



NJ TRANSPORTATION TRUST FUND AUTHORITY

Chris Christie, Governor | Kim Guadagno, Lieutenant Governor

Members:

The Honorable James S. Simpson, Chairman
The Honorable Andrew P. Sidamon-Eristoff
Joseph Ripa, Vice Chairman
Robert A. Briant, Jr.
Thomas J. Canto

MEMORANDUM

APRIL 5, 2011

TO: TRANSPORTATION TRUST FUND AUTHORITY

FROM: PATRICIA M. DYER, SECRETARY

RE: MARCH 18, 2011 MEETING MINUTES

Pursuant to Section 4(g) of the New Jersey Transportation Trust Fund Authority Act, I herein transmit to you the minutes of the March 18, 2011 meeting of the New Jersey Transportation Trust Fund Authority.

If you have any questions or require any additional information, please do not hesitate to contact me.

Thank you.

Enclosure

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Minutes of the meeting of the New Jersey Transportation Trust Fund Authority ("Authority") held at the Office of the Commissioner in the Administration Building of the New Jersey Department of Transportation, 1035 Parkway Avenue, Trenton, New Jersey on March 18, 2011 at 10:00 AM (EDT).

The following Authority members were present:

- James S. Simpson, Commissioner, New Jersey Department of Transportation (NJDOT); Chairman, New Jersey Transportation Trust Fund Authority (NJ TTFA)
- Steven Petrecca, Assistant State Treasurer, New Jersey Office of the Treasurer – (*Designee for the Honorable Andrew P. Sidamon-Eristoff, New Jersey State Treasurer*)
- Joseph Ripa, Freeholder – Camden County; NJ TTFA Vice Chairman
- Robert A. Briant, Jr., Public Member - [*Via Telephone*]

Constituting a quorum of the Members of the Authority.

There were also present:

- Gary J. Brune, NJ TTFA Executive Director; CFO, NJDOT
- Michelle E. Saupe', Secretary of the Authority
- Aimee Manocchio Nason, Deputy Attorney General, NJDOL
- Johanna Barba Jones, Esq., Governor's Authorities Unit
- Julius Bailey, Senior Research Associate, NJ Senate Majority Office
- Anthony Longo, Manager, Office of Public Finance
- Judith A. Sigle, Director, Division of Accounting and Auditing, NJDOT
- Michael J. MacFeeters, Division of Accounting and Auditing, NJDOT
- Patrick Brennan, Assistant Fiscal Analyst; Authorities, Utilities, Transportation, and Communications Section; Office of Legislative Services
- Joseph Bertoni, Executive Assistant, Office of the Commissioner, NJDOT
- Patricia M. Dyer, Secretary, CFO's Office, NJDOT
- Paul Nustrom, Philadelphia Inquirer
- Mike Frasinelli, Newark Star Ledger

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Commissioner/Chairman Simpson presided at the meeting and Michele E. Saupe', Secretary, kept the minutes.

Commissioner/Chairman Simpson convened the meeting at 10:00 AM. He then introduced himself and made the following statement:

"I wish to announce that adequate notice of today's meeting of the New Jersey Transportation Trust Fund Authority has been provided in accordance with the Open Public Meetings Act. Notice was filed with the Lieutenant Governor/Secretary of State. This notice was also e-mailed to five [5] newspapers of general distribution (Atlantic City Press, Camden Courier Post, Star Ledger, The Trentonian, and Trenton Times); posted on the Authority's website, and posted in the main entrance of the New Jersey Department of Transportation's Headquarters."

Executive Director Gary J. Brune called the roll. The following acknowledged their presence: James S. Simpson, Steven Petrecca, Joseph Ripa, and Robert A. Briant, Jr. – *[Via Telephone]*.

After acknowledging that a quorum was present, Commissioner/Chairman Simpson called the first order of business by requesting a motion to approve the minutes (Meeting Minutes - Agenda Item "C") of the Authority's September 2, 2010 meeting.

Treasurer's Designee Steven Petrecca moved the following resolution approving the minutes of the Authorities' September 2, 2010 meeting.

WHEREAS, Article II, Section 8 of the Bylaws of the New Jersey Transportation Trust Fund Authority provides that the minutes of actions taken at meetings of the Authority be approved by the Authority.

