



New Jersey Transportation Trust Fund Authority

1986 Annual Report

1871



October 15, 1986

Dear Governor Kean, Members of the Legislature and Citizens of New Jersey:

The second fiscal year of the New Jersey Transportation Trust Fund Authority had a highly visible impact on the state's transportation network. Road and bridge construction contracts alone climbed from \$295.9 million in Fiscal Year 1985 to \$527.9 million in Fiscal Year 1986.

Although few New Jersey residents could avoid the orange cones, barrels and warning signs which announced slower speeds and detours around the projects, complaints were few. The promise and delivery of brand new stretches of roadways, upgraded state and local roads and rehabilitated bridges made the inconvenience worthwhile.

But highway and bridge construction is only part of the Fiscal 1986 story. Trust Fund monies also made the purchase of buses and rail cars, construction of park and rides and other public transit system improvements possible. During the year, design and right of way work also moved ahead.

As obvious as the tremendous volume of work under way is the reality that efficient and safe transportation systems are the foundation for the state's continuing economic growth.

It therefore gives me great pleasure to present to you this record of outstanding accomplishments made possible by the New Jersey Transportation Trust Fund Authority.

Yours truly,

Hazel Frank Gluck, Chairwoman
New Jersey Transportation Trust Fund Authority



Roger E. Nutt
Acting Executive Director



Robert F. Laurie
Treasurer



Sandra M. Allen
Secretary



Alfred C. DeCotiis, Esq.
Vice Chairman



Feather O'Connor
State Treasurer



Bruce G. Coe



T. Joseph Semrod



Thomas H. Kean
Governor



Hazel Frank Gluck
*Transportation Commissioner
Authority Chairwoman*

COLOR TRANSPORTATION ORANGE

The color orange dominated New Jersey roads this year: orange signs cautioned motorists that work was under way ahead, other orange signs signalled detours. Orange cones and barrels were sometimes the only barrier between fast-moving vehicles and workers, orange and yellow front-end loaders, bulldozers and other heavy construction equipment.

While orange marks the most visible jobs under way, thanks to the New Jersey Transportation Trust Fund its frequency is an accurate indicator of the unprecedented volume of projects being carried out under the greatest restoration program for highways, bridges and public transit in the history of the state.

Despite the inconvenience caused by the work going on beyond the signs, cones and barrels, most New Jerseyans were patient in anticipation of the new sections of highways, upgraded and safer local roads and reconstructed bridges to come.

Many commuters who only a few years ago gave up on broken-down, out-dated buses and trains have returned to a revitalized public transit system: more than 315,000 commuters use NJ TRANSIT each and every workday.

In the two years that the Trust Fund has been in place, the Department of Transportation has made great strides toward returning the state's transportation system to its former national leadership position.

But the Trust Fund has meant much more than repairs, construction and new transit equipment. This major overhaul of New Jersey's \$42 billion transportation infrastructure has generated thousands of jobs, while stimulating economic growth. In the construction industry alone, more than 38,000 jobs can be directly attributed to the Trust Fund projects.

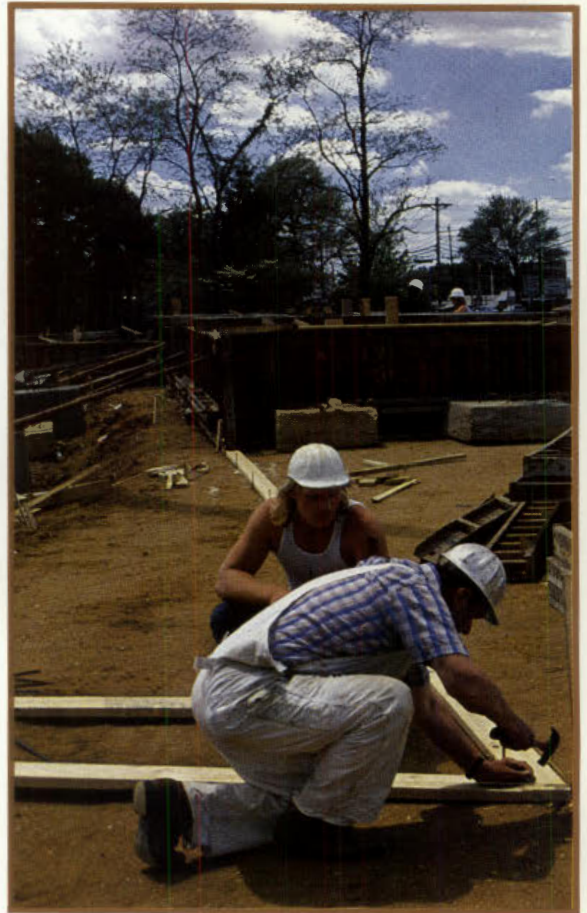
Under the New Jersey Transportation Trust Fund Authority, the decaying infrastructure of yesterday is being transformed into the growth corridors of tomorrow.

