,000
Principal retirement of bonds payable (Note C)	-	-	-	33,070,000	33,070,000	31,475,000
Bond issuance expenditures	-	-	4,151,032	4,151,032	4,151,032	-
Total expenditures	-	69,872	524,151,032	51,055,769	575,276,673	426,219,942
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	331,000,000	(57,391)	(506,456,396)	(47,006,156)	(222,519,943)	(63,595,784)
OTHER FINANCING (USES) SOURCES:						
Bond proceeds	-	-	275,000,000	-	275,000,000	-
Operating transfers out	(331,000,000)	61,690	264,732,553	66,205,757	(331,000,000)	(331,000,000)
Operating transfers in	-	(14,017)	1,439,678	(1,439,678)	331,000,000	331,000,000
Excess transfers in (out) - net	(331,000,000)	47,673	541,186,248	64,766,079	275,000,000	-
FUND BALANCES AT BEGINNING OF YEAR	-	238,444	367,464,447	49,437,096	417,139,987	480,735,771
FUND BALANCES AT END OF YEAR	\$ -	\$ 228,726	\$ 402,194,299	\$ 67,197,019	\$ 469,620,044	\$ 417,139,987

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1992

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 Debt Service Requirement.

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 Authority's investments at June 30, 1992 are as follows:

State of New Jersey Cash Management Fund	<u>\$435,697,948</u>
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The market value of the Authority's investments at 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, 1992. 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, 1992, 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 at June 30, 1992 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% and 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%. The outstanding balance on the transportation system bonds payable at June 30, 1992 consists of \$112,175,000 for the 1986 Series A Bonds, \$75,485,000 for the 1988 Series A Bonds and \$275,000,000 for the 1992 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 and 1992 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 New Jersey 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, 1992 are as follows (amounts in thousands):

Year Ending June 30	1986 Series A Bonds			1988 Series A Bonds			1992 Series A Bonds			Total Debt Service
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
1993	\$ 20,135,000	\$ 6,305,830	\$ 26,440,830	\$ 14,675,000	\$ 4,844,083	\$ 19,519,083	\$ 21,685,000	\$ 19,607,235	\$ 41,292,235	\$ 87,252,148
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	82,824,078
1995	22,330,000	4,114,820	26,444,820	16,455,000	3,091,343	19,546,343	23,795,000	13,103,685	36,898,685	82,799,848
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	74,291,498
1997	24,945,000	1,496,700	26,441,700	9,395,000	1,354,223	10,949,223	26,285,000	10,614,715	36,899,715	74,290,638
1998	-	-	-	10,240,000	706,560	10,946,560	27,705,000	9,195,325	36,900,325	47,846,885
1999	-	-	-	-	-	-	29,255,000	7,643,845	36,898,845	36,898,845
2000	-	-	-	-	-	-	30,980,000	5,917,800	36,897,800	36,897,800
2001	-	-	-	-	-	-	32,840,000	4,059,000	36,899,000	36,899,000
2002	-	-	-	-	-	-	34,810,000	2,088,600	36,898,600	36,898,600
Total debt service	\$112,175,000	\$20,040,500	\$132,215,500	\$75,485,000	\$15,818,015	\$91,303,015	\$275,000,000	\$98,380,825	\$373,380,825	\$96,899,340
Less total interest	-	-	-	-	-	-	-	-	-	134,239,340
Total principal	-	-	-	-	-	-	-	-	-	\$462,660,000

During the year ended June 30, 1992, the following changes occurred in the General Long-Term Debt Account Group:

Balance as of beginning of year	\$220,730,000
Debt issuances	275,000,000
Debt retirements	<u>(33,070,000)</u>
Balance as of end of year	<u>\$462,660,000</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 of \$22,825,000 and \$29,390,000 as of June 30, 1992 and 1991, respectively, 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 of New Jersey, the Authority will receive revenues during the year ending June 30, 1993 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 \$331,000,000 have been appropriated by the State to the Authority for the year ending June 30, 1993.

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SCHEDULE 1

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 1992

	Special Revenue Funds			Debt Service Fund	Total	Total (Memorandum Only)
	Revenue Fund	Authority Reserve Fund	Transportation Improvement Fund			
CASH BALANCES, JUNE 30, 1991						
RECEIPTS:						
Motor fuel taxes	\$ 276,500,000				\$ 276,500,000	\$ 276,500,000
Commercial vehicle fees	30,000,000				30,000,000	30,000,000
Toll road authorities	24,500,000				24,500,000	24,500,000
Bond proceeds	-	\$ 12,481	\$ 275,000,000	\$ 1,056,424	276,056,424	276,056,424
Net interest income	-	-	17,908,868	3,154,267	21,075,616	21,075,616
Maturity of long-term investments	-	-	8,910,000	19,825,000	28,735,000	28,735,000
Sale of Cash Management Fund investment - net	-	17,371	-	-	17,371	17,371
Operating transfers in	-	61,773	277,067,384	53,870,843	331,000,000	331,000,000
Total receipts	331,000,000	91,625	578,886,252	77,906,534	909,977,871	987,884,411
DISBURSEMENTS:						
Bond issuance expenditures	-	-	4,151,032	-	4,151,032	4,151,032
Operating expenditures	-	77,632	-	-	77,632	77,632
Arbitrage rebate expenditures	-	-	3,636,270	-	3,636,270	3,636,270
Bond interest expenditures	-	-	-	12,914,532	12,914,532	12,914,532
State transportation costs	-	-	520,000,000	-	520,000,000	520,000,000
Principal retirement of transportation system bonds	-	-	-	33,070,000	33,070,000	33,070,000
Purchase of Cash Management Fund investment - net	-	-	52,225,785	30,809,160	83,034,945	83,034,945
Operating transfers out	331,000,000	-	-	-	331,000,000	331,000,000
Total disbursements	331,000,000	77,632	580,013,087	76,793,692	911,090,719	987,884,411
EXCESS TRANSFERS IN (OUT)	\$ -	\$ (13,993)	\$ 1,126,835	\$ (1,112,842)	\$ -	\$ -
CASH BALANCES, JUNE 30, 1992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE 2

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

SCHEDULE OF INVESTMENTS
JUNE 30, 1992

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>Market Value</u>
<u>AUTHORITY RESERVE FUND</u>				
State of New Jersey Cash Management Fund, 228,726 units	Various	Various	\$ 228,726	\$ 228,726
<u>TRANSPORTATION IMPROVEMENT FUND</u>				
State of New Jersey Cash Management Fund, 395,813,042 units	Various	Various	395,813,042	395,813,042
<u>DEBT SERVICE FUND</u>				
State of New Jersey Cash Management Fund, 39,650,180 units	Various	Various	<u>39,656,180</u>	<u>39,656,180</u>
TOTAL (memorandum only)			<u>\$435,697,948</u>	<u>\$435,697,948</u>