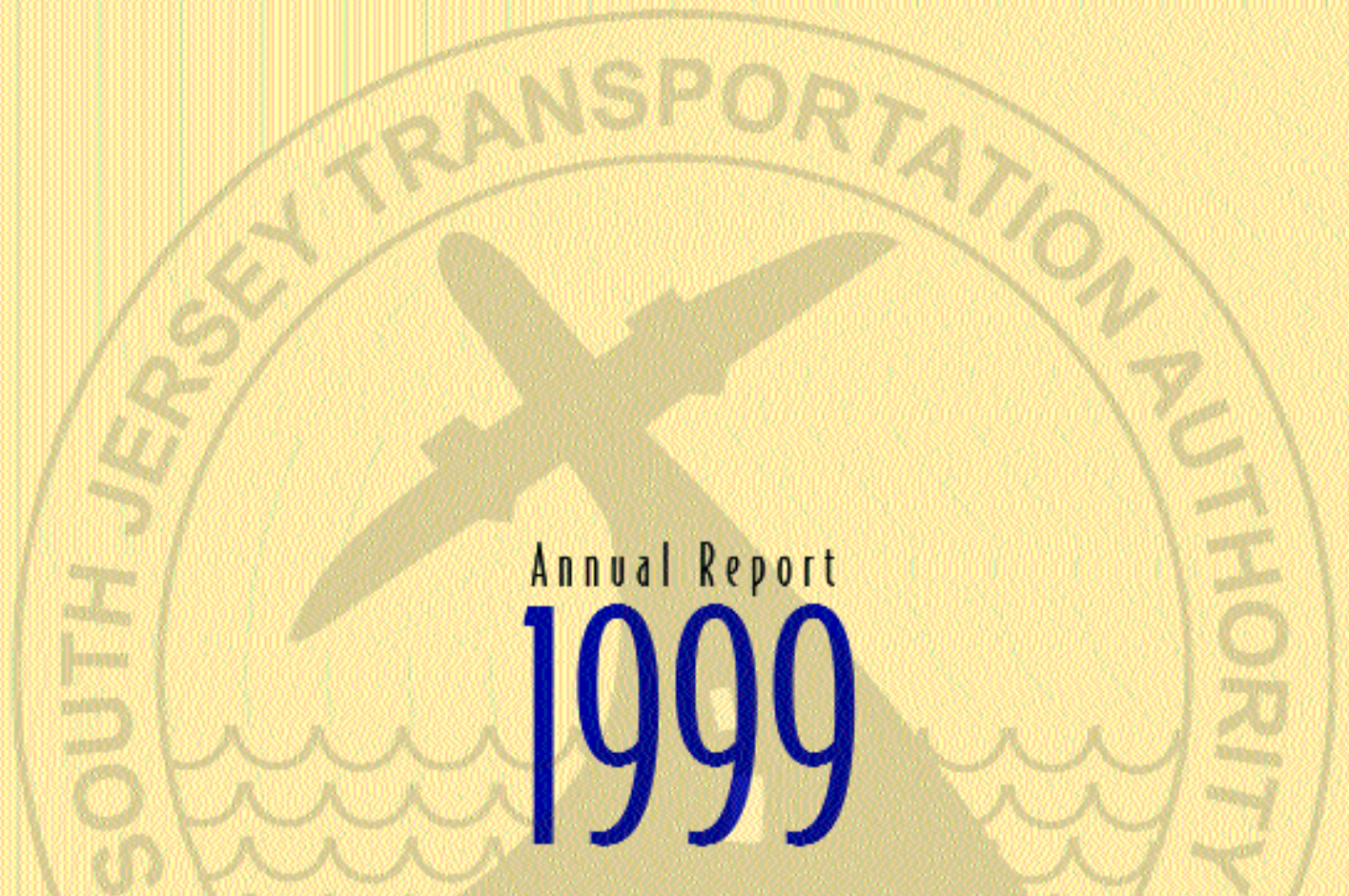




South Jersey Transportation Authority



Annual Report

1999

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The South Jersey Transportation Authority, created by an Act of the New Jersey Legislature in 1991, exists to improve transportation in the six-county South Jersey region and to promote economic development through transportation-related projects. The SJTA mission includes the operation of the Atlantic City Expressway, the operation and expansion of the Atlantic City International Airport, and the management of tour bus operations in Atlantic County.

○ Nineteen Ninety Nine Annual Report

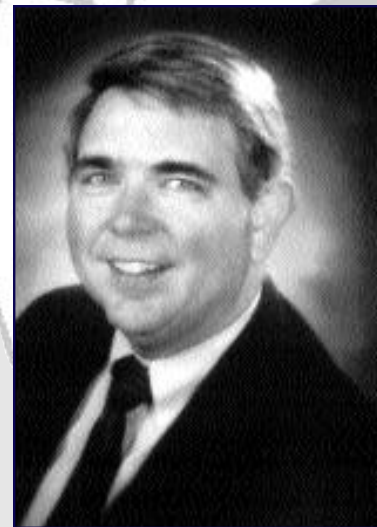
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The Honorable Christine Todd Whitman
Governor of New Jersey



Stanley R. Glassey
Authority Chairman



James A. Crawford
Executive Director

On the Cover (from left to right): photo 1 (An electronic asphalt paving machine used to add finishing touches to the Atlantic City Expressway, 1964); photo 2 (The new Atlantic City Visitor Welcome Center, milepost 3, Atlantic City Expressway); photo 3 (A portion of the interchange at Turnersville, where the new Atlantic City Expressway links to the North-South Freeway from the Walt Whitman Bridge); photo 4 (Governor Christine Whitman and other dignitaries at groundbreaking ceremonies for the new Cross Keys Interchange of the Atlantic City Expressway); photo 5 (Entrance to the Expressway, Western Terminus)

○ Commissioners

of the South Jersey Transportation Authority



Carl W. Block



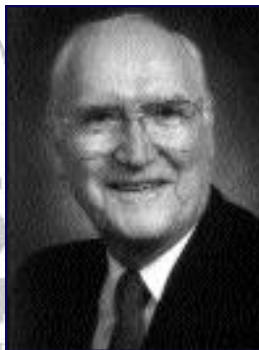
Charles J. DePalma
Vice Chairman



James Michael Dwyer



Gualberto Medina
NJCEGC



Charles E. Owens



Louis Toscano



Rev. James Washington

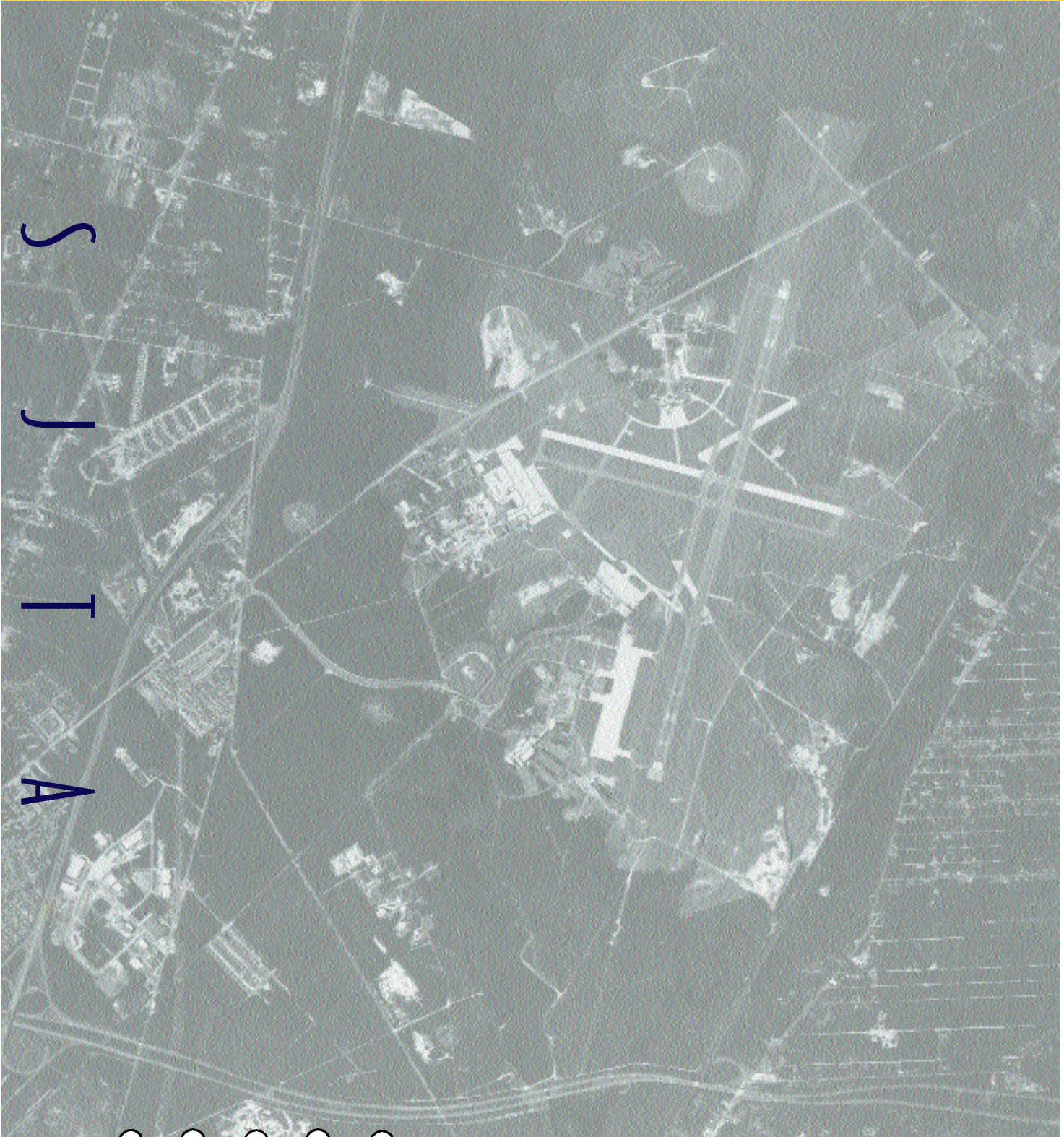


James Weinstein
NJDOT



○ Nineteen Ninety Nine Annual Report

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○ **The Honorable Christine Todd Whitman,
Governor of the State of New Jersey,
Members of the New Jersey Legislature:**

Much could be said about our accomplishments in 1999, the 35th Anniversary of the opening of the Atlantic City Expressway. Much is, of course, detailed in the following pages. But a simple phrase might sum it all up best: We are as good as our word.



Groundbreaking ceremonies for the new Cross Keys Interchange of the Atlantic City Expressway. L-R Laurie Gutshaw, NJDOT; Edward Dietz, NJCEGC; Charles E. Owens, SJTA Commissioner; The Honorable Christine Todd Whitman, Governor; Charles J. DePalma, SJTA Commissioner; and James A. Crawford, SJTA Executive Director.

While 1998 was a year for promising major transportation improvements throughout our service area, 1999 was a year for delivering on those promises.

It was in 1999 that we broke ground on the first all-new interchange in the history of the Expressway, and made preparations for the construction of two more interchanges.

It was in 1999 that we turned the first shovel necessary for the future widening of the Expressway near Atlantic City, and began the major construction phase of the Atlantic City / Brigantine Connector Project.

It was in 1999 that we executed the first series of comprehensive new safety enhancements in Expressway history, and unveiled the Atlantic City Visitors Welcome Center, a facility that is one-of-a-kind in both appearance and purpose.

And it was in 1999 that we laid the groundwork for both runway rehabilitation and a major expansion of parking facilities at Atlantic City International Airport.

With persistence and your continued support, we believe we can forge many more years of high productivity, always keeping as our first priority the safety, convenience and economic well-being of the customers we exist to serve.

Respectfully submitted,

Stanley R. Glassey, Chairman

James A. Crawford, Executive Director

Nineteen Ninety Nine Annual Report

1999 in Review

Operating Revenue

- Toll Revenue 61.9%
- Airport Revenue 18.6%
- Concession Revenue 9.5%
- Parking Revenue 7.6%
- Rental Revenue 28.3%
- Total Operating Revenue 63.9% to \$57,923,234

Atlantic City Expressway Traffic

- Pleasantville Barrier Toll Plaza 6.1%
- Egg Harbor Barrier Toll Plaza 5.6%
- Total Expressway 5.5% to 48,050,179 Toll Paying Vehicles.
- The traffic decrease is less than projected by traffic analysts, indicating high customer acceptance of a 1998 toll increase, and reflecting another strong tourism year for the Jersey Shore.