TOP: Route 152, Atlantic County

BOTTOM LEFT: 35/36, Monmouth County

BOTTOM RIGHT: Route I-287, Middlesex County





THE PACE QUICKENS

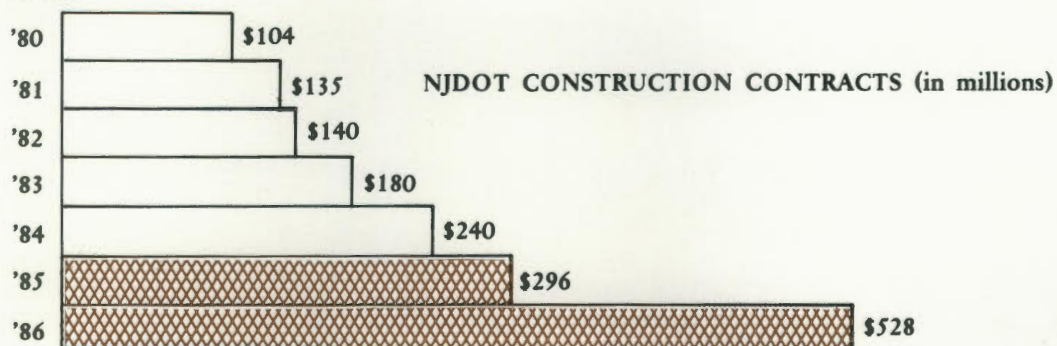
The engine driving transportation improvements forward has been the New Jersey Transportation Trust Fund. Cooperation between the New Jersey Legislature and Governor Thomas H. Kean has propelled the refurbishment of the transportation network and energized the economy of the Garden State.

In its first two fiscal years, 1985 and 1986, the Transportation Trust Fund provided the following funding for transportation programs:

Category	Trust Fund	NJ Bridge Bond	Federal Funds
Interstate Completion and Rehabilitation	\$ 36.9	—	\$342.9
Federal and State Bridge (replacement or rehabilitation of existing bridges)	19.6	97.5	104.8
Other Federal Programs (for the state's urban and rural highways and safety)	40.8	—	178.0
Non-federal Programs (Department facilities, rail freight improvements, 100% state-funded highway projects, etc.)	234.0	—	—
Betterments (resurfacing, guiderails, traffic signals, etc.)	50.0	—	—
Special Local Aid (municipal, county and regional)	108.0	—	—
Local Bridge Program	3.6	37.5	37.8
Public Transportation	79.6	—	227.0
TOTALS	\$572.5	\$135.0	\$890.5

The total of the road and bridge construction contract awards in the first two years of the Trust Fund climbed to \$823.98 million, more than the combined total of the previous five state fiscal years. The New Jersey Department of Transportation has projected that the Trust Fund monies will be used up one year ahead of schedule upon completion of the 1986-87 program.

FISCAL YEARS



NJDOT leadership is working with the legislature to select a way to extend the Trust Fund and finance the planned work program of critical improvements to the state's transportation network.