NOW, THEREFORE, BE IT RESOLVED, that the minutes taken at the meeting of September 2, 2010 of the New Jersey Transportation Trust Fund Authority are hereby approved.

The motion was seconded by Vice Chairman Joseph Ripa. The members were polled with all members being in favor and no members in opposition, and; therefore, the motion was carried.

Following this, Commissioner/Chairman Simpson then requested a motion to approve the minutes (Meeting Minutes - Agenda Item "D") of the Authority's October 25, 2010 meeting.

Vice Chairman Joseph Ripa moved the following resolution approving the minutes of the Authorities' October 25, 2010 meeting.

WHEREAS, Article II, Section 8 of the Bylaws of the New Jersey Transportation Trust Fund Authority provides that the minutes of actions taken at meetings of the Authority be approved by the Authority.

NOW, THEREFORE, BE IT RESOLVED, that the minutes taken at the meeting of October 25, 2010 of the New Jersey Transportation Trust Fund Authority are hereby approved.

The motion was seconded by Steven Petrecca. The members were polled, with all members being in favor and no members in opposition; therefore, the motion was carried.

At the next order of business (Agenda Package - Item "E"), Commissioner/Chairman Simpson stated that a vacancy had occurred in the office of TTFA Secretary and that a new TTFA

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Board Secretary needed to be elected. Commissioner/Chairman Simpson requested the nomination of a Secretary and recommended that Pat Dyer be nominated to serve as Secretary of the Authority for the remainder of Fiscal Year 2011. He then expressed his appreciation to Michelle Saupe' for her support in serving as the TTFA's secretary since March, 2009. He also thanked all those present who support Executive Director Gary J. Brune.

Vice Chairman Ripa moved the following resolution electing Pat Dyer as Secretary of the Authority for the remainder of Fiscal Year 2011.

WHEREAS, the By-Laws of the Authority provide for the annual election by the Authority of a Secretary and such other officers as it shall deem necessary; and

WHEREAS, a vacancy has occurred in the office of the Secretary of the Authority; and

WHEREAS, the Authority desires to fill the office of Secretary;

NOW, THEREFORE, BE IT RESOLVED that the Authority elects Pat Dyer to serve in the capacity of Secretary of the Authority for the remainder of Fiscal Year 2011.

Public Member Robert A. Briant, Jr. seconded the above motion. The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

The next item addressed for business was the "Acceptance of the Audit Report for Fiscal Year 2010 (Agenda Package - Item 'F')," prepared by Mercadien, P.C., the Authority's auditor. Commissioner/Chairman Simpson asked Executive Director Gary J. Brune to briefly discuss the audit results. Executive Director Gary J. Brune asked Steven Petrecca, who heads the TTFA's Audit Committee, to provide a brief overview of the recommendation. Mr. Petrecca indicated that the Audit Committee met with Mercadien, P.C., the Authority's auditors, before the audit

began. They discussed the Authority's internal controls. Mr. Petrecca pointed out that the negative net assets as of the end of the year reflects a timing difference between the issuance of the bonds and the accrual of liabilities. Mr. Brune confirmed that this was correct.

Commissioner/Chairman Simpson then asked for a motion on the following resolution in acceptance of the Audit Report for Fiscal Year 2010. Vice Chairman Joseph Ripa moved the following resolution:

WHEREAS, pursuant to Section 17 of the New Jersey Transportation Trust Fund Authority Act of 1984, as amended (the "Act"), N.J.S.A. 27:1B-1 et seq., the New Jersey Transportation Trust Fund Authority (the "Authority") is required to conduct an annual audit of its affairs and deliver a written report with respect to such audit to the Legislature and the Governor; and

WHEREAS, the Authority requires the services of a professional accounting firm with respect to the preparation of such audit; and

WHEREAS, the Authority selected the firm of Mercadien, P.C. ("Mercadien") to perform the audit of the Authority for Fiscal Year 2010; and

WHEREAS, Mercadien has prepared the audit for Fiscal Year 2010, a copy of which is attached to this Resolution as Exhibit A;

WHEREAS, the Authority's Audit Committee has reviewed the audit report for Fiscal Year 2010 and recommends its adoption by the Authority, a copy of which is attached hereto as Exhibit B;

NOW, THEREFORE, BE IT RESOLVED, that

1. The Authority hereby accepts the audit report of Mercadien attached hereto as Exhibit A.
2. This Resolution shall take effect upon adoption in accordance with the Act.