Annual Toll Traffic At Each Toll Area of the Atlantic City Expressway

YEAR	PLEASANTVILLE	POMONA	MAYS LANDING	EGG HARBOR	HAMMONTON	WINSLOW	WILLIAMSTOWN	TOTAL EXPRESSWAY
1999	-5.1%	-11.2%	-9.2%	-5.6%	5.7%	2.1%	2.4%	-5.5%
1998	3.5%	2.7%	-5.6%	2.6%	5.2%	5.5%	1.7%	3.2%
1997	1.5%	22.2%	13.4%	4.7%	4.5%	5.1%	6.5%	5.5%
1996	-7.6%	34.8%	-1.3%	0.1%	0.6%	1.2%	4.6%	-2.9%
1995	-2.8%	-5.1%	-4.8%	2.6%	-1.3%	-1.2%	-0.4%	-1.9%
1994	4.4%	4.7%	2.4%	2.9%	2.1%	6.2%	5.3%	3.8%
1993	4.1%	5.8%	-0.4%	3.1%	1.5%	4.1%	-1.1%	3.6%
1992	5.1%	8.2%	8.1%	1.6%	4.5%	3.0%	3.7%	4.1%
1991	-5.1%	-5.4%	-7.1%	-0.5%	-1.0%	-0.4%	3.5%	-1.3%
1990	3.2%	-5.0%	-5.3%	1.4%	-3.1%	2.6%	2.4%	2.6%
1989	4.4%	2.8%	9.2%	11.6%	1.6%	2.7%	4.3%	2.8%
1988	5.1%	30.2%	22.9%	4.0%	1.8%	7.2%	7.8%	6.2%
1987	5.3%	42.7%	6.1%	8.7%	7.4%	1.8%	4.1%	7.5%
1986	0.7%	13.0%	9.0%	4.5%	9.8%	17.9%	20.8%	3.8%
1985	-2.1%	-21.2%	-3.2%	3.1%	-7.8%	7.7%	-4.2%	-1.2%
1984	19.3%	33.5%	9.1%	5.1%	11.7%	16.6%	16.6%	16.4%
1983	15.3%	21.5%	11.9%	11.9%	7.8%	8.2%	8.5%	13.5%
1982	13.9%	12.3%	7.9%	6.3%	9.1%	15.9%	15.9%	11.5%
1981	25.1%	34.1%	13.1%	8.9%	11.4%	11.4%	8.5%	14.5%
1980	35.0%	48.9%	27.0%	6.4%	10.4%	14.5%	18.5%	29.9%
1979	42.1%	48.5%	11.2%	11.4%	15.7%	15.7%	18.5%	25.5%
1978	38.9%	27.1%	15.7%	6.3%	16.7%	22.4%	22.4%	24.6%
1977	11.3%	7.2%	11.3%	5.1%	15.1%	19.3%	19.3%	11.1%
1976	10.0%	23.9%	10.9%	11.4%	12.3%	6.2%	10.7%	10.7%
1975	3.1%	-11.5%	5.4%	11.5%	12.1%	22.5%	19.3%	5.3%
1974	-9.4%	-5.9%	-14.6%	-10.0%	-9.9%	-31.6%	-13.1%	-13.1%
1973	1.7%	7.7%	11.9%	1.4%	-8.1%	20.8%	1.0%	7.0%
1972	-5.5%	-6.3%	3.2%	10.3%	13.8%	57.5%	1.6%	1.6%
1971	-4.7%	0.7%	1.8%	28.5%	11.3%	76.3%	3.4%	3.4%
1970	2.4%	-6.1%	6.4%	75.7%	-10.5%	52.3%	-6.8%	-6.8%
1969	5.5%	29.8%	4.1%	55.1%	2.1%	54.3%	7.3%	7.3%
1968	3.8%	71.0%	6.0%	6.9%	7.8%	12.7%	6.2%	6.2%
1967	5.7%	6.1%	2.1%	2.8%	14.3%	2.4%	4.7%	4.7%

NOTE: Expressway from Turnersville to the Parkway opened on July 31 1964, and from Parkway to Atlantic City on July 30, 1965. Gasoline shortages in 1974 and again in 1979. First casino opened in May 1978. Major construction on Route 30 in 1984 and again in 1992 to early 1995. Ramps to/from the east at Pomona opened August 1984; ramps to/from the west tolled October 1996.. Route 40 construction 1989 to 1991. Route 55 opened October 1989. Major recession in 1991. In 1995 the end of Route 30 construction and start of Route 42/Whitman bridge construction negatively affected all toll areas except Egg Harbor. Eastern end of Expressway negatively affected by bridge and Corridor construction starting March 1996. Bridge and corridor construction ended July 1997. Cash tolls doubled and EZPass with discounts began in November 1998.

Atlantic City International Airport Traffic

- Spirit Airlines Passenger Count 1.2%
- USAirways Express 16.8%
- Total Charter Passengers 8.0%
- Total Airport 2.9% to 1,000,936 passengers
- Airport exceeds the 1-million passenger mark for the second year in a row

Tour Bus Traffic

- Line Bus Trips 3.2%
- Charter Bus Trips 4.9%
- Total Bus Trips 6.3%
- Overnight Bus Trips 25.5%, indicating positive results for the regional effort to increase duration of visitor's trips to Atlantic City

Bond Sale Funds Expressway Expansions

- \$204,520,000 in Transportation System Revenue Bonds issued June 2, 1999.
- Proceeds to accelerate construction of major capital improvements and to refinance short-term debt issued for the Atlantic City/Brigantine Connector Project AC/BC).
- Bond sale's yields beat market, and costs to Authority fall substantially below prior issuances.
- Expressway projects to be funded include new interchanges at Cross Keys Road in Gloucester Township, Rt. 50 in Hamilton Township and Rt. 9 in the City of Pleasantville; an Expressway widening near Atlantic City; a major road resurfacing; and several safety enhancements.
- As a prelude to the Expressway widening near Atlantic City, preparations begin for the rehabilitation of the Casino Employee Intercept Parking lot located in the Expressway median between Atlantic City and the Pleasantville Barrier Toll Plaza.
- Approximately \$125 M. of bond proceeds used to refinance short-term debt previously issued by the Authority for AC/BC.
- Approximately \$21 M. to refinance prior Authority debt at more favorable rates.



A Spirit Airlines DC9 taking on passengers at Gate 8, Atlantic City International Airport

Aggressive Capital Plan Moves Forward (Airport Projects Funded by FAA Grants, other Dedicated Funds)

- Higher than anticipated toll revenues allow acceleration of projects.
- More than \$14 million in capital expenditures planned for 1999, and more than \$114 million for the years 1999-2003.
- Plan calls for \$10.5 million in Expressway improvements in 1999 and \$67.5 million through 2003. Airport improvements to total \$3.6 million in 1999 and \$46.8 million through 2003.
- Airport projects include rehabilitation of main runway, including airfield lighting system; Terminal apron expansion; taxiway relocation; and baggage handling and security upgrades. Projects completed in 1999 include a new exit road to improve motor vehicle movements near the terminal.
- Also at the Airport, the Authority enters into negotiations for the expansion of retail facilities inside the terminal, ultimately leading to the opening of Talk of the Walk by Air, a popular specialty and gift shop.

○ Nineteen Ninety Nine Annual Report

○ 1999 in Review (continued)

In 35th Anniversary Year of Expressway Completion, Ground Broken for First New Interchange in Road's History

- Governor Christie Whitman joins with Authority Commissioners and area Legislators for groundbreaking ceremonies on September 29, 1999. When completed in the spring of 2000, the \$5 million Cross Keys Interchange will be the first interchange constructed on the Expressway since the toll road opened for its full length in 1965.
- Connecting with Berlin-Cross Keys Road in Gloucester and Winslow Townships, the full interchange is expected to increase motorist convenience and spur further economic development in this growing region of New Jersey.
- James A. Crawford, Authority Executive Director, remarks: "For more than three decades the Expressway has served South Jersey well as an engine for economic growth. But South Jersey's transportation needs have grown along with its economy. It is time for the Expressway to adapt to the needs of a new South Jersey. That's what this interchange is all about."
- In another "first," the Expressway also welcomes its first new visitor center, the boldly designed Atlantic City Visitors Welcome Center located in the Expressway median at milepost 3. Operated by trained staff from the Atlantic City Convention and Visitors Authority, the Center boasts interactive computer kiosks and personalized counseling on area accommodations and attractions.

Casino Bus and Passenger Counts

BUS TYPE	1999		1998		Difference, 1999 vs 1998	
	BUS	PASS.	BUS	PASS.	BUS	PASS.
LINE	271,345	6,660,384	280,128	6,866,189	-3.2%	-3.0%
CHARTER	92,402	3,563,825	97,184	3,871,088	-4.9%	-7.9%
OVERNIGHT	4,812	184,309	3,822	148,825	25.5%	22.9%
SUPER	48	970	284	10,078	-84.1%	-90.3%
AIR CHART.	2,312	124,975	4,612	192,033	-20.2%	-31.3%
PAID CHART.	131	6,335	76	3,050	72.4%	108%
PARA-TRANS	1,076	16,866	3,984	23,959	-50.4%	-29.6%
OTHER	17	521	901	46,945	-98.1%	-98.9%
TOTALS	373,840	10,558,215	399,001	11,155,367	-6.3%	-6.1%

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Authority Prepares for, Tackles New Responsibilities

- Atlantic City/Brigantine Connector Project reaches 50% completion near year's end. The \$330 million road and cut-and-cover project remains on schedule. Based on an innovative Design-Build model, and managed through a distinctive public-private partnership, the project will become an Authority facility once completed in May 2001.
- Authority continues planning for maintenance and operation of the 2.3 mile-long Connector, which will include computerized state-of-the-art monitoring systems to ensure patron convenience and to aid in quick law-enforcement responses to emergencies.
- Authority expands volunteer role in maintenance of Route 42 between the western terminus of the Expressway and Route 295. Snow plowing – much needed during the 1999-2000 winter season – was handled by the Authority. So too was litter control and landscaping.



Atlantic City / Brigantine Connector Project,
early construction phase along Penrose Canal

Expressway Safety Enhancements

- More than 150 miles of Rumble Strips installed in roadway shoulders to alert inattentive drivers who drift from travel lanes.
- Reflectorized pavement markers also installed for full Expressway length, illuminating the dividing lines between travel lanes to make nighttime driving safer and more comfortable.
- Design proceeds on elevated toll-plaza walkways to enhance comfort and protection of toll collectors and maintenance personnel.
- Roadway resurfacing projects tackled from eastern to western terminuses. In one year, Authority makes up for three years of deferred maintenance necessitated by budget constraints.
- Safety data indicates a successful transition to the new 65mph speed limit, which is in force from Expressway milepost 8 to the western terminus. The road's Five-Year-Moving-Fatality Rate drops to its lowest level on record, and the single-year 1999 rate is the third lowest ever recorded.

E-ZPass Usage Grows

- In its first full year on the Expressway, the E-ZPass electronic toll collection system grows from an 18.5% share of all toll transactions in the month of December 1998, to a full 28% share in the month of December 1999. Usage continued to trend upward into the year 2000, with a 30% share of all toll transactions recorded in January 2000.
- E-ZPass customers gain not only convenience and time savings, they save money as well through deep toll-rate discounts ranging from 34% to 50%.
- Growth in E-ZPass usage is expected to continue as other regional toll facilities adopt the system. The Expressway became the first toll road in New Jersey to implement E-ZPass when it accepted its first customers in November 1998.

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○ 1999 in Review (continued)

Plans Finalized for Major Airport Parking Expansion

- Funding for a long-awaited elevated parking garage is approved, along with a full rehabilitation and reconfiguration of the surface-lot parking facilities.
- When completed in 2001, the new facilities will boast approximately 1,300 garaged parking spaces and 1,500 surface spaces. Parking fees are being set far below those found at major airports in the region.
- Total parking capacity will have grown by 133% compared with 1999 levels.

○ Facility Profiles

ATLANTIC CITY EXPRESSWAY

Opened to Traffic	1964
Completed into Atlantic City	1965
Location	From Atlantic City, travels northwest through the Counties of Atlantic, Burlington, Gloucester and Camden, ending at Route 42, approximately 10 miles east of Philadelphia
Length	44.5 miles, expanding in 2001 to include 2.3-mile Atlantic City / Brigantine Connector
No. of Interchanges	12
No. of Toll Areas	7
Collection Methods	E-ZPass is accepted at all toll lanes. For cash customers, exact change is required at all exit ramps, and at designated lanes at the Pleasantville Barrier Toll Plaza.
Passenger Vehicle Toll Rates	Range from \$0.10 to \$2.00 depending on toll plaza and payment method
First Operating Authority	New Jersey Expressway Authority. Merged into South Jersey Transportation Authority December 17, 1992

ATLANTIC CITY/BRIGANTINE CONNECTOR

Location	In Atlantic City between the eastern terminus of the Expressway and Brigantine Boulevard, with access to area roadways and facilities such as the Atlantic City Convention Center
Purpose	Provide evacuation route for Brigantine Island. Increase capacity of transportation network for anticipated casino development in the City's Marina District. Improve ingress and egress for Atlantic City Convention Center.

Atlantic City Expressway Toll Schedule

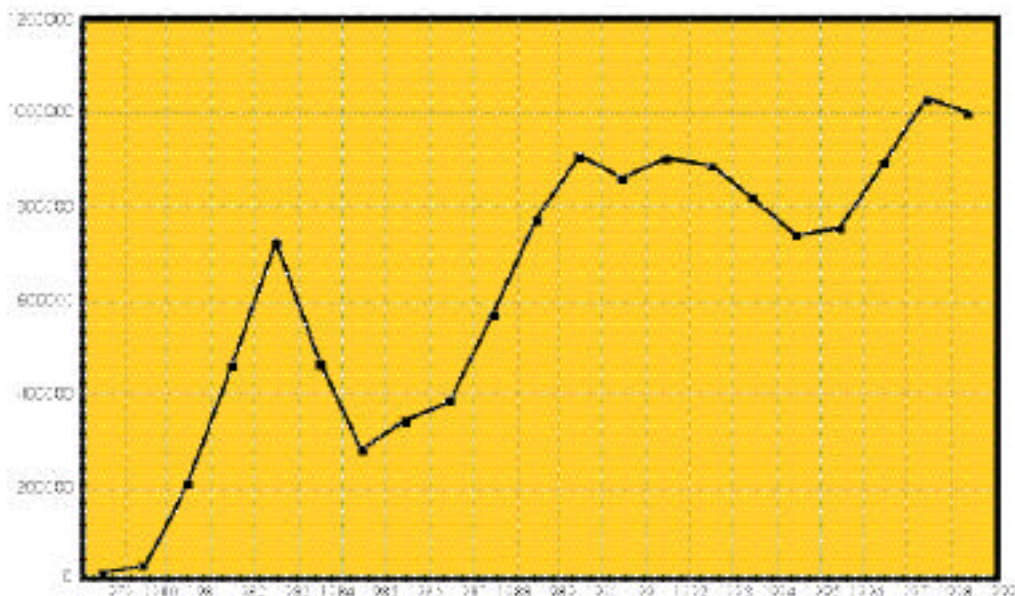
Accession	Classification	Cash Rate	E-ZPass Discount Rate	E-ZPass Frequent User Discount Rate
Regional	Auto	30.00	30.00	30.00
	Two	.00	0.75	0.50
	Dual Trip	1.00	0.66	0.66
	Three Axis	1.50	.00	1.00
	Four Axis	2.00	1.50	1.50
	Five Axis	2.50	2.00	2.00
Long Haul	Auto	3.00	1.00	1.00
	Two	3.00	2.00	1.50
	Dual Trip	3.00	2.00	2.00
	Three Axis	4.50	3.00	3.00
	Four Axis	6.00	4.50	4.50
	Five Axis	7.50	6.00	6.00
Special Wayfinding Terminal Access	Auto	0.50	0.25*	0.25*
	Truck/Bus	0.50	0.25*	0.25*
With-Drive	Auto	0.25	0.20*	0.10*
	Truck/Bus	0.25	0.25*	0.25*



Terminal Area, Atlantic City International Airport. General Aviation Ramp is on right

Note:
* When two outer ramp tolls are used in the same direction during one trip (within one hour) only one toll is charged to the user's E-ZPass account.