TOP RIGHT: Route 1, Mercer County

LEFT: Pulaski Skyway, Hudson County

BOTTOM RIGHT: Route 40/322, Atlantic County



PROJECTS, PROJECTS, PROJECTS

The New Jersey Transportation Trust Fund helped make possible work as diverse as the resurfacing of rural roads, the completion of missing links in the state and interstate highway system and the upgrading of public transit in Fiscal Year 1986.

Some state road and bridge highlights were:

- beginning of construction of the final 21.1 miles of **I-287** between Montville and the New York State Thruway.
- opening of the **I-78** missing link in Union County and the start of construction of the final link of this long-awaited interstate from Still Valley in Warren County to the Delaware River.
- more miles of the **Route 55 Freeway** completed in Gloucester County.
- another contract started on the Trenton Complex, **I-195/295**.
- another contract awarded on **Route 169** in Hudson County.
- improvements begun on **Route 1** in Mercer County.
- Route 18** construction begun from Deal Road to Wycoff Road, Ocean, Tinton Falls and Eatontown.
- rehabilitation begun on **I-80** bridges in Totowa, Paterson, West Paterson, Elmwood Park, Passaic and Bergen Counties.
- elimination of the Eatontown Circle on **Routes 35/36**, Monmouth County.
- interchange revisions and bridge rehabilitation begun on **Routes 1 & 9**, Newark, Kearny, Essex and Hudson Counties.
- improvements on **Routes 4, 7 and 17** in Bergen and Hudson Counties.
- first of three contracts awarded for the **Route 38** dualization in Burlington County.
- contract awarded for the reconstruction of **Route 152**, Egg Harbor and Somers Point, Atlantic County.
- completion of the new **Route 130** bridge over Rancocas Creek and the Bridgeboro Road interchange in Burlington County.
- construction of the 6.1-mile **Route 24 Freeway** extension begun in Morris County.

Local roads and bridges also benefitted from the Trust Fund.

Scores of roads and bridges on local systems were improved with various federal funding sources combined with New Jersey Transportation Trust Fund monies. This included a \$35 million "swap" of federal for state funds based on the Federal Aid to Urban System (FAUS) program and an additional \$19 million in municipal aid. Federal bridge rehabilitation, FAUS and rural secondary monies also were utilized to provide other improvements.

TOP LEFT: Route 29, Mercer County

BOTTOM: I-78, Warren County

TOP RIGHT: Route 55, Gloucester County

THE TRUST FUND HELPED COMMUTERS, TOO

Of the \$50.6 million appropriated to NJ TRANSIT in Fiscal Year 1986, \$30.46 million was spent on rail operations, \$19.84 million on bus operations, and \$.3 million on corporate planning.

Major rail projects included \$8.2 million for infrastructure renewal and \$13.15 million for Arrow I and Comet I rehabilitation.

Major bus projects included \$7.45 million for new and expanded park-and-ride facilities and \$6.4 million for the purchase and rehabilitation of buses.



MAJOR RAIL CONSTRUCTION

Kearny Connection	\$ 3,500,000
SUBTOTAL	3,500,000
RAIL OPERATIONS SUPPORT FACILITIES	
PSNY Access	2,600,000
Electric System Upgrade	1,000,000
Electric Traction Upgrade	1,300,000
Environmental Cleanup	2,545,465
Overhead Highway Bridges	800,000
SUBTOTAL	8,245,465
RAIL ROLLING STOCK	
Arrow I	6,000,000
Comet I	7,150,000
SUBTOTAL	13,150,000
RAIL PASSENGER FACILITIES	
Park-and-Ride	5,265,000
Passenger Information Systems	300,000
SUBTOTAL	5,565,000
TOTAL RAIL PROGRAM	\$30,460,465

BUS OPERATIONS SUPPORT FACILITIES	
Immediate Action	2,000,000
SUBTOTAL	2,000,000
BUS SUPPORT VEHICLES AND EQUIPMENT	
Non-Revenue Vehicles	4,000,000
SUBTOTAL	4,000,000
BUS ROLLING STOCK	
Purchase Buses	6,389,535
SUBTOTAL	6,389,535
BUS PASSENGER FACILITIES	
Bus Park-and-Ride	7,450,000
SUBTOTAL	7,450,000
TOTAL BUS PROGRAM	\$19,839,535
CORPORATE PROGRAM	
Montclair/Boonton	50,000
Bergen County Options	250,000
SUBTOTAL	300,000
GRAND TOTAL	\$50,600,000