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The Treasurer's Designee Steven Petrecca seconded the motion. The members were polled with all members being in favor and no members were in opposition; therefore, the motion was carried.

NEW JERSEY TRANSPORTATION
TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

Financial Statements and
Supplementary Information

June 30, 2010

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

(A Component Unit of the State of New Jersey)

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INDEPENDENT AUDITORS' REPORT

To the Honorable Chairperson and Members of
New Jersey Transportation Trust Fund Authority
A Component Unit of the State of New Jersey

We have audited the accompanying financial statements of the governmental activities, each fund, and the aggregate remaining fund information of New Jersey Transportation Trust Fund Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. 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 auditing standards generally accepted in the United States of America 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each fund, of the Authority as of June 30, 2010, and the changes in the financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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- AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
- NEW YORK SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
- PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
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PENNSYLVANIA OFFICE
HOLLAND, PA
TEL 215-355-4860
FAX 215-825-8110

P.O. Box 7648 • Princeton, NJ 08543-7648 • 609.689.9700 • Fax 609.689.9720

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 to 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of cash receipts and disbursements on page 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of cash receipts and disbursements has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Amador, PC
Certified Public Accountants

October 29, 2010

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

To the Honorable Chairperson and Members of
New Jersey Transportation Trust Fund Authority
A Component Unit of the State of New Jersey

We have audited the accompanying financial statements of the New Jersey Transportation Trust Fund Authority's (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended June 30, 2010, and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected or corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT*
AUDITING STANDARDS (CONTINUED)

Compliance and Other Matters

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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Authority members, the finance committee, management, others within the Authority, and the State of New Jersey and is not intended to be and should not be used by anyone other than those specified parties.

October 29, 2010

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As financial management of the New Jersey Transportation Trust Fund Authority (the "Authority"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority as of and for the year ended June 30, 2010. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The Authority disbursed \$1,725,395,510 to the Special Transportation Fund of the State of New Jersey to fund statewide transportation system improvements during the fiscal year. This was an increase of 15% from the prior year. The term "net assets" refers to the difference between assets and liabilities. At the close of fiscal year 2010, the Authority had a net deficit of \$367,144,411, as compared to net assets of \$26,962,361 at June 30, 2009. This decrease in net assets was caused by the increased bond funding of statewide transportation system improvements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which are comprised of the basic financial statements and the notes to the financial statements. The Authority is a single program government that combines government-wide and governmental fund financial statements. This report also contains required supplementary information concerning the Authority's cash flow for the fiscal year.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to that which would be used by a private-sector business.

The statement of net assets and governmental funds balance sheet presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as useful indicators of whether the financial position of the Authority is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without corresponding increases to liabilities result in increased net assets, which indicate an improved financial position.

The statement of activities and governmental funds revenues, expenditures and changes in fund balance presents information showing how a government's net deficit changed during the fiscal year. All changes in net deficit are reported as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority's flow of cash for the fiscal year.

Financial Analysis

Net assets (deficit) may serve, over time, as a useful indicator of the Authority's financial position. In the case of the Authority, liabilities exceeded assets by \$367,144,411 at the close of the most recent fiscal year.

The largest portion of the Authority's net deficit reflects its investments in current assets (*e.g., accounts receivable, cash and cash equivalents and investments*) less any related bonds outstanding and accounts payable. The Authority's current assets are restricted in use for payment primarily for state transportation costs and bond issues outstanding.