Atlantic City International Airport Passenger Counts, 1979-1999



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ATLANTIC CITY / BRIGANTINE CONNECTOR (continued)

Size	2.3 miles, including a 2,200-foot Cut-and-Cover section along Penrose Canal
Construction Period	November 1998 to May 2001
Contractor	Yonkers/Granite Construction Co., under a Design-Build contract
Cost	\$330 million
Funding	Jointly by SJTA, NJDOT and A.C. Holding Co.
Ownership and Operation	Assumed by SJTA upon completion.

ATLANTIC CITY INTERNATIONAL AIRPORT

Location	10 miles northwest of downtown Atlantic City, with portions in Egg Harbor, Hamilton and Galloway Townships in Atlantic County
Facility Size	5,000 acres, with 2,000 acres under operation of SJTA
Runways	13-31, the primary runway, is 10,000 feet long and 180 feet wide. 4-22, the cross-wind runway, is 6,144 feet long and 150 feet wide
Terminal Size	Two stories, 78,014 square feet
Elevated Boarding Bridges	4
Gates	8
Passenger Usage	In excess of 1,000,000 annually
Airlines	Spirit Airlines USAirways Express Tie Aviation Gold Transportation several charter operations
Other Operations	Raytheon Aircraft Services Midlantic Jet Aviation, Inc. U.S. Customs Service U.S. Coast Guard Air Station Air National Guard FAA William Hughes Technical Center
History	Federal ownership starting in 1942 as Atlantic City Naval Air Station. First passenger terminal built 20 years later and operated intermittently by City of Atlantic City. City transfers civil terminal area to SJTA on September 24, 1992. SJTA obtains full operational control of airfield on April 15, 1998.

Atlantic City International Airport Aircraft Operations 1999

MONTH	COMMERCIAL	GAZ CIVIL	MILITARY	TOTAL
Jan.	1359	1381	1317	4057
Feb.	1415	1929	2276	5620
March	1606	1822	2363	5811
April	1615	2429	2212	6256
May	1632	2092	1560	5284
June	1582	2524	2581	6687
July	1649	2520	2200	6369
August	1591	2681	2500	6772
Sept.	1413	2048	1977	5438
Oct.	1433	2370	2100	5903
Nov.	1302	2344	2010	5656
Dec.	1310	2006	2701	6017
TOTAL	17,921	26,030	26,800	70,751

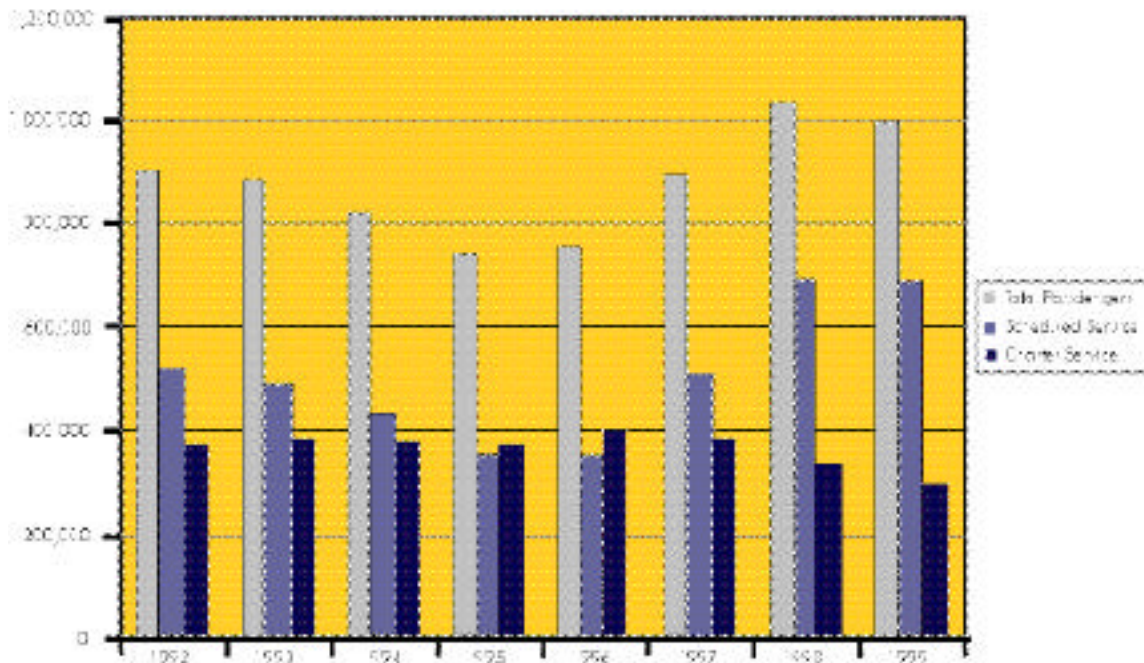


The new Atlantic City Visitor Welcome Center, milepost 3, Atlantic City Expressway.

NEW YORK AVENUE PARKING GARAGE

- Location On New York Avenue, between Atlantic and 6 Pacific Avenues, in Atlantic City
- Size Six levels and 825 parking spaces in 270,575 square feet. Included is 13,800 square feet of leasable office and retail space on the ground floor.
- Usage Levels In excess of 95% of capacity. Spaces are marketed to various casino properties, local businesses and government agencies. Merged into SJTA December 17, 1992 as part of the merger into SJTA of the Atlantic County Transportation Authority.

Airport Passengers 1992-1999

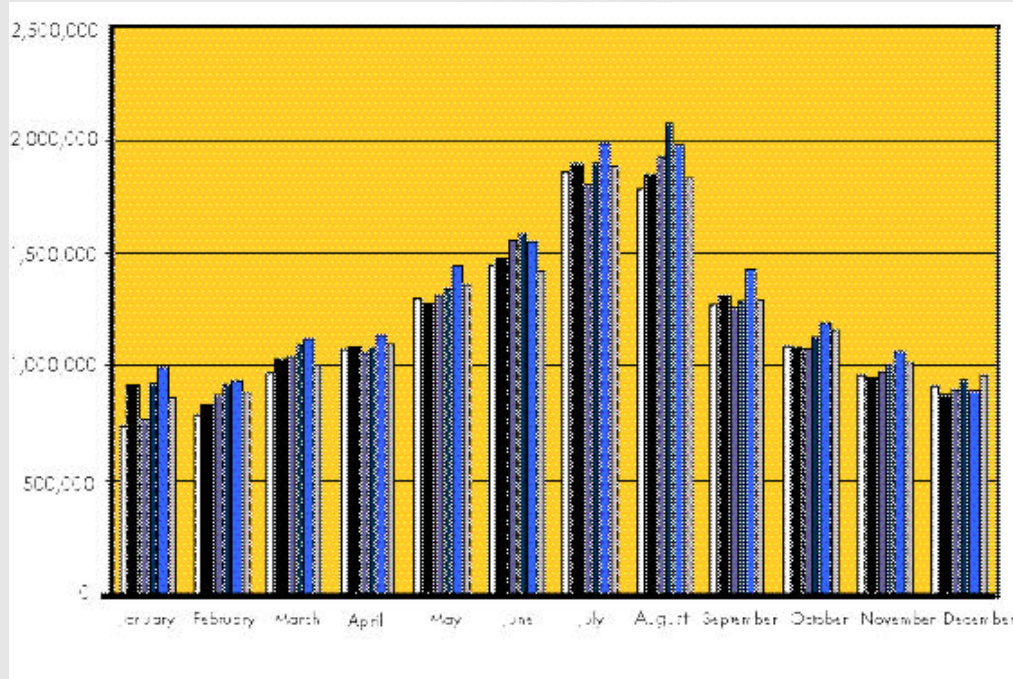


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Toll and Traffic Operational Data

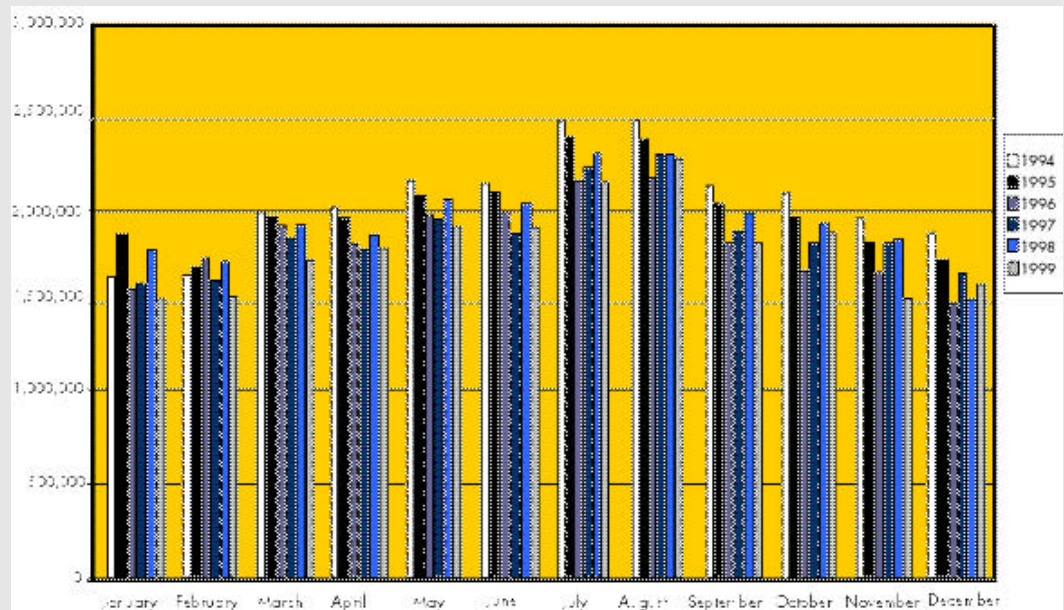
Egg Harbor Toll Barrier

Monthly Toll Paying Vehicles



Pleasantville Toll Barrier

Monthly Toll Paying Vehicles



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Atlantic City Expressway Annual Toll Traffic and Revenues

Note:

- Not including income from service area rentals, investments and other sources
- Expressway opened for traffic on July 31, 1964
- Casinos in Atlantic City opened as follows: Resorts International, May 1978; Caesar's Boardwalk Regency, June 1979; Bally's Park Place, December 1979; Sands, August 1980; Harrah's, November 1980; Golden Nugget, December 1980; Atlantis, April 1981; Claridge, July 1981; Tropicana, November 1981; Trump Plaza, May 1984; Trump's Castle, June 1985; Showboat, March 1987; and Trump Taj Mahal, April 1990.
- Toll ramp opened at Interchange 9, Delilah Road, in August, 1984
- First toll increase since 1969 implemented November 30, 1998
- Revenue per transaction expected to decline as E-ZPass usage increases (E-ZPass customers pay discounted toll rates)

Source: South Jersey Transportation Authority

Calendar Year	Toll Traffic	Toll Revenue (1)	Total SJTA Revenue	Percent from Tolls	Toll Revenue Per Vehicle
1964(2)	1,014,548	\$741,668	\$745,802	99.4%	0.73
1965	4,007,164	2,253,755	2,296,807	98.1	0.56
1966	6,096,547	3,268,444	3,416,512	95.7	0.54
1967	6,380,080	3,616,908	3,482,843	94.1	0.57
1968	6,773,838	4,005,455	4,279,961	93.6	0.59
1969	7,270,137	4,356,523	4,688,595	92.9	0.6
1970	7,764,570	4,691,374	5,084,273	92.3	0.6
1971	8,032,007	4,794,179	5,224,866	91.8	0.6
1972	8,161,724	4,892,070	5,434,518	90.0	0.6
1973	8,732,424	5,394,473	5,963,060	90.5	0.62
1974	7,585,840	4,65,643	5,274,390	88.5	0.62
1975	7,986,995	4,902,620	5,530,087	88.7	0.61
1976	8,843,662	5,436,684	6,017,630	90.3	0.61
1977	9,826,579	6,019,869	6,640,053	90.7	0.61
1978(3)	12,245,975	7,240,020	8,088,050	89.5	0.59
1979(3)	15,383,322	8,576,921	9,778,716	87.7	0.56
1980(3)	19,988,359	11,126,831	12,550,393	88.7	0.56
1981(3)	23,894,730	13,084,174	16,013,950	81.7	0.55
1982	26,650,882	14,514,182	18,142,563	80.0	0.54
1983	30,286,240	16,441,044	19,425,417	84.6	0.54
1984(3)(4)	35,253,091	18,394,014	21,843,003	84.2	0.52
1985(3)	35,665,732	18,991,396	22,849,165	83.1	0.53
1986	37,037,486	19,587,547	23,145,985	84.6	0.53
1987	39,836,484	21,357,481	24,964,708	85.6	0.54
1988	42,298,412	22,475,047	26,769,121	84.0	0.53
1989	43,905,047	22,977,015	28,209,445	81.5	0.52
1990(3)	45,035,072	22,939,345	28,154,882	81.5	0.51
1991	43,113,761	22,169,148	26,645,446	83.2	0.51
1992	44,901,487	22,779,560	25,935,604	87.8	0.51
1993	46,262,939	23,429,336	SJTA begins	N/A	0.51
1994	48,023,048	24,218,471	30,713,109	78.9	0.5
1995	47,602,146	24,257,677	31,458,000	77.1	0.51
1996	46,243,612	23,932,905	30,498,288	78.5	0.52
1997	49,290,846	25,056,325	31,959,288	78.4	0.51
1998(5)	50,855,587	27,444,172	35,321,293	77.7	0.54
1999	48,050,179	44,434,942	57,923,234	76.7	0.92(6)