NEW JERSEY TRANSPORTATION TRUST FUND
AUTHORITY

Financial Statements

June 30, 1986

(With Auditors' Report Thereon)



Peat, Marwick, Mitchell & Co.
Certified Public Accountants
Princeton Pike Corporate Center
P.O. Box 7468
Princeton, New Jersey 08540

The Honorable Members of the New Jersey
Transportation Trust Fund Authority:

We have examined the combined balance sheet of the New Jersey Transportation Trust Fund Authority as of June 30, 1986, and the combined statement of revenues, expenditures and changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned combined financial statements present fairly the financial position of the New Jersey Transportation Trust Fund Authority at June 30, 1986, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Further, we have read the provisions of the Transportation System Bond Resolution relating to the receipt and application of funds and, in our opinion, based on our examination of the financial statements referred to above, the New Jersey Transportation Trust Fund Authority has complied with such provisions.

Peat, Marwick, Mitchell & Co.

July 24, 1986

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Combined Balance Sheet

June 30, 1986

with comparative total memorandum figures for 1985

	Funds held by Authority			Fund held by Trustee Debt service	Account group General bonds	Total (memorandum only)	
	Revenue	Authority reserve	Transportation improvement			1986	1985
Assets:							
Cash	\$ -	100	-	-	-	100	109
Accounts receivable - State of New Jersey	28,055,563	-	-	-	-	28,055,563	31,997,651
Investments (note 2)	-	156,181	232,181,688	10,183,861	-	242,521,730	196,697,902
Accrued interest receivable	-	-	2,527,860	433,724	-	2,961,584	4,077,137
Interfund receivable (payable)	(28,055,563)	70,000	22,715,455	5,270,108	-	-	-
Amount to be provided for retirement of bonds	-	-	-	-	56,635,000	56,635,000	61,270,000
Total assets	\$ -	226,281	257,425,003	15,887,693	56,635,000	330,173,977	294,042,799
Liabilities:							
Vouchers payable	-	20,000	-	-	-	20,000	35,140
Accrued interest payable	-	-	-	165,748	-	165,748	174,922
Transportation system bonds payable (note 3)	-	-	-	-	56,635,000	56,635,000	61,270,000
Total liabilities	-	20,000	-	165,748	56,635,000	56,820,748	61,480,062
Fund balance:							
Reserved for debt service requirement	-	-	-	6,678,229	-	6,678,229	6,559,136
Reserved for debt service reserve requirements	-	-	-	9,043,716	-	9,043,716	9,043,716
Reserved for advances to State special transportation fund	-	-	257,425,003	-	-	257,425,003	216,913,469
Unreserved - designated for operating expenses	-	206,281	-	-	-	206,281	46,416
Total fund balance	-	206,281	257,425,003	15,721,945	-	273,353,229	232,562,737
Total liabilities and fund balance	\$ -	226,281	257,425,003	15,887,693	56,635,000	330,173,977	294,042,799

See accompanying notes to combined financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Combined Statement of Revenues,
Expenditures and Changes in Fund Balance

For the year ended June 30, 1986
(with comparative figures for the period from
July 10, 1984 (inception) to June 30, 1985)