	Years Ended			Percentage Change
	June 30, 2010	June 30, 2009	June 30, 2008	2010-2009
Accounts receivable	\$11,514,907,881	\$ 10,611,133,295	\$ 9,193,076,405	9
Cash and equivalents	249,060,953	424,693,446	293,822,721	(41)
Investments	59,012	31,844	88,805	85
Deferred loss on refunding on bonds	9,759,287	9,089,679	8,223,541	7
Unamortized bond discount	21,737,978	16,323,963	-	33
Unamortized bond issuance cost	107,472,875	114,233,065	108,234,243	(6)
Total Assets	<u>11,902,997,986</u>	<u>11,175,505,292</u>	<u>9,603,445,715</u>	7
Accrued interest payable	20,613,249	19,515,453	16,762,799	6
Accounts payable - State of New Jersey	384,396,398	207,421,888	246,982,044	85
Accounts payable - other	181,574	19,466	-	833
Bonds payable:				
Due within one year	314,285,000	281,170,000	266,705,000	12
Due after one year	11,167,122,881	10,223,042,295	8,892,871,405	9
Unamortized bond premium	383,543,295	417,373,829	428,662,817	(8)
Total Liabilities	<u>12,270,142,397</u>	<u>11,148,542,931</u>	<u>9,851,984,065</u>	9
Net Assets (Deficit) Restricted for:				
Debt Services	290,549	262,581	316,314	11
Deferred Charge	(265,186,404)	(297,242,575)	(328,967,832)	(11)
Payment of state transportation system cost	(102,248,556)	323,942,355	80,113,168	(132)
Net Assets (Deficit)	<u>\$ (367,144,411)</u>	<u>\$ 26,962,361</u>	<u>\$ (248,538,350)</u>	(988)

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

	Years Ended			Percentage
	June 30, 2010	June 30, 2009	June 30, 2008	Change 2010-2009
Revenues				
State appropriations				
Motor fuel taxes	\$ 483,000,000	\$ 483,000,000	\$ 483,000,000	-
Commercial vehicle fees and taxes	400,000,000	400,000,000	400,000,000	-
Toll road authority	12,000,000	12,000,000	12,000,000	-
Interest income and investment return	1,916,436	5,374,555	24,348,352	(64)
Amortization of bond premium and discount	33,142,068	33,947,426	33,044,665	(2)
Total Revenues	<u>930,058,504</u>	<u>934,321,981</u>	<u>952,393,017</u>	(1)
Expenses				
Operating expenses and financial costs	48,264	71,007	968,485	(32)
State transportation costs	1,725,395,510	1,497,018,844	1,429,280,164	15
Debt Service				
Bond interest expense, including amortization of bond issuance costs	500,782,283	448,869,731	410,978,498	12
Bond interest expense, capital appreciation bonds	101,612,225	72,365,327	59,665,032	40
Total Operating Expenses	<u>2,327,838,282</u>	<u>2,018,324,909</u>	<u>1,900,892,179</u>	9
Deficiencies of revenues over expenses	(1,397,779,778)	(1,084,002,928)	(948,499,162)	17
Other financing sources				
Garvee bond debt service reimbursement	5,281,000	5,737,250	6,171,750	(8)
Build America Bond Credits	11,616,420	-	-	100
Total other financing sources	<u>16,897,420</u>	<u>5,737,250</u>	<u>6,171,750</u>	195
Change in Net Deficit	(1,380,882,358)	(1,078,265,678)	(942,327,412)	16
Net Assets (Deficit), Beginning of Year	26,962,361	(248,538,350)	(306,895,970)	(111)
Current year bond activity, net	<u>986,775,586</u>	<u>1,353,766,389</u>	<u>1,000,685,032</u>	(27)
Net Assets (Deficit), End of Year	<u>\$ (367,144,411)</u>	<u>\$ 26,962,361</u>	<u>\$ (248,538,350)</u>	(988)

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Significant and Subsequent Events

As of June 30, 2010, the Authority had \$11,481,407,881 in bonds outstanding, as compared to \$10,504,212,295 in the prior fiscal year, an increase of 9.30%. There was new debt incurred by the Authority in the amount of \$1,156,753,361 during fiscal year 2010. A total of \$281,170,000 in bond principal was retired by the annual debt service payments during the fiscal year.

The Authority has issued no bonds nor entered into any credit agreements subsequent to the close of fiscal year June 30, 2010.

The following information summarizes the changes in debt between the fiscal year 2010, 2009 and 2008:

	Years Ended			Percentage
	June 30, 2010	June 30, 2009	June 30, 2008	Change 2010-2009
Bonds Payable	<u>\$11,481,407,881</u>	<u>\$ 10,504,212,295</u>	<u>\$ 9,159,576,405</u>	<u>9</u>

More detailed information about the Authority's bonds payable is presented in Note D of the financial statements.

The current re-authorization of the Authority is set to expire on June 30, 2011, and is in need of legislative approval beyond June 30, 2011.