Atlantic City Expressway: Annual Traffic Increase or Decrease at Each Toll Area

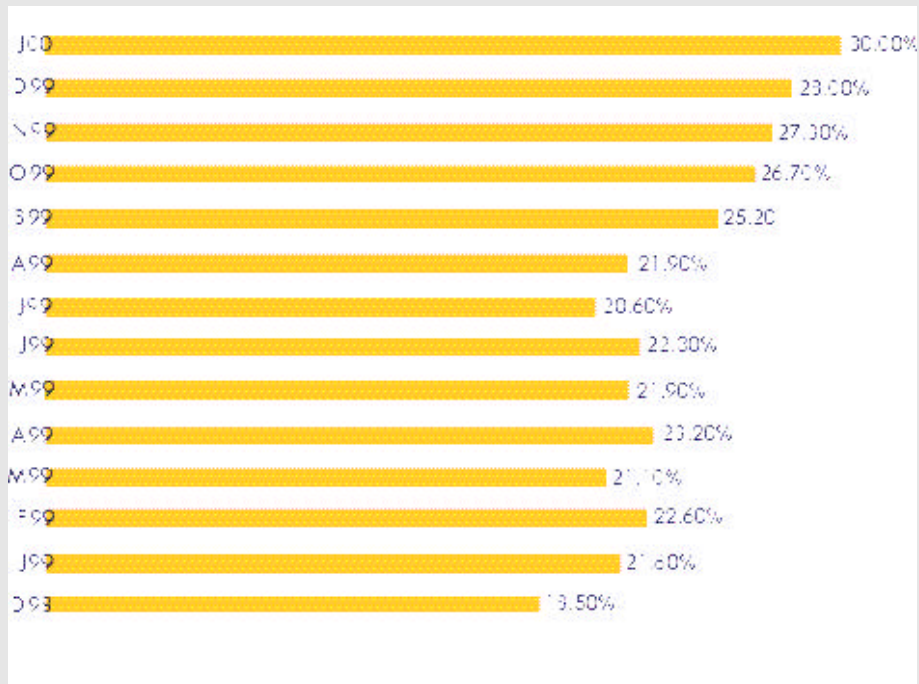
YEAR	PLEASANTVILLE	KOMONA	MAYS LANDING	EGG HARBOR	HAMMONTON	WINSLOW	WILLIAMSTOWN	TOTAL EXPRESSWAY
1964	4.4%	1.3%	9.3%	5.5%	3.7%	3.4%	9.4%	6.6%
1965	3.5%	2.7%	5.6%	2.6%	3.2%	3.5%	1.7%	3.2%
1966	7.6%	34.8%	1.3%	0.1%	0.6%	1.2%	4.6%	2.9%
1967	1.8%	5.9%	1.8%	2.5%	2.3%	1.1%	6.4%	1.0%
1968	4.4%	2.7%	2.4%	2.9%	3.1%	6.2%	6.3%	3.8%
1969	4.9%	3.8%	0.4%	3.5%	5%	4.9%	1.1%	3.0%
1970	5.1%	8.2%	8.1%	1.6%	4.5%	1.0%	3.7%	4.1%
1971	5.4%	5.4%	7.1%	3.5%	4.0%	1.4%	3.1%	4.5%
1972	3.2%	5.0%	5.3%	1.4%	3.1%	2.6%	2.4%	2.6%
1973	4.3%	3.9%	3.7%	1.0%	4%	3.7%	4.3%	3.8%
1974	5.1%	30.2%	22.9%	4.0%	1.8%	7.2%	2.8%	6.2%
1975	5.4%	4.0%	4.0%	4.3%	7.4%	1.0%	4.1%	7.6%
1976	5.3%	21.1%	3.9%	3.5%	7.8%	1.7%	20.8%	3.8%
1977	19.3%	33.8%	9.1%	4.1%	4.1%	11.7%	16.6%	16.4%
1978	18.1%	21.4%	12.3%	12.3%	5.8%	8.1%	8.1%	15.0%
1979	10.9%	12.3%	7.9%	6.3%	9.1%	16.9%	16.9%	16.8%
1980	25.4%	16.1%	3.5%	0.9%	1.4%	6.5%	6.5%	15.8%
1981	35.0%	40.9%	27.0%	6.4%	10.4%	14.5%	29.9%	29.9%
1982	41.1%	49.8%	1.2%	1.2%	4%	18.7%	6.3%	25.6%
1983	38.9%	37.1%	15.7%	6.2%	16.7%	22.6%	24.8%	24.8%
1984	11.5%	7.9%	12.3%	4.1%	11.7%	19.3%	19.3%	11.1%
1985	10.0%	23.9%	10.9%	11.4%	12.3%	6.2%	10.7%	10.7%
1986	3.5%	-1.8%	5.1%	5.1%	5%	14.9%	22.8%	5.3%
1987	3.4%	5.9%	14.6%	10.0%	5.9%	31.6%	13.1%	13.1%
1988	7.5%	7.1%	6.3%	4.4%	4.4%	36.8%	21.7%	21.7%
1989	5.5%	6.3%	3.2%	10.3%	13.8%	37.3%	1.6%	1.6%
1990	5.7%	0.7%	1.8%	26.6%	11.9%	76.3%	3.4%	3.4%
1991	2.4%	6.1%	6.4%	23.7%	10.5%	52.3%	5.8%	5.8%
1992	3.5%	29.8%	1.5%	51.1%	3.9%	51.3%	1.5%	1.5%
1993	3.8%	71.0%	6.0%	6.9%	7.8%	12.7%	6.2%	6.2%
1994	5.2%	6.1%	2.7%	3.9%	14.4%	2.4%	5.7%	5.7%

○ Nineteen Ninety Nine Annual Report

Atlantic City Expressway Enforcement and Incident Statistics

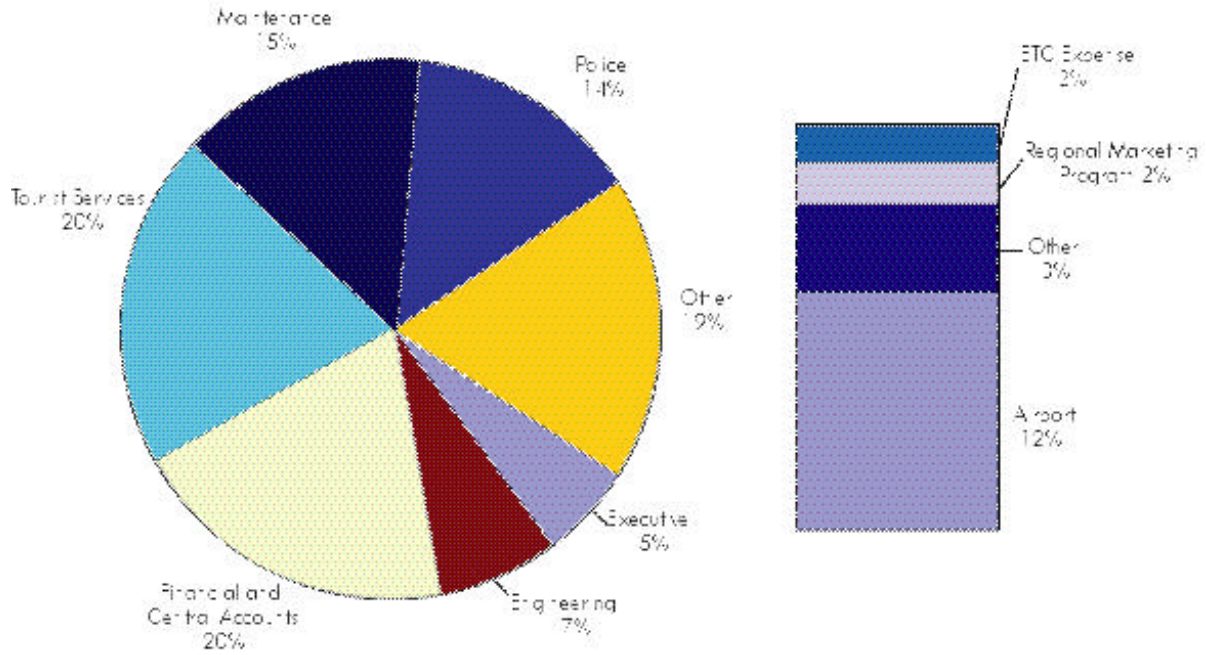
YEAR	TOLL PAYING VEHICLES	VEHICLE MILES OF TRAVEL	NO. OF SUMMONSES	DRUNK DRIVERS	ACCIDENTS	INJURIES	FATALITIES	FATALITY RATE	FIVE-YEAR MOVING
1978	12,242,175	233,431,116	2,795	214	221	41	2	1.14	-
1979	15,383,612	291,957,005	5,533	266	253	112	4	1.37	-
1980	13,589,259	373,331,135	5,125	214	322	55	2	1.34	-
1981	23,894,730	431,814,826	8,885	449	355	210	1	0.23	-
1982	21,350,552	472,351,173	5,743	473	376	173	4	0.85	1.06
1983	30,286,240	529,160,218	10,241	584	399	249	6	1.13	0.95
1984	38,259,251	573,471,439	10,013	721	478	250	7	1.15	0.76
1985	35,665,732	606,876,318	10,584	580	491	368	8	1.32	0.99
1986	37,337,456	631,441,175	11,330	713	540	340	3	0.91	1.09
1987	39,836,484	682,220,745	11,990	504	641	471	14	2.05	1.35
1988	42,295,412	714,350,428	12,734	747	478	210	3	0.83	1.27
1989	43,905,047	735,774,485	13,857	499	529	312	6	0.82	1.18
1990	42,337,272	741,101,705	13,611	400	437	213	10	1.33	1.19
1991	43,113,761	724,481,660	15,867	436	428	219	12	1.66	1.33
1992	44,707,457	741,101,705	13,611	400	437	213	10	1.33	1.19
1993	46,262,939	766,724,801	16,479	313	440	259	4	0.82	1.05
1994	45,323,248	771,491,218	15,722	337	341	177	15	1.90	1.27
1995	47,602,146	799,699,746	14,961	353	477	312	0	0.00	0.99
1996	41,243,112	751,301,516	13,717	277	310	213	3	1.11	0.90
1997	49,290,846	822,634,185	15,235	283	532	292	6	0.73	0.86
1998	50,557,157	847,171,210	18,477	331	522	210	12	1.43	1.14
1999	48,050,179	800,703,355	14,380	250	499	231	2	0.25	0.72

E-ZPass Usage as a Percent of Total Traffic

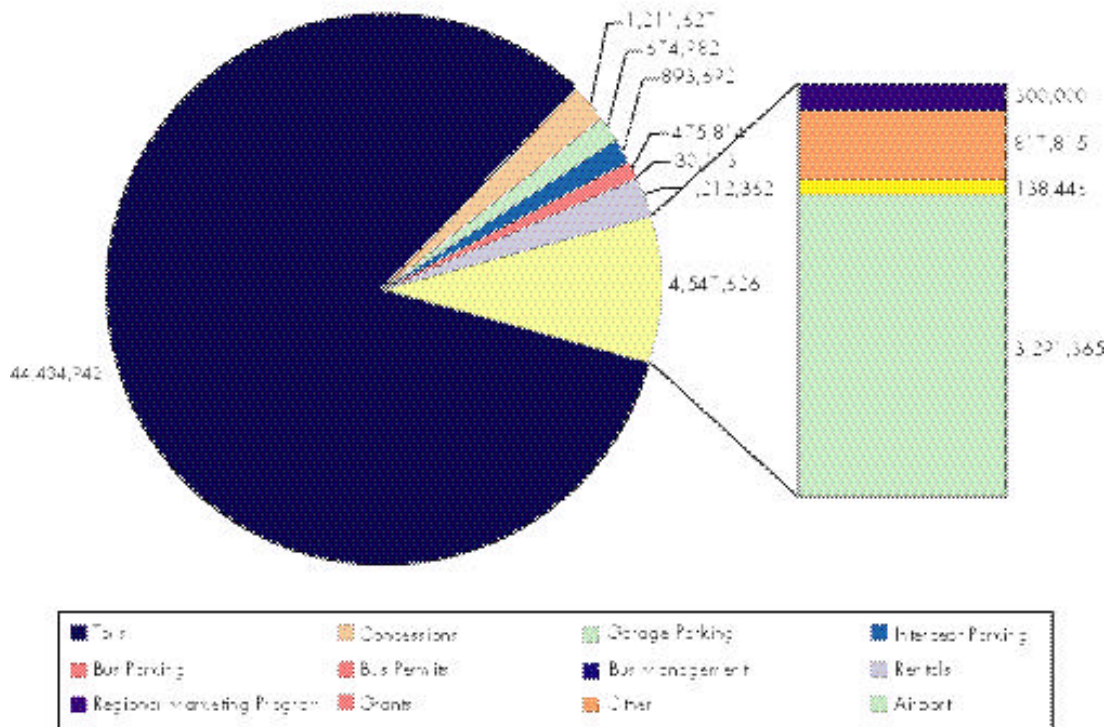


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1999 Operating Expenses



1999 Operating Revenues, by Source



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Independent Auditor's Report

Chairman and Commissioners of the South Jersey Transportation Authority
Hammonton, New Jersey

We have audited the accompanying Statement of Assets, Liabilities and Fund Equity of the South Jersey Transportation Authority ("Authority"), a component unit of the state of New Jersey, as of December 31, 1999, and the related Statements of Revenues, Expenses and Changes in Retained Earnings 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 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 2, the Authority has prepared these financial statements in accordance with provisions of the amended and restated resolution authorizing bonds and other obligations adopted May 18, 1999, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, because of the Authority's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial position of the Authority as of December 31, 1999 or the results of its operations and the changes in its fund equity for the year ended December 31, 1999.