	Funds held by Authority			Fund held by Trustee Debt service	Total memorandum only	
	Revenue	Authority reserve	Transportation improvement		1986	1985
Revenues (note 4):						
State appropriations	\$ 93,000,004	-	-	-	93,000,004	154,040,980
Commercial vehicle fees and taxes	35,000,000	-	-	-	35,000,000	20,000,000
Toll road authorities	25,000,000	-	-	-	25,000,000	23,959,020
Net interest income	-	7,736	18,489,754	1,290,380	19,787,870	5,725,246
	153,000,004	7,736	18,489,754	1,290,380	172,787,874	203,725,246
Other financing sources:						
Bond proceeds	-	-	-	-	-	60,283,335
Operating transfers in	-	213,021	145,244,410	7,542,573	153,000,004	198,000,000
	-	213,021	145,244,410	7,542,573	153,000,004	258,283,335
Total revenue and other sources	153,000,004	220,757	163,734,164	8,832,953	325,787,878	462,008,581
Expenditures:						
Operating expenses	-	60,892	-	-	60,892	55,524
Financing costs	-	-	222,630	-	222,630	152,704
Bond interest expense	-	-	-	4,078,860	4,078,860	1,597,616
Payments for State transportation costs	-	-	123,000,000	-	123,000,000	29,640,000
Principal retirement of bonds payable	-	-	-	4,635,000	4,635,000	-
	-	60,892	123,222,630	8,713,860	131,997,382	31,445,844
Other financing uses:						
Operating transfers out	153,000,004	-	-	-	153,000,004	198,000,000
Total expenditures and other uses	153,000,004	60,892	123,222,630	8,713,860	284,997,386	229,445,844
Excess of revenues over expenditures	-	159,865	40,511,534	119,093	40,790,492	232,562,737
Fund balance June 30, 1985	-	46,416	216,913,469	15,602,852	232,562,737	-
Fund balance at June 30, 1986	\$ -	206,281	257,425,003	15,721,945	273,353,229	232,562,737

See accompanying notes to combined financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Notes to Combined Financial Statements

June 30, 1986

(1) Summary of Significant Accounting Policies

The New Jersey Transportation Trust Fund Authority (the Authority) is a public body corporate and politic, with corporate succession, constituted as an instrumentality of the State of New Jersey, organized and existing under and pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984 (the Act) to provide the payment for and financing of all, or a portion of, the costs incurred by the Department of Transportation for the planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the State's transportation system. Pursuant to the Act, the Authority may issue its bonds to provide the payment for and financing of all or a portion of the State's share of the costs of such programs to the extent that State appropriations to the Authority and other available Authority revenues in each fiscal year are insufficient to fund such costs. The Act currently provides that the aggregate principal amount of bonds, notes or other obligations, including subordinated indebtedness, of the Authority may not exceed \$600,000,000.

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

(A) Basis of Presentation - Fund Accounting:

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

Fund types:

- . The Revenue Fund - to account for the proceeds of specific revenue sources (State appropriations, toll road authority contracts) that are legally restricted to expenditure for specified purposes;
- . The Authority Reserve Fund - to account for the operating expenditures of the Authority;
- . The Debt Service Fund - to account for the accumulation of resources for the payment of principal and interest on Transportation System Bonds;
- . The Transportation Improvement Fund - to account for the accumulation of resources for payment of state transportation system costs.

Account Group:

Account groups are used to establish accounting control and accountability for the Authority's general long-term debt. The following is the Authority's account group:

- . General Long-Term Debt Account Group - This group of accounts is established to account for all long-term debt of the Authority.

(Continued)

(1) Summary of Significant Accounting Policies, cont.

(B) Basis of Accounting:

The modified accrual basis of accounting is followed by the various agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable. Interest on bond indebtedness is recorded on the accrual basis.

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

Assessments to toll road authorities are recorded as revenues in the year the assessments are levied, even if payments are made in annual installments. State appropriations are recorded in accordance with contractual requirements. Installments for assessments and appropriations not yet paid by the State of New Jersey are recorded as accounts receivable - State of New Jersey.

(C) Investments:

Investments are stated at cost plus unamortized premium or less unamortized discount.

(D) Total (Memorandum Only):

Total "Memorandum Only" columns contain the totals of the similar accounts of the various Funds. Since the assets of the Funds are restricted, the combination of the accounts, including assets therein, is for convenience only and does not indicate that the combined assets are available in any manner other than that provided for in the bond resolution.