Contacting the Authority's Financial Management

This financial report is designed to provide the New Jersey citizens, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability to the State of New Jersey and bondholders. If you have questions about this report or need additional financial information, you can contact the New Jersey Transportation Trust Fund Authority at 1035 Parkway Avenue, P.O. Box 600, Trenton, NJ 08625-0600 or visit its website at www.state.nj.us/ttfa.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET

June 30, 2010

	Special Revenue Fund	Other Funds (DSF)	Governmental Funds	Adjustments (Note H)	Statement of Net Assets
ASSETS					
Accounts receivable - State of New Jersey	\$ 33,500,000	\$ -	\$ 33,500,000	\$ 11,481,407,881	\$ 11,514,907,881
Cash and equivalents	248,829,416	231,537	249,060,953	-	249,060,953
Investments	-	59,012	59,012	-	59,012
Deferred loss on refunding of bonds	-	-	-	9,759,287	9,759,287
Unamortized bond discount	-	-	-	21,737,978	21,737,978
Unamortized bond issuance costs	-	-	-	107,472,875	107,472,875
Total Assets	\$ 282,329,416	\$ 290,549	\$ 282,619,965	\$ 11,620,378,021	\$ 11,902,997,986
LIABILITIES					
Accrued interest payable	\$ -	\$ -	\$ -	\$ 20,613,249	\$ 20,613,249
Accounts payable - State of New Jersey	384,396,398	-	384,396,398	-	384,396,398
Accounts payable - other	181,574	-	181,574	-	181,574
Transportation system bonds payable	-	-	-	-	-
Due within one year	-	-	-	314,285,000	314,285,000
Due after one year	-	-	-	11,167,122,881	11,167,122,881
Unamortized bond premium	-	-	-	383,543,295	383,543,295
Total Liabilities	384,577,972	-	384,577,972	11,885,564,425	12,270,142,397
FUND BALANCES/NET ASSETS (DEFICIT)					
Restricted for	-	290,549	290,549	-	290,549
Debt Service	-	-	-	(265,186,404)	(265,186,404)
Deferred Charges	-	-	-	-	(102,248,556)
Payment of state transportation systems cost	(102,248,556)	-	(102,248,556)	-	(102,248,556)
Total Fund Balances/Net Assets (Deficit)	(102,248,556)	290,549	(101,958,007)	(265,186,404)	(367,144,411)
Total Liabilities and Fund Balances/Net Assets (Deficit)	\$ 282,329,416	\$ 290,549	\$ 282,619,965	\$ 11,620,378,021	\$ 11,902,997,986

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

June 30, 2010

	Special Revenue Fund	Other Funds (DSF)	Governmental Funds	Adjustments (Note H)	Statement of Activities
REVENUES					
State appropriations equivalent to:					
Motor fuel taxes	\$ 483,000,000	\$ -	\$ 483,000,000	\$ -	\$ 483,000,000
Commercial vehicle fees and taxes	400,000,000	-	400,000,000	-	400,000,000
Toll Road Authority	12,000,000	-	12,000,000	-	12,000,000
Interest income and investment return	1,327,855	588,581	1,916,436	-	1,916,436
Amortization of bond premium and discount	-	-	-	33,142,068	33,142,068
Total revenues	<u>896,327,855</u>	<u>588,581</u>	<u>896,916,436</u>	<u>33,142,068</u>	<u>930,058,504</u>
EXPENDITURES					
Operating expenses and financial costs	44,479	3,785	48,264	-	48,264
State transportation costs	1,725,395,510	-	1,725,395,510	-	1,725,395,510
Debt Service					
Principal	-	281,170,000	281,170,000	(281,170,000)	-
Bond interest expense, including amortization of bond issuance costs	-	493,560,420	493,560,420	7,221,863	500,782,283
Bond interest expense, capital appreciation bonds	-	-	-	101,612,225	101,612,225
Total expenditures	<u>1,725,439,989</u>	<u>774,734,205</u>	<u>2,500,174,194</u>	<u>(172,335,912)</u>	<u>2,327,838,282</u>
Deficiency of revenues over expenses	<u>(829,112,134)</u>	<u>(774,145,624)</u>	<u>(1,603,257,758)</u>	<u>205,477,980</u>	<u>(1,397,779,778)</u>
OTHER FINANCING SOURCES (USES):					
Bonds issued	1,156,753,361	-	1,156,753,361	(1,156,753,361)	-
Bond premium and discount	(6,062,623)	-	(6,062,623)	6,062,623	-
Grantee bond debt service reimbursement	-	14,861,000	14,861,000	(9,580,000)	5,281,000
Transfers - internal activities	(747,696,172)	747,696,172	-	-	-
Build America Bonds Credit	-	11,616,420	11,616,420	-	11,616,420
Cost of issuance	(73,343)	-	(73,343)	73,343	-
Total other financing sources (uses)	<u>402,921,223</u>	<u>774,173,592</u>	<u>1,177,094,815</u>	<u>(1,160,197,395)</u>	<u>16,897,420</u>
Change in fund balance/net assets	<u>(426,190,911)</u>	<u>27,968</u>	<u>(426,162,943)</u>	<u>(954,719,415)</u>	<u>(1,380,882,358)</u>
Fund balance/net deficit					
Beginning of year	323,942,355	262,581	324,204,936	(297,242,575)	26,962,361
Current year bond activity, net	-	-	-	986,775,586	986,775,586
End of year	<u>\$ (102,248,556)</u>	<u>\$ 290,549</u>	<u>\$ (101,958,007)</u>	<u>\$ (265,186,404)</u>	<u>\$ (367,144,411)</u>