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Chairman and Commissioners of the South Jersey Transportation Authority
Hammonton, New Jersey
Page 2

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Jersey Transportation Authority, State of New Jersey, as of December 31, 1999, and the results of its operations and the changes in its fund equity for the year then ended, in conformity with the basis of accounting described in Note 2.

In accordance with Government Auditing Standards, we have also issued a report dated March 10, 2000 on our consideration of the Authority's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as Supplementary Information in the Table of Contents is not a required part of the financial statements, but is presented as additional analytical data. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statement taken as whole, on the basis of accounting described in Note 2.

Hutchins Laezza Farrell + Allison
Hutchins, Laezza, Farrell & Allison, P.A.

March 10, 2000

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Hutchins, Laezza, Farrell & Allison, P.A.

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Report on Compliance and on Internal Controls Over Financial Reporting Based on An Audit of Financial Statement Performed in Accordance with Government Auditing Standards

Chairman and Commissioners of the South Jersey Transportation Authority
Hammonton, New Jersey

We have audited the financial statements of the South Jersey Transportation Authority ("Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 1999, and have issued our report thereon dated March 10, 2000 in which we expressed an unqualified opinion in conformity with the basis of accounting described in Note 2. The Authority prepares its financial statements in accordance with provisions of the amended and restated resolution authorizing bonds and other obligations dated May 18, 1999, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

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Chairman and Commissioners of the South Jersey Transportation Authority
Hammonton, New Jersey
Page 2

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Authority in a separate letter dated March 10, 2000.

This report is intended for the information and use of the Finance Committee, management, others within the organization and for filing with the State Treasurer. However, this report is a matter of public record and its distribution is not limited.


Hutchins, Laezza, Farrell & Allison, P.A.

March 10, 2000

○ Nineteen Ninety Nine Report of Audit

○ Financial Statements

Exhibit A

Statement of Assets, Liabilities and Fund Equity, December 31, 1999
With Comparative Totals as of December 31, 1998

	1999		1998	
	Assets	Liabilities and Fund Equity	Assets	Liabilities and Fund Equity
Current Assets	1,000,000	1,000,000	1,000,000	1,000,000
Investments	2,000,000	2,000,000	2,000,000	2,000,000
Property, Plant and Equipment	10,000,000	10,000,000	10,000,000	10,000,000
Intangible Assets	500,000	500,000	500,000	500,000
Other Assets	100,000	100,000	100,000	100,000
Total Assets	13,600,000	13,600,000	13,600,000	13,600,000
Current Liabilities	1,000,000	1,000,000	1,000,000	1,000,000
Long-Term Debt	5,000,000	5,000,000	5,000,000	5,000,000
Other Liabilities	2,000,000	2,000,000	2,000,000	2,000,000
Fund Equity	5,600,000	5,600,000	5,600,000	5,600,000
Total Liabilities and Fund Equity	13,600,000	13,600,000	13,600,000	13,600,000

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○ Financial Statements
Exhibit B

Statement of Revenues, Expenses and Changes in Retained Earnings - Unrestricted Funds
Year Ended December 31, 1999
With Comparative Totals for the Year Ended December 31, 1998

	Revenue Fund	Airport Fund	General Reserve Fund	Totals
	1999	1999	1999	1998
Operating Revenues:				
Tolls	\$ 44,434,942		\$ 44,434,942	\$ 27,444,172
State Deposits	4,656,950		4,656,950	1,061,053
Concessions	1,211,827		1,211,827	61,568
Garage Parking	628,972		628,972	896,562
Intercept Parking	893,692		893,692	37,594
Use of Mail	275,814		275,814	30,113
Bus Management	30,113		30,113	300,000
Leasables	1,217,867		1,217,867	263,058
Regional Marketing Program	300,000		300,000	138,446
Grants	317,816		317,816	3,273,463
Other	138,446		138,446	57,923,234
Airport		\$ 3,273,463		35,321,293
Total Operating Revenues	54,644,792	3,273,463		1,554,781
Operating Expenses:				
Executive	1,554,781		1,554,781	1,975,927
Information	2,114,222		2,114,222	4,920,881
Finance and Central Accounts	3,654,897		3,654,897	5,369,718
IT Services	3,600,688		3,600,688	4,009,203
Maintenance	4,177,466		4,177,466	4,009,203
Police	4,006,518		4,006,518	2,377,410
Systems Proceeds	4,454,990		4,454,990	28,013
Telephone Call Collection Expense	28,013		28,013	450,000
Regional Marketing Program	450,000		450,000	3,817,816
Other	3,817,816		3,817,816	3,405,232
Airport		3,405,232		2,500,000
Total Operating Expenses	29,521,047	3,405,232	2,500,000	35,426,279
Operating Income/(Loss)	25,123,745	(126,769)	(2,500,000)	9,771,187
Non-Operating Income/(Expense):				
Interest Income	3,609,352	12,514	3,621,866	402,335
Interest Revenue Transferred From	2,609,971		2,609,971	533,068
Transfers to Restricted Funds	(7,763,331)		(8,539,432)	(7,571,088)
Total Non-Operating Income/(Expense)	(1,544,008)	12,514	(4,917,566)	(6,615,029)
Net Income/(Loss)	18,579,737	(114,255)	(10,575,557)	3,156,158
Retained Earnings/(Deficit), January 1	3,987,114	(2,345,614)	2,993,897	3,479,238
Retained Earnings, December 31 Before	24,566,851	(2,459,869)	17,418,340	6,655,336
Reclassified Items to General Reserve			(7,481,600)	
Transfers In/Out from Unrestricted Funds	(21,569,724)		21,569,724	
Retained Earnings/(Deficit), December 31 After Transfer	\$ 2,589,145	\$ (2,459,869)	\$ 14,388,215	\$ 6,635,396

Nineteen Ninety Nine Report of Audit

Financial Statements

Exhibit C

Statement of Revenues, Expenses and Changes in Retained Earnings - Restricted Funds
 Year Ended December 31, 1999
 With Comparative Totals for the Year Ended December 31, 1998

	Rebate Fund	Debt Service Fund	Rehabilitation and Repair Fund	State Payment Fund	Debt Service Reserve Fund	Construction Fund	Totals	
							1999	1998
Net Operating Income/(Expense)								
Interest Revenue		\$ 4,105	\$ 220,577	\$ 2,751	\$ 621,925	\$ 8,720,117	\$ 9,585,476	\$ 8,435,424
Less: Expense						300,570	300,570	189,054
Interest Revenue Transferred To						1,512	659,071	1,539,004
Operating Account			239,872		621,925		100,000	
Bonds Payable		(2,285,000)				2,385,000		
Capital Investment in Capital Assets								
Bonds Paid in Current Year						(2,385,000)	(2,385,000)	(2,205,000)
Interest Expense (Subtotal)								
Net Operating Income								
Professional Fees			(6,652,131)					207,921
Interest Expense						238,975	238,975	207,921
Transfer from Unrestricted Funds			\$ 292,561					2,807,688
Transfer to Restricted Funds			\$ 490,854			8,508,414	16,302,983	7,571,088
State Payment				(2,500,000)		(16,851,312)	(2,500,000)	(2,500,000)
Total Net Operating Income/(Expense)			36,272	8	9,808,708	(2,557,963)	7,347,026	93,502
Retained Earnings, January 1			389,833	5,000,000	5,308,655	2,729,337	18,416,825	18,828,823
Retained Earnings, December 31			\$ 417,107	\$ 5,000,000	\$ 15,175,363	\$ 171,374	\$ 20,763,851	\$ 19,416,825

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○ **Notes to Financial Statements** Year Ended December 31, 1999

GENERAL

The South Jersey Transportation Authority ("Authority") was created in 1991 by the South Jersey Transportation Authority Act ("Act"), Chapter 252 of the Laws of New Jersey. The Authority became the successor to the New Jersey Expressway Authority ("NJEA") and the Atlantic County Transportation Authority ("ACTA"). Pursuant to the Act, the Authority acquired the Civil Terminal Area of the Atlantic City International Airport as a transportation project. The purpose of the Authority is to coordinate South Jersey's transportation system in its regional jurisdiction of the counties of Atlantic, Camden, Cape May, Cumberland, Gloucester and Salem, and deal particularly with the highway network, aviation facilities and the transportation problems of Atlantic County.

The Authority's responsibility is to maintain, repair and operate the 44.5-mile Atlantic City Expressway. Other functions of the Authority include those assumed with the acquisition of ACTA as follows: operation of the New York Avenue Parking Garage and related office and commercial space in Atlantic City, New Jersey; bus management; bus and automobile parking; traffic management; and transportation planning in Atlantic County. The Airport Division is responsible for operating and improving the Airport.

The Authority operates under a Board of Commissioners. There are nine Commissioners, comprised of the State Commissioner of Transportation, the State Commissioner of Commerce and Economic Development, and seven members appointed by the Governor with Senate approval. Serving under the Authority's Commissioners is the Executive Director, supported by various Department Heads.

The financial statements of the Authority include all funds controlled by or dependent on the Authority Commissioners in accordance with the basis of accounting as promulgated by the amended and restated resolution authorizing bonds and other obligations adopted May 18, 1999 (The Bond Resolution).

The Authority is a component unit included in the State of New Jersey's comprehensive annual financial report.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accounting policies of the Authority conform to accounting principles established by the Authority's 1992 Bond Resolution as amended and restated. Revenues are recognized when earned and measurable and expenses are recognized when incurred, if measurable. The financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles ("GAAP"). The differences between the bond resolution basis and GAAP are as follows:

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○ **Notes to Financial Statements (continued)** Year Ended December 31, 1999

A. Basis of Accounting (continued)

- (a) The Authority presents its financial statements on a fund basis in accordance with the funds established by the Bond Resolution. GAAP requires presentation as an enterprise fund.
- (b) Purchase of property, plant and equipment are charged to expense when incurred for all funds except the Construction Fund where they are capitalized as the Cost of Investment in Facilities. GAAP requires capitalization of assets with a useful life exceeding one year.
- (c) Depreciation of the Cost of Investment in Facilities is not recognized. An expense and reduction of the Cost of Investment in Facilities is recorded for the amount of bonds paid each year in lieu of depreciation. Depreciation is not recognized for assets acquired with contributed capital and bond payments are not matched to specific assets. GAAP requires the Cost of Investment in Facilities to be depreciated over the useful life on a rational and systematic basis.
- (d) Cost of Investment in Facilities includes the costs of preparing, offering and issuance of bonds and administrative and legal costs. GAAP requires that these financial costs be amortized over the life of the debt.
- (e) Investments are carried at cost or amortized cost. GAAP requires these investments to be stated at fair value.
- (f) Interest expense in the Construction Fund is capitalized to the Cost of Investment in Facilities, net of interest income on the Construction Fund. Interest expense in other funds is not capitalized. GAAP requires all interest expense be considered as well as applying certain criteria to determine if the interest expense qualifies for capitalization.

B. Description of Funds

The Authority is subject to the provisions and restrictions of the amended and restated resolution authorizing bonds and other obligations adopted May 18, 1999. A summary of the activities of each Fund created by the Bond Resolution is covered below.

Revenue Fund - accounts for resources and expenditures for Authority operations of a general nature.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Description of Funds (continued)

Construction Fund - accounts for the receipt and disbursement of funds for the construction of capital projects and cost of investment in facilities. Included in this Fund are proceeds from the issuance of Transportation System Revenue Bonds in 1992, 1994, and 1999 and Special Revenue Bonds in 1997 and 1999 (see Note 6) as well as receipt of federal and state grants (see Note 4).

Debt Service Fund - accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Debt Service Reserve Fund - must maintain monies in an amount equal to \$15,175,362.50. The monies in this fund are utilized to make up any deficiency in the Debt Service Fund.

Rehabilitation and Repair Fund - accounts for monies which shall be applied to pay the costs of major resurfacing, repairs, renewals or reconstruction of each Pledged Project or any part thereof, whether buildings, improvements, fixtures, or equipment as determined in writing by the Authority and filed with the Trustee. The Authority is required to maintain a minimum balance of \$5,000,000 through and including December 31, 2001 and \$6,000,000 from and after January 1, 2002 or such lesser amount as shall be determined to be sufficient for any fiscal year by the consulting engineer.

State Payment Fund - accounts for the accumulation of resources for, and the payment of, the Authority's State payment obligation.

General Reserve Fund - makes up deficiencies in payments to the other funds to cover operating expenses of any general project or for any other corporate purpose of the Authority permitted by the Act.