(2) Investments

The Authority's investments at June 30, 1986 are as follows:

	<u>Cost</u>
U. S. Government obligations	\$ 58,497,328
State of New Jersey cash management account	<u>184,024,402</u>
	<u>\$ 242,521,730</u>

The market value of the Authority's investments at June 30, 1986 was \$242,639,949.

(Continued)

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Notes to Combined Financial Statements, Continued

(3) Transportation System Bonds Payable

Transportation System Bonds payable at June 30, 1986 is composed of the January 15, 1985 issue of \$61,270,000 of Series A Bonds, maturing sequentially from December 15, 1985 through December 15, 1994 at interest rates ranging from 4.75% to 8.00%. The Bonds mature and bear interest as follows:

<u>December 15,</u>	<u>Amount</u>	<u>Interest</u> <u>rate</u>
1986	\$ 4,855,000	5.25 %
1987	5,110,000	5.75
1988	5,405,000	6.25
1989	5,745,000	6.75
1990	6,130,000	7.10
1991	6,565,000	7.40
1992	7,055,000	7.60
1993	7,590,000	7.80
1994	<u>8,180,000</u>	8.00
	<u>\$ 56,635,000</u>	

The Series A Bonds maturing on December 15, 1992, 1993 and 1994 are subject to redemption prior to maturity, in whole or in part, at any time after December 15, 1991, at varying premium rates.

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

The Bonds are primarily secured by payments received or to be received by the Authority from the State of New Jersey.

(4) Revenue Contracts

Pursuant to a contract signed with the State of New Jersey, the Authority will receive revenues during the fiscal year ending June 30, 1987 from state appropriations, which are funded from assessments to toll road authorities, commercial vehicle fees and motor fuel taxes, pursuant to Article VIII, Section 2 of the State Constitution. Revenues in the amount of \$143,000,000 have been appropriated by the State to the Authority for the fiscal year ending June 30, 1987.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Schedule of Cash Receipts and Disbursements

For the year ended June 30, 1986

Schedule 1

	<u>Revenue fund</u>	<u>Authority reserve fund</u>	<u>Debt service fund</u>	<u>Transportation improvement fund</u>	<u>Total (memorandum only)</u>
Cash balances, June 30, 1985	\$ -	100	9	-	109
Receipts:					
State appropriations	104,192,092	-	-	-	104,192,092
Toll road authorities	25,750,000	-	-	-	25,750,000
Commercial vehicle fees and taxes	27,000,000	-	-	-	27,000,000
Interest income	-	7,736	1,280,962	19,605,305	20,894,003
Transfer of funds	(156,942,092)	143,021	6,104,393	150,694,678	-
Sale of investments	-	82,839	8,750,569	446,346,388	455,179,796
	-	233,596	16,135,924	616,646,371	633,015,891
Disbursements:					
Principal retirement of bonds payable	-	-	4,635,000	-	4,635,000
Bond interest expense	-	-	4,088,034	-	4,088,034
Operating expenses	-	76,032	-	-	76,032
Financing costs	-	-	-	222,630	222,630
Purchase of investments, including accrued interest	-	157,564	7,412,899	493,423,741	500,994,204
Payments for State transportation costs	-	-	-	123,000,000	123,000,000
	-	233,596	16,135,933	616,646,371	633,015,900
Cash balances, June 30, 1986	\$ -	100	-	-	100

Schedule 2

	<u>Interest rate</u>	<u>Maturity date</u>	<u>Cost</u>	<u>Market value</u>
Authority reserve fund:				
State of New Jersey cash management account	various	various	\$ 156,181	156,181
Debt service fund:				
State of New Jersey cash management account	various	various	1,192,378	1,192,378
Federal Farm Credit Bank Bond, \$9,025,000 par value	10.95 %	Jan. 22, 1990	8,991,483	9,041,922
			10,183,861	10,234,300
Transportation improvement fund:				
State of New Jersey cash management account	various	various	182,675,843	182,675,843
Federal Farm Credit Bank Bond, \$49,450,000 par value	11.63 %	Jul. 21, 1986	49,505,845	49,573,625
			232,181,688	232,249,468
Total (memorandum only)			\$ 242,521,730	242,639,949