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Authority

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

Basis of Accounting

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

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles according to a hierarchy of sources of accounting principles. Per GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, priority is established as to which source of accounting principles to utilize in determining proper accounting treatment. The hierarchy is as follows: GASB Statements and Interpretations; GASB Technical Bulletins; American Institute of Certified Public Accountants ("AICPA") Industry Audit and Accounting Guides and AICPA Statements of Position, if applicable, and cleared by GASB; AICPA Practice Bulletins, if applicable, and cleared by GASB; Implementation Guides published by the GASB; AICPA pronouncements that are not specifically applicable to state and governmental entities; Financial Accounting Standards Board ("FASB") Statements and Interpretations; and Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure (issued on or before November 30, 1989). The Authority follows the hierarchy in determining accounting treatment.

The basic financial statements consist of government-wide and governmental fund financial statements.

The Authority, as a single program government, combines government-wide and governmental fund financial statements, which are linked together by the reconciliation.

The government-wide financial statements are prepared under the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenditures are recognized when incurred. The primary sources of revenues are appropriations received from the State from motor fuel taxes, good drivers' surcharges and commercial vehicle fees and taxes.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The governmental fund financial statements are prepared under current financial resources measurement focus and on the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recognized when the related liability is incurred. The exception to this rule is that principal and interest on long-term debt are recognized when due.

Financial Instruments

For fiscal year ended June 30, 2010, the Authority was required to implement GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which required the Authority to measure most derivative instruments at fair value in its financial statements and disclose in the statement of net assets and governmental funds balance.

Use of Estimates

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

Fund Accounts

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

<u>Fund Accounts</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Special Revenue Fund Transportation Improvement	Deposit of all revenues received by the Authority. Also used to account for the accumulation of resources for payment of state transportation costs.	Expenditures for specific purposes.
Debt Service Fund (DSF)	Amounts needed to pay matured principal and interest on bonds.	Interest and principal on bonds.

The Authority reserve, which accounts for the Authority's operating expenses, is included in the special revenue fund.

Income Taxes

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

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Issuance Costs

In the government-wide financial statements, bond issuance costs are reported as deferred charges (assets) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond issuance costs are expensed when incurred.

Bond Premium

In the government-wide financial statements, bond premiums are reported as deferred revenues (liabilities) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond premiums are recognized as revenue when received.

Bond Discount

In the government-wide financial statements, bond discounts are recognized as deferred charges (assets) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond discounts are recognized as expense when received.

Restricted Net Assets

In accordance with the terms of the various bond resolutions, cash and equivalents and investments of all funds required under such bond resolutions are classified as restricted assets. The amounts by which the restricted assets exceed the corresponding liabilities they will liquidate are not available for the payment of current operating expenses.

Accounts Receivable

The following is a summary of receivables due from the State primarily to fund future bonds payable.