Rebate Fund - established for the purpose of paying to the United States Treasury, the Rebateable Arbitrage or the penalty amount in lieu of rebate and if elected, any amount required to terminate such penalty.

Airport Revenue Fund - accounts for the resources and expenditures of the Atlantic City International Airport.

C. Interest Income on Funds

Pursuant to Article I of the Bond Resolution, all earnings on the investment of monies in other funds are eligible to be included as revenues in the Revenue Fund subject to Section 5.14 of the Bond Resolution which restricts the transfer of earnings on investments in the General Reserve Fund to first being applied to other funds to meet any deficiencies in funding requirements. Earnings on the Debt Service, Debt Service Reserve (after all required transfers have been made to the Construction Fund), Rehabilitation and Repairs and State Payment Funds shall be transferred to the Revenue Fund if such Funds are at their requirements.

Earnings in the Construction Fund shall remain there until the project to which such earnings relate has been substantially completed at which time any excess funds may be transferred to other accounts established in the Construction Fund or, if no other account is so specified, (1) the Debt Service Reserve Fund if such fund shall be below the Debt Service Requirement, and (2) the Rehabilitation Fund, to the extent of any remaining balances of such monies.

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○ **Notes to Financial Statements (continued)** Year Ended December 31, 1999

D. Inability to Meet Debt Service Requirements

If amounts held in the Debt Service Fund are insufficient to pay the Debt Service Requirement coming due on bonds, the Trustee shall transfer from the following funds an amount sufficient to eliminate such deficiency: the Debt Service Reserve Fund, the General Reserve Fund, the State Payment Fund and the Rehabilitation and Repair Fund.

E. Pledged Projects

Pledged Projects are the projects for which the 1992, 1994 and 1999 Bonds were issued (except for the project constituting the acquisition of the parking garage facility) and, in addition to those projects, a project

- (a) which generates revenues sufficient to pay the operating expenses and Rehabilitation and Repair Requirement associated with such project in the fiscal year in which such project becomes operational or is designated a Pledged Project by the Authority; and
- (b) which is reasonably projected by the Authority to generate revenues sufficient to pay such projects associated operating expenses and Rehabilitation and Repair Requirement for each of the five fiscal years following the year in which such project becomes operational or is designated a Pledged Project by the Authority.

F. Budgetary Information

In accordance with Section 7.06 of the Bond Resolution, on or before the fifteenth day of each year, the Authority adopts by resolution an Annual Operating Budget for such year. All operating appropriations lapse at the end of such year. As with all resolutions of the Authority, the budget resolution is subject to a fifteen-day Governor's veto period. The resolution comes into full force and effect if no veto is exercised.

The Budget is prepared at the Department Division level. All Division Managers are responsible for maintaining expenditures below budget. The Department Heads may make line-item transfers of appropriations within their departments. All line-item transfers must be approved in writing by the Executive Director. The accounting system will not allow charges to accounts where the budget is expended.

G. Fuel Inventory

Inventory consists of fuel for the Authority's vehicles.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Cost of Investment in Facilities

The Cost of Investment in Facilities is stated at cost, net of bond principal paid. For assets acquired from the NJEA, cost was established by the amount of Expressway Authority bonds defeased plus a proportionate share of the issuance cost of the bonds issued by the Authority. For assets acquired from the ACTA, cost was also established by the amount paid plus a proportionate share of issuance costs incurred by the Authority adjusted by other assets or liabilities assumed at the time of acquisition. The apportionment of the cost between land, building, roadways, equipment and other improvements has not been established.

All costs paid from the Construction Fund are capitalized to the Cost of Investment in Facilities. Capital costs in other funds are expensed when incurred.

Interest expense net of interest income in the Construction Fund is capitalized to the Cost of Investment in Facilities.

The Authority does not recognize depreciation expense. During 1996, the Authority implemented a policy in which bond payments are recognized as an expense and reduction of the Cost of Investment in Facilities in lieu of depreciation.

The change in Cost of Investment in Facilities during 1999 is as follows:

Balance, December 31, 1998	\$	105,487,719
Cash Disbursements:		
Claims		72,453,545
Current Year Bond Principal		(2,385,000)
Capitalized Interest		238,975
Increase/(Decrease):		
Accounts Payable		917,462
Retainage Payable		90,572
Balance, December 31, 1999	\$	176,803,273

The change in Cost of Investment in Facilities from inception of the Authority is as follows:

Cumulative Costs	\$	191,148,860
Bond Principal Paid		(14,270,000)
Sales and Recoveries		(75,587)
Balance, December 31, 1999	\$	176,803,273

I. Lease Receivable

The Lease Receivable includes amounts due from Raytheon Aircraft Services, Inc. for interest expense (net of interest income) incurred by the Authority as well as project costs incurred that are included in the Cost of Investment in Facilities for construction of airport facilities.

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○ **Notes to Financial Statements (continued)** Year Ended December 31, 1999

DEPOSITS AND INVESTMENTS

Pursuant to Article VI, Sections 6.02(a) and (b) and Section 6.03 of the Authority's Bond Resolution, all monies held by any depository may be placed on demand or time deposit, as directed by the Authority, provided that such deposits shall permit the monies so held to be available for use when needed.

All monies held by the Trustee, or any other fiduciary, or any depository shall be insured by the Federal Deposit Insurance Corporation and to the extent not so insured, shall be continuously and fully secured either by federal securities having a market value of not less than the amount of such monies or in such other manner as may then be required by applicable federal or state laws and regulations to provide security for the deposit of public funds.

All investments shall be made in "investment securities" as defined by Article I, Section 1.01 of the Bond Resolution and shall mature or become subject to repurchase, withdrawal without penalty or redemption at the option of the holder on or before the dates the invested amounts are reasonably expected to be needed.

Article I, Section 1.01 of the Authority's Bond Resolution provides a list of investment securities which may be purchased by the Authority. The investment securities, as defined by the Bond Resolution, consist of the following:

- (a) Federal securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued by any agency or instrumentality of the United States to the extent such obligations are guaranteed by the United States or by another such agency, the obligations (including guarantees) of which are guaranteed by the United States;
- (c) Bonds, debentures, notes or other evidence of indebtedness issued by any corporation chartered by the United States, including but not limited to: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Resolution Funding Corporation, Export-Import Bank, Federal Financing Bank, and Student Loan Marketing Association

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DEPOSITS AND INVESTMENTS (continued)

- (d) Negotiable or non-negotiable certificates of deposit (or other time deposit arrangements) issued by any bank, trust company or national banking association, including a Fiduciary, which certificates of deposit shall be continuously secured or collateralized by obligations described in (a) or (b) above, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit;
- (e) Uncollateralized negotiable or non-negotiable certificates of deposit (or other time deposit arrangements) issued by any bank, trust company or national banking association, the unsecured obligations of which are rated in one of the two highest rating categories, without regard to sub-categories, by Moody's and Standard & Poor's ("S&P");
- (f) Repurchase agreements collateralized by obligations described in (a), (b) or (c) with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rate of "Prime-1" or "A-3" or better by Moody's, and "A-1" or "A" or better by S&P, or any commercial bank with the above ratings, provided:
 - (i) a master repurchase agreement or specific written repurchase agreement governs the transaction which characterizes the transaction as a purchase and sale of securities;
 - (ii) the securities are held free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is a Federal Reserve Bank, a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus, and undivided profits of not less than \$75,000,000, or a bank approved in writing for such purpose by each credit issuer, if any, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee;
 - (iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq. or a successor provision in such securities is created for the benefit of the Trustee;
 - (iv) the repurchase agreement has a term of six months or less, or the Authority will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation;
 - (v) the repurchase agreement matures on or before a debt service payment date (or, if held in a fund other than the Debt Service Fund, Debt Service Reserve Fund or Subordinated Debt Fund, other appropriate liquidation period); and
 - (vi) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to the collateral levels established by a rating agency for the ratings assigned by the rating agency to the seller.

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○ **Notes to Financial Statements (continued)** Year Ended December 31, 1999

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- (g) Banker's acceptances, Eurodollar deposits and certificates of deposit, in addition to the certificates of deposit provided for by (d) and (e) above of the domestic branches of foreign banks having a capital and surplus of \$1,000,000,000 or more, or any bank or trust company organized under the laws of the United States of America or Canada, or any state or province thereof, having capital and surplus, in the amount of \$1,000,000,000, provided that the aggregate maturity value of all such banker's acceptances and certificates of deposit held at any time as investments of funds under the Bond Resolution with respect to any particular bank, trust company, or national association shall not exceed 5% of its capital and surplus; and provided further that any such bank, trust company, or national association shall be rated in one of the two highest rating categories, without regard to rating sub-categories, by Moody's and S&P;
 - (h) Other obligations of the United States of America or any agency thereof which may then be purchased with funds belonging to the State of New Jersey or which are legal investments for savings banks in the State of New Jersey;
 - (i) Deposits in the New Jersey Cash Management Fund;
 - (j) Obligations of any state, commonwealth or possession of the United States or a political subdivision thereof of any agency or instrumentality of such a state, commonwealth, possession or political subdivision, provided that at the time of their purchase such obligations are rated in either of the two highest rating categories by both Moody's and S&P;
 - (k) Commercial paper with a maturity date not in excess of 270 days rated by the rating agencies at least equal to the rating assigned by the rating agencies to the applicable series of bonds and in no event lower than the "A" category established by a rating agency (which may include sub-categories indicated by plus or minus or by numbers) at the time of such investment, issued by an entity incorporated under the laws of the United States or any state thereof;
 - (l) Shares of diversified open-end management investment company as defined in the Investment Act of 1940, which is a money-market fund which is then rated in any of the three highest rating categories by any nationally recognized bond rating agency which is then rating the bonds or money-market accounts of the Trustee or any bank or trust company organized under the laws of the United States or any state thereof which has a combined capital and surplus of not less than \$50,000,000; and
 - (m) Investment contracts
 - (i) providing for the future purchase of securities of the type described in (a), (b), (c), and (g) above, which contacts have been approved for sale by a national securities exchange and all regulatory authorities having jurisdiction; or

DEPOSITS AND INVESTMENTS (continued)

- (ii) the obligor under which or the guarantor thereof shall have a credit rating such that its long-term debt is rated at least "A+" by S&P if the bonds are then rated by such rating agency and at least "A-1" by Moody's if the bonds are then rated by such rating agency.

All monies held under the Bond Resolution shall be continuously and fully secured by lodging, as collateral security, direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. The Authority's total book (cash) balances were \$36,184,829 at December 31, 1999. The Authority's total bank (cash) balances were \$36,300,853 at December 31, 1999, of which \$395,018 was insured by the Federal Deposit Insurance Corporation and the balance of \$35,905,835 was collateralized with U.S. Government Securities held in the Authority's name by the Authority's financial institutions or its agents. The difference between bank balance and book balance is due primarily to the timing of deposits and outstanding checks.

Investments are stated at cost or amortized cost. The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority at December 31, 1999. The categories are described as follows:

Category 1 - Insured or registered, with securities held by the Authority or its agent in the Authority's name.

Category 2 - Uninsured and unregistered, with securities held by the counterpart's trust department or agent in the Authority's name.

Category 3 - Uninsured and unregistered, with securities held by the counterpart or its trust department or agent but not in the Authority's name.

Investments categorized by level of risk are:

Type of Investment	Category			Carrying Amount	Market
	1	2	3		
U.S. Treasury Notes	\$ 811,179			\$ 811,179	\$ 813,289
Societe Generale					
Repurchase Agreement	136,830,877			136,830,877	136,830,877
Total Investments	\$ 137,642,056			\$ 137,642,056	\$ 137,644,166

CONTRIBUTED CAPITAL

The Authority receives capital funding from the United States Department of Transportation Federal Aviation Administration ("FAA") and the New Jersey Economic Development Authority and the State of New Jersey Transportation Trust Fund. These funds, as well as other local funds received, are designated and utilized towards the development and improvement of the Atlantic City International Airport and other expressway projects. The Authority also receives grants from the Federal Highway Authority to be used for the design and construction of an electronic toll collection and traffic management system.

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○ **Notes to Financial Statements (continued)**
Year Ended December 31, 1999

CONTRIBUTED CAPITAL (continued)

The Authority received \$3,121,747 in federal and state grant and aid money during 1999. Funds from the New Jersey Economic Development Authority are classified as Economic Recovery Funds Advanced until costs are incurred. At the time costs are incurred, they are reclassified to Contributed Capital.

The change in Contributed Capital - Grants and Aid for the year ended December 31, 1999 is as follows:

Contributed Capital - Grants and Aid, December 31, 1998	\$49,499,383
1999 Receipts	3,121,747
(Increase)/Decrease:	
Economic Recovery Funds Advanced	56,299
Transportation Trust Fund Advanced	445,295
Increase/(Decrease):	
Grants Receivable	(81,117)
Contributed Capital - Grants and Aid, December 31, 1999	\$53,041,607

In prior years, the Authority received funding from various casinos for intercept lot improvements. The funding was recorded as Contributed Capital -- Other. In February 1997, the Authority issued \$5,130,000 of Lease Revenue Bonds, Series 1997A, Raytheon Aircraft Services, Inc. Project. Concurrent with the issuance of the bonds, the Authority and Raytheon Aircraft Services, Inc. entered into a lease agreement that calls for Raytheon Aircraft Services, Inc. to pay all principal and interest on the bonds. As costs are incurred, the cost of investment in facilities is established with a corresponding credit to Contributed Capital - Other. As bonds are paid, a reduction of the cost of investment in facilities is recognized in lieu of depreciation. Contributed capital is reduced by a like amount. During 1999, the Authority entered into an agreement with a contractor for work performed on the Atlantic City/Brigantine Connector Project with costs being reimbursed by the New Jersey Department of Transportation ("N.J.D.O.T."). In this agreement, the Authority pays the contractor for work done on the Marina Connector Project and is reimbursed by the N.J.D.O.T. The payments to the contractor are capitalized to the Cost of Investment in Facilities while the reimbursements from N.J.D.O.T. are recorded as Contributed Capital - Other.

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CONTRIBUTED CAPITAL (continued)

	Total Contributed Capital – Other	Intercept Lot Improvements	Raytheon Fixed Base Operation	Atlantic City/ Brigantine Connector Project
December 31, 1998	\$ 5,470,830	\$339,366	\$ 5,131,464	
1999 Receipts	2,204,911		109,645	\$ 2,095,266
Increase in Accounts Receivable – Below	17,019,436			17,019,436
Decrease:				
Bonds Payable	(100,000)		(100,000)	
Contributed Capital – Other, December 31, 1999	\$24,595,177	\$339,366	\$5,141,109	\$19,114,702
Change in Accounts Receivable				17,050,246
Non-Contributed Capital Items				(30,810)
Contributed Capital – Above				\$ 17,019,436

COMMITMENTS AND CONTINGENCIES

- A. The Authority recognizes expenses when they are incurred. Commitments do not constitute expenses or liabilities. They relate to unperformed contracts for goods or services. As of December 31, 1999, commitments for projects in progress were \$11,255,891.
- B. The Authority is the subject of, or a party to, various pending or threatened legal actions. The Authority believes that any ultimate liability arising from these legal actions should not have a material effect on its financial position or operations.
- C. The Authority receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 1999, the Authority estimates that no material liabilities will result from such audits.

BONDS PAYABLE

Bonds payable are reflected on Schedule 3. As of December 31, 1999, bond discounts net of bond premiums in the amount of \$1,980,963 have been offset against the outstanding bonds.

The 1992 Series B Transportation System Revenue Bonds (serial bonds) of \$13,875,000 have interest rates ranging from 5.5% to 5.9% and mature in various increments November 1, 2001 through November 1, 2007. The Series B term bonds of \$9,555,000 mature November 1, 2012 and have an interest rate of 6.0%.

The 1994 Refunding Bonds have interest rates ranging from 2.5% to 4.5% and mature in various increments November 1, 1997 through November 1, 2001. The 1994 Bonds involved the issuance of tax-exempt bonds that replaced taxable bonds issued in December, 1992.

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○ Notes to Financial Statements (continued) Year Ended December 31, 1999

The 1997 Series A Lease Revenue Bonds of \$5,030,000 have an interest rate of 6.15% and mature January 1, 2022. The Bonds were issued by the Authority to provide funds to pay a portion of the cost of constructing and equipping a special fixed-base operator facility at the Atlantic City International Airport to be leased and operated by Raytheon Aircraft Services, Inc. The Bonds are a special limited obligation of the Authority and are payable solely from revenues derived by the Authority pursuant to a Repayment Agreement between the Authority and Raytheon Aircraft Services, Inc.

The Bonds are subject to redemption at the option of the Authority, upon the direction of the Lessee prior to maturity and upon notice as provided in the General Resolution, in whole or in part on January 1, 2007 or any date thereafter. If less than all the Bonds are to be redeemed on any date, the Bonds to be redeemed shall be selected by lot. Redemption prices of the Bonds shall be equal to the following percentages of principal amount to be redeemed together with unpaid interest accrued on such principal amount to the redemption date:

Redemption Period of the Bonds (both dates inclusive)	Redemption Price
January 1, 2007 through December 31, 2007	102%
January 1, 2008 through December 31, 2008	101%
January 1, 2009 and Thereafter	100%

Mandatory Sinking Fund Redemption Provisions - 1997 Bonds

The Bonds shall be subject to redemption prior to maturity by application of Sinking Fund Installments on January 1 in each of the following years in the respective principal amount set opposite each such year:

Year	Principal Amount	Year	Principal Amount
January 1, 2000	\$105,000	January 1, 2012	215,000
January 1, 2001	110,000	January 1, 2013	230,000
January 1, 2002	120,000	January 1, 2014	240,000
January 1, 2003	125,000	January 1, 2015	255,000
January 1, 2004	135,000	January 1, 2016	275,000
January 1, 2005	140,000	January 1, 2017	290,000
January 1, 2006	150,000	January 1, 2018	305,000
January 1, 2007	160,000	January 1, 2019	325,000
January 1, 2008	170,000	January 1, 2020	345,000
January 1, 2009	180,000	January 1, 2021	370,000
January 1, 2010	190,000	January 1, 2022	390,000
January 1, 2011	205,000		

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BONDS PAYABLE (continued)

1999 Series Transportation System Revenue Bonds

The 1999 Series Transportation System Revenue Bonds (serial bonds) of \$87,435,000 have interest rates ranging from 3.2% to 5.25% and mature in various increments November 1, 2001 through November 1, 2019. The 1999 Series term bonds of \$29,290,000 and 87,795,000 mature November 1, 2022 and 2029, respectively and have interest rates of 5.125% and 5%, respectively.

Proceeds of the 1999 Series Bonds will be used to: (i) fund certain road improvement projects, (ii) prepay the Authority's Subordinated Bond Anticipation Notes, Series 1998, (iii) advance refund a portion of certain maturities of the Authority's Transportation System Revenue Bonds, 1992 Series B (Tax Exempt), (iv) fund a portion of the interest on the 1999 Bonds to May 1, 2001, (v) make a deposit to the Debt Service Reserve Fund and (vi) pay certain costs of issuing the 1999 Bonds.

The 1999 Bonds maturing on or before November 1, 2009, are not subject to redemption prior to maturity. The 1999 Bonds maturing on or after November 1, 2010, are subject to redemption, at the option of the Authority, at any time in whole or in part selected by lot within a maturity from maturities selected by the Authority, on and after November 1, 2009, at the redemption prices (expressed as percentages of the principal amount being redeemed) set forth below, plus accrued interest to the redemption date:

Redemption Period of the Bonds (both dates inclusive)	Redemption Price
November 1, 2009 to October 31, 2010	101%
November 1, 2010 to October 31, 2011	100 1/2%
November 1, 2011 and thereafter	100%

Mandatory Sinking Fund Redemption Provision – 1999 Bonds Maturing 11/1/2022

The Bonds shall be subject to redemption prior to maturity by application of Sinking Fund Installments on November 1 in each of the following years in the respective principal amount set opposite each such year:

2020	\$ 9,280,000
2021	9,755,000
2022	10,255,000

Mandatory Sinking Fund Redemption Provisions – 1999 Bonds Maturing 11/1/2029

The Bonds shall be subject to redemption prior to maturity by application of Sinking Fund Installments on November 1 in each of the following years in the respective principal amount set opposite each such year:

2023	\$ 10,785,000
2024	11,320,000
2025	11,890,000
2026	12,485,000
2027	13,105,000
2028	13,760,000
2029	14,450,000

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○ **Notes to Financial Statements (continued)**
Year Ended December 31, 1999

Special Revenue Bonds

The 1999 Series A and B Special Revenue Bonds of \$10,000,475 and \$10,003,235 have interest rates of 3.5% and 3.66%, respectively and mature on October 1, 2037. Pursuant to a Bond Purchase Agreement, dated October 10, 1997, between the Authority and Mirage Resorts, Incorporated ("Mirage") in connection with the Atlantic City/Brigantine Connector Project ("AC/BC"), the Authority has agreed to issue and sell to Mirage or its designee not exceeding \$55,000,000 in aggregate initial issuance amount of Special Revenue Bonds in one or more series as funds are needed to pay a portion of the Developer's share of the cost of the AC/BC. On April 15 and September 1 of 1999 the Authority issued \$10,000,475 and \$10,003,235 of such Special Revenue Bonds. The Special Revenue Bonds will be payable from amounts received by the Authority from CRDA pursuant to the Pledge Agreement, dated October 10, 1997 between the Authority and CRDA. The amounts payable by CRDA under the CRDA Pledge Agreement are Governmental Grants which do not constitute Revenues under the Bond Resolution, and the Special Revenue Bonds are not payable from or secured by such Revenues.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding:

Calendar Year	Principal	Interest	Total
2000	\$ 2,595,000	\$ 11,966,403	\$ 14,561,403
2001	3,725,000	11,858,736	15,583,736
2002	3,905,000	11,678,724	15,583,724
2003	4,105,000	11,479,165	15,584,165
Thereafter	245,775,000	209,586,658	455,361,658

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DEBT DEFEASANCE

The Authority has defeased a portion of certain maturities of its outstanding 1992 Series B Bonds with a portion of the proceeds of the 1999 Bonds to achieve a reduction in Debt Service. Proceeds from the 1999 Bonds were used to purchase U.S. Government Securities that were placed in an irrevocable trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Authority's balance sheet. The amount of defeased debt outstanding but removed from the balance sheet was \$20,670,000.

The proceeds from the 1999 Bonds placed in the Trust Fund will be used to refund serial bonds with interest rates ranging from 5.7% to 5.9% and a par value of \$7,880,000 and term bonds with an interest rate of 6% and a par value of \$12,790,000. The total par value of the refunded debt is \$20,670,000, and will be called on November 1, 2002 at a redemption price of 102% of the par amount, plus accrued interest to the redemption date. As a result of the defeasance, the Authority reduced its total debt service requirements by \$1,368,894, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,024,436.

RATES AND CHARGES

Section 7.08 of the Bond Resolution states as follows:

- (a) The Authority shall at all times fix, impose, charge and collect tolls, fares, fees and other charges for the use of the Transportation System as shall be required in order that, in each fiscal year, net revenues shall at least equal the net revenue requirements for such year; and
- (b) The Authority shall at all times fix, impose, charge and collect tolls, fares, fees and other charges for the use of the Transportation System as shall be required in order that, in each fiscal year, revenues (exclusive of any amounts deposited in the Revenue Fund from the General Reserve Fund) shall at least equal the Operating Expenses for Pledged Projects for such fiscal year and the debt service on all outstanding bonds (net of capitalized interest) and subordinated indebtedness for such fiscal year.

The net revenue requirement means an amount of net revenue for the period under consideration equal to the greater of:

- (a) 120% of the debt service payable on all outstanding bonds (net of capitalized interest available for the purpose); or
- (b) the aggregate of debt service payable on all outstanding bonds (net of available capitalized interest as aforesaid), Rehabilitation and Repair Requirements, State Payment Requirement, debt service payable during the period on subordinated indebtedness, debt service requirements and operating expenses of general projects, and other required deposits to funds, including the Debt Service Reserve Fund and Rebate Fund.

○ Nineteen Ninety Nine Report of Audit

○ Notes to Financial Statements (continued)

RATES AND CHARGES (continued)

Calculations of Requirements:

	Section 7.08(a)(1) 120%	Section 7.08(a)(1) 100%	Section 7.08(a)2
Operating Revenue	\$ 57,923,233	\$ 57,923,233	\$ 57,923,233
Interest Revenue	344,652	344,652	344,652
Interest Revenue – Airport	12,914	12,914	12,914
Interest Revenue Transferred From Restricted Funds	866,871	866,871	866,871
Interest Revenue – General Reserve Fund	464,075	464,075	464,075
Total Revenue	59,611,745	59,611,745	59,611,745
Less: Grant Revenue	817,815	817,815	817,815
Airport Revenue	3,278,451	3,278,451	3,278,451
Airport Interest	12,914	12,914	12,914
Total Available Revenue	55,502,565	55,502,565	55,502,565
Pledged Project Operating Expenses	27,808,116	27,808,116	27,808,116
Net Revenues	\$ 27,694,449	\$ 27,694,449	\$ 27,694,449
Senior Debt Service	\$ 5,417,298	\$ 5,417,298	\$ 5,417,298
State Payment Requirement		2,500,000	
Other Required Deposits		523,615	
General Project Operating Expenses		485,368	
Subordinated Debt Service		2,703,443	2,703,443
Less Interest Income on Proceeds of Subordinated Debt		(1,441,679)	(1,441,679)
Less Advances From TTF Project Fund for Debt Service on Subordinated Debt		(1,261,764)	(1,261,764)
Total Debt Service & Other Obligations	\$ 5,417,298	\$ 8,926,281	\$ 5,417,298
Total Pledged Projects & Debt Service			\$ 33,225,414
Coverage Ratio	511.22%	310.02%	167.04%
Required Coverage	120.00%	100.00%	100.00%
Excess Coverage	391.22%	210.02%	67.04%

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FORWARD SUPPLY CONTRACT

In accordance with the 1992 Bond Resolution as amended and restated, the Authority is obligated to make monthly deposits to the Debt Service Fund of amounts which will provide sufficient funds to pay, on the next semi-annual interest and annual principal payment dates, the debt service on the bonds coming due. The Trustee was authorized and directed to execute a Forward Supply Contract with TMG Financial Products, Inc. ("TMGFP"), where monies on deposit in the aforementioned funds will be utilized to purchase Qualified U.S. Government Obligations which, together with interest to be earned thereon and certain reinvestments thereof, will mature at such times and in such amounts as will enable the Authority to make the next scheduled principal or interest payments for the Authority's Transportation System Revenue Bonds, 1992 Series B, 1994 and 1999 Series. In 1994, the Authority received \$525,340 as a one-time fixed payment from TMGFP upon the execution of the Forward Supply Contract. The contract is currently with Morgan Guarantee Trust.

PENSION PLAN

Substantially, all Authority employees participate in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"). The Division of Pensions and Benefits ("Division") within the Treasury Department of the State of New Jersey is the administrator of the funds and charges the employee and employer annually for their respective contributions. The Plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

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

Covered employees are required by State statute to contribute a certain percentage of their salary to the plans. PERS and PFRS bill the Authority annually at an actuarially determined rate for its required contribution. The current rate is 4.5% for PERS and 8.5% for PFRS of annual covered payroll.

The contribution requirements of Plan members and the Authority are established and may be amended by the Board of Trustees of the respective Plans. The employees' contribution to the Plans for the year ended December 31, 1999 was \$479,964 and \$443,428. Authority contributions were not required.

AUTHORITY POST-RETIREMENT MEDICAL BENEFITS

The Authority offers certain health-care benefits to its retired employees. All employees of the Authority are eligible if, at retirement, they have at least 20 years of full-time service with the Authority and are qualified to immediately receive pension payments from PERS; or if they have 25 years or more service credited in PERS and are immediately eligible to receive pension benefits. The cost of providing these benefits for fifty-six retirees for the year ended December 31, 1999 was \$334,077.

○ Nineteen Ninety Nine Report of Audit

○ **Notes to Financial Statements (continued)** Year Ended December 31, 1999

COMPENSATED ABSENCES

A. Non-Union Employees

Full-time, non-union employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. The Authority compensates employees for unused sick leave retirement or upon resignation if the employee vests in the pension system until retirement age has been reached. The current policy entitles an employee to receive a maximum payout of \$17,500 which is paid at the employee's rate of pay at retirement. A full year's vacation entitlement may be carried to the next calendar year. Any carried-over vacation time must be taken during the subsequent year or it is lost.

Part-time employees are entitled to a proportionate amount of compensated absences based on hours worked.

Compensatory time for full-time employees cannot accrue beyond eighty hours and must be taken within twelve months of being earned. The use of compensatory time must be approved by a Department Director. The Authority may, at its discretion, purchase back compensatory time at the employee's rate of pay when the compensatory time was earned.

B. Union Employees

In accordance with the union contracts in effect in 1999, members of the International Federation of Professional and Technical Engineers, Local 196, Chapter 2 and Local 193, Chapter A, ten vacation days may be carried to the next calendar year for Local 196 and a full year's entitlement may be carried for Local 193. Any carried-over vacation time must be taken during the subsequent year or it is lost. In addition, members are entitled to accumulate sick time up to \$17,500. The following percentages apply:

- (a) For employees who resign in good standing, or retire, but do not receive pension payments under PERS:
 - (i) 50% of present salary for the first 150 days of accumulated sick days up to a maximum of \$17,500;
 - (ii) 100% of present salary for accumulated sick leave in excess of 150 days.
- (b) For employees who retire and are immediately eligible to receive payments under PERS:
 - (i) 75% of present salary for the first 150 days of accumulated sick days up to a maximum of \$17,500;
 - (ii) 100% of present salary for accumulated sick leave in excess of 150 days.

On August 1, 1996, a compensatory time policy was put in place for members of Local 196, Chapter 2. Under this policy, compensatory time can be accrued up to a maximum of forty hours

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COMPENSATED ABSENCES (continued)

per contact year but can reaccumulate up to forty hours as the time is used.

Under the contract for Local 193, Chapter A, compensatory time cannot accrue beyond eighty hours and must be taken within twelve months of being earned.

Members of the Atlantic City International Airport Fire Fighters, Local S-18 of the International Association of Fire Fighters, AFL-CIO, CLC may carry up to one year's vacation allotment. Any carried over vacation time must be taken during the subsequent year or it is lost. In addition, members are entitled to accumulate sick leave up to \$17,500 at the employee's rate of pay at retirement. Unused sick time earned will not be paid upon resignation, termination or layoff.

Compensatory time must be taken within 12 months of being earned.

C. Accrued Liability

The Authority's accrued liability for compensated absences including additional amounts accrued for Social Security, Medicare and pension plan contributions as of December 31, 1999 is as follows:

Sick Time	\$	208,976
Vacation Time		278,569
Compensatory Time		63,723
	\$	551,268

DEFERRED COMPENSATION

The Authority offers its employees a Deferred Compensation Plan ("Plan") created in accordance with Internal Revenue Code Section 457 of 1986, as amended. The Plan, which is administered by the New Jersey Turnpike Authority, permits participants to defer a portion of their salary until future years. Amounts deferred under the Plan are not available to employees until termination, retirement, death or unforeseeable emergency.

In 1999, in accordance with a change in the Internal Revenue Code, the New Jersey Turnpike Authority amended the Plan to establish an exclusive benefit trust whereby all Plan investments are held for the exclusive benefit of the Plan's participants and beneficiaries and are not subject to the claims of the Authority's general creditors. Accordingly, the Plan assets and liabilities have been removed from the balance sheet.

SOUTH JERSEY TRANSPORTATION PLANNING ORGANIZATION

The South Jersey Transportation Planning Organization ("SJTPO") is a metropolitan planning organization whose function is to develop transportation programs for urbanized areas of the State in order to encourage and promote the development of intermodal transportation systems that maximize mobility and minimize air pollution. The New Jersey Department of Transportation Grant for Administration Staff Support for the SJTPO is designed to reimburse the Authority for its expenses incurred each year for the SJTPO. These expenses typically include salaries, fringe benefits and non-salary direct expenses.

○ Nineteen Ninety Nine Report of Audit

○ **Notes to Financial Statements (continued)** Year Ended December 31, 1999

AIRPORT MANAGEMENT

Pursuant to N.J.S.A. 27:25A-24, the Authority established a transportation project known as the Atlantic City International Airport ("ACY"). Effective April 1, 1996, pursuant to Authority Resolution #1996-06, the Authority entered into an operating and maintenance agreement with Johnson Controls World Services ("JCWS") for operations, maintenance and support service at ACY. Under this arrangement, the Authority is entitled to receive all of the revenue and must pay all the expenses associated with the operation of ACY terminal operations. JCWS was sold to American Port Services ("APS") during 1997. APS assumed all rights and obligations of the existing contract between the Authority and JCWS.

In addition to the ACY Civil terminal operations, effective April 15, 1998, the Authority assumed control of the runways and taxiways at ACY pursuant to Resolution 1998-14. The Authority executed a lease and cooperative agreement with the William J. Hughes Technical Center for certain lands, facilities and equipment for the Atlantic City International Airport. The execution of this agreement requires the Authority to maintain the airfield at ACY, but it also allows for the collection of landing fees.

Pursuant to the Act, the Authority has the power to set rates and charges at ACY. The Authority has adopted a compensatory rates and charges methodology. Rates and charges are subject to review and adjustment every two years. Currently, the Authority is operating under the Rates and Charges Resolution adopted April 18, 2000. Pursuant to certain sections of the Agreement of Sale between the City of Atlantic City and the Authority, the City of Atlantic City asserted a claim that the Authority must pay the City of Atlantic City \$500,000 adjusted annually after December 31, 1996 by the Philadelphia Consumer Price Index. The Authority paid the annual amount of \$500,000 to the City of Atlantic City in 1997 and 1998, but challenged the validity of this obligation.

In 1999, as full settlement of any claims the City of Atlantic City has for future payments from the Authority under the Agreement of Sale, the Authority agreed to pay the City of Atlantic City the sum of \$7,000,000 as follows:

1. \$2,500,000 on or before December 31, 1999
2. \$2,500,000 on or before December 31, 2000
3. \$2,000,000 within 90 days of the erection of the seventh Authority-owned billboard structure on the Authority right-of-way for the Atlantic City/Brigantine Connector Project which is currently under construction. The Authority represented that it will use its best efforts to make this payment no later than December 31, 2001.

The Authority also waived and relinquished all claims it had to repayment of the \$500,000 payments made to the City of Atlantic City in December 1997 and December 1998. Payments to Atlantic City are being recorded on a cash basis.

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STATE PAYMENT

Pursuant to an agreement dated November 17, 1983 between the Authority (as successor to the NJEA) and the State Department of Transportation, the Authority has agreed to make annual payments to the State of New Jersey in the sum of \$2,500,000.

ELECTRONIC TOLL COLLECTION

On March 10, 1998, the New Jersey Turnpike Authority, as the lead agency of a regional consortium consisting of the Port Authority of NY and NJ, the State of Delaware, the New Jersey Turnpike Authority, the South Jersey Transportation Authority and the New Jersey Highway Authority entered into a project agreement with a contractor, for the purpose of receiving the services associated with the implementation of an integrated electronic toll collection system, a fiber optic system, and a customer service center for processing toll transactions and a related violations processing center. To finance certain costs of this project, the New Jersey Economic Development Authority ("EDA") issued \$300 million of its taxable Economic Development Transportation Bonds. A project fund has been established to pay approved expenses relating to principal and interest on the EDA Bonds, and to the extent that the amounts are not sufficient to cover these expenses, each consortium member has agreed, under a true-up agreement, to pay, subject to the requirements of each member's bond covenant, its allocated share of the amount of such deficiency at the maturity of the EDA Bonds, March 7, 2008, or earlier in connection with the occurrence of certain events of default. The proportional allocation of liability among the consortium members is subject to adjustment under the true-up agreement. However, the proportional allocation percentage of the Authority shall not at any time exceed 6% of the total true-up amount. The Authority's initial allocated liability is 3%.

INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payable at December 31, 1999 were as follows:

Fund	Interfund Receivable	Interfund Payable
Revenue Fund	\$ 212,605	\$ 211,331
Construction Fund		1,325,120
Rehabilitation and Repair Fund		21,323
Debt Service Reserve Fund		149,351
Airport Fund	3,234	2,362,700
State Payment Fund	208,334	236
Debt Service Fund	1,284,095	906
General Reserve Fund	2,362,700	
	\$ 4,070,968	\$ 4,070,968

RECLASSIFICATION

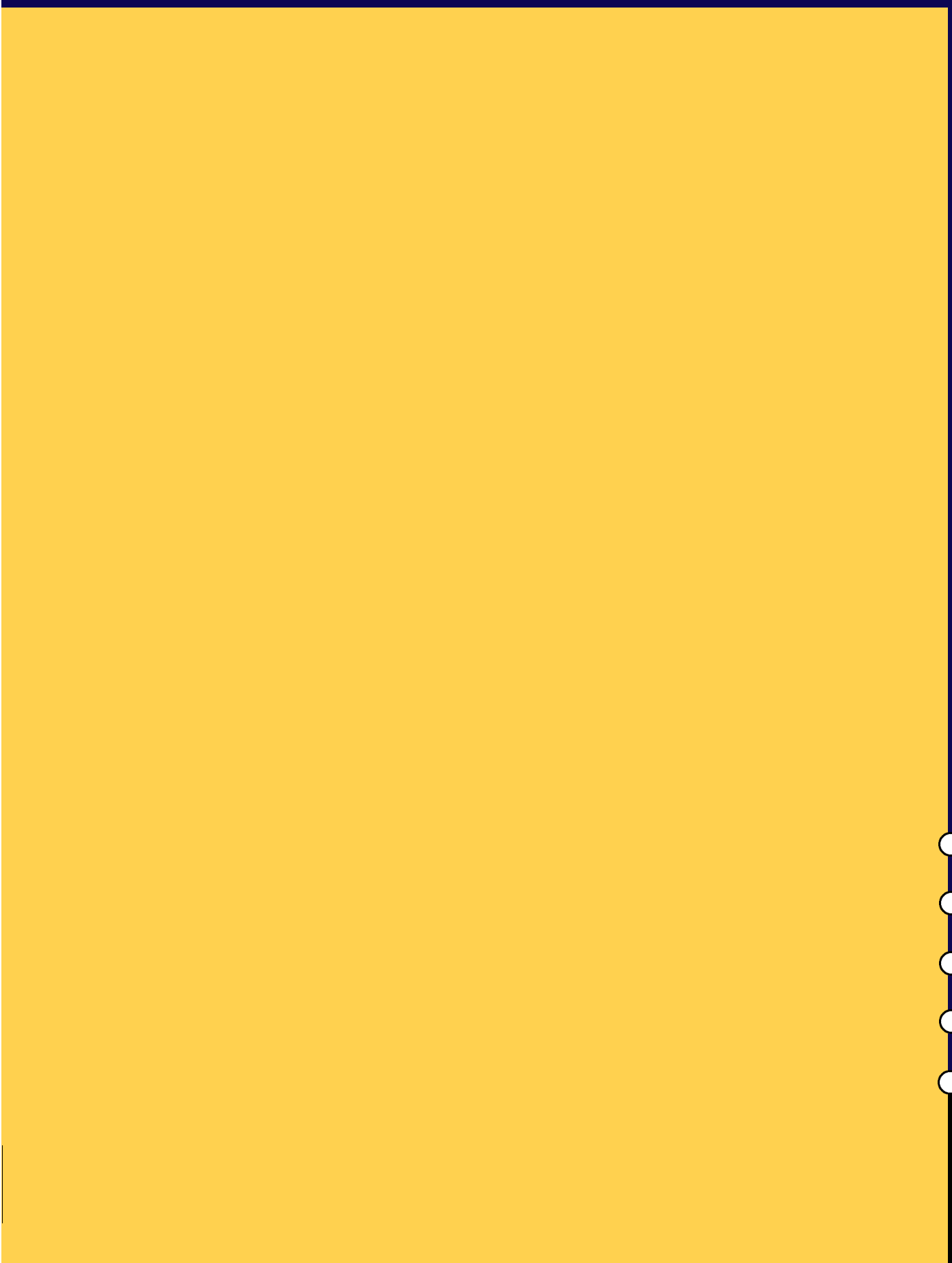
In accordance with the amended and restated resolution authorizing bonds and other obligations adopted May 18, 1999, the Airport Fund is now presented in the financial statements. In prior years, the activity of the Airport was recorded in the Revenue Fund. Accordingly, the beginning balances of the Revenue Fund have been restated to reflect the Fund at December 31, 1998 without the Airport balances.

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Parkway Interchange, 1964. An aerial view of the clover leaf adjoining the Atlantic City Expressway to the Garden State Parkway.







Nineteen Ninety Nine Annual Report