Due within one year	\$ 347,785,000
Due after one year	<u>11,167,122.881</u>
	<u>\$11,514,907.881</u>

B. CASH AND EQUIVALENTS

Cash and equivalents consist primarily of State of New Jersey cash management fund deposits. New Jersey statutes permit the deposit of public funds in the State of New Jersey Cash Management Fund ("NJCMF") or in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agencies of the United States that insure deposits.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. CASH AND EQUIVALENTS (CONTINUED)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

- (a) The market value of the collateral must equal 5% of the average daily balance of public funds;
or
- (b) If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its cash and investments that are in the possession of an outside party. Cash and equivalents and investments are substantially restricted under the terms of the Authority's bond resolutions for the payment of bond principal and interest expense and the extension of project loans. The bond resolutions limit investments to obligations of the U.S. government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in cash management pools that restrict investments to U.S. government securities, money market funds that invest in high-grade AAA-rated securities, and direct and general obligations of any state that meets the minimum requirements of the resolution.

Cash and equivalents at June 30, 2010, were as follows:

NJCMF	<u>\$ 249,060.953</u>
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As of June 30, 2010, the Authority had the following investments and maturities:

	Fair Value	Investment Maturity (In Years)			
		Less than 1	1-5	6-10	More than 10
US Treasury Notes	<u>\$ 59.012</u>	<u>\$ 59.012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Since the Authority's cash and equivalents and investments are all government securities, or an external investment pool, they are not subject to custodial credit risk.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. CASH AND EQUIVALENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Because the Authority maintains investments in US Treasury Notes, it is subject to interest rate risk if interest rates fluctuate.

C. ACCOUNTS PAYABLE - STATE OF NEW JERSEY

The balance due of \$384,396,398 consists of amounts due the State of New Jersey Special Transportation Fund for reimbursement of New Jersey Transit transportation costs.

D. TRANSPORTATION SYSTEM BONDS PAYABLE

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

Series	Interest Rate Range	Bonds Outstanding (in Thousands) June 30, 2009	Additions (in Thousands)	Reductions (in Thousands)	Bonds Outstanding (in Thousands) June 30, 2010	Amounts Due within One Year (in Thousands)
1995 Series B	4.50%-7.00%	\$ 93,960	\$ -	\$ 29,370	\$ 64,590	\$ 31,280
1998 Series A	4.25%-5.25%	102,830	-	-	102,830	-
1999 Series A	4.50%-5.75%	230,745	-	2,520	228,225	21,645
2001 Series A	4.00%-5.50%	1,570	-	-	1,570	-
2001 Series C	2.50%-6.00%	736,975	-	124,295	612,680	173,470
2003 Series A	4.00%-5.50%	307,830	-	4,520	303,310	4,755
2003 Series B	3.50%-5.25%	345,000	-	-	345,000	-
2003 Series C	2.25%-5.50%	15,710	-	-	15,710	-
2004 Series A	3.25%-5.75%	107,495	-	-	107,495	-
2004 Series B	2.50%-5.50%	790,560	-	56,730	733,830	17,200
2005 Series A	5.00%-5.25%	380,710	-	38,560	342,150	40,640
2005 Series B	3.70%-5.50%	1,186,440	-	-	1,186,440	-
2005 Series C	3.25%-5.25%	48,480	-	-	48,480	-
2005 Series D	4.00%-5.00%	465,910	-	-	465,910	-
2006 Series A	4.25%-5.50%	1,580,540	-	-	1,580,540	-
2006 Series C	4.93%-5.05%	3,708,585	-	-	3,708,585	-
2006 A Garvee	5.00%	105,620	-	9,580	96,040	9,125
2007 Series A	3.60%-5.00%	1,156,080	-	15,595	1,140,485	16,170
2008 Series A	5.25%-6.00%	2,295,700	-	-	2,295,700	-
2009 Series A	6.23%-6.40%	869,075	-	-	869,075	-
2009 Series B	6.875%	273,500	-	-	273,500	-
2009 Series C	Variable	-	150,000	-	150,000	-
2009 Series D	Variable	-	147,500	-	147,500	-
2010 Series A	5.85%-6.25%	-	1,273,180	-	1,273,180	-
2010 Series B	6.561%	-	500,000	-	500,000	-
		14,803,315	2,070,680	281,170	16,592,825	314,285
Less unamortized bond accretion		(4,299,102)	(812,314)	-	(5,111,417)	-
Total		<u>\$ 10,504,213</u>	<u>\$ 1,258,366</u>	<u>\$ 281,170</u>	<u>\$ 11,481,408</u>	<u>\$ 314,285</u>

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

Total maturities of transportation system bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 315,215,000	\$ 481,365,817	\$ 796,580,817
2012	332,855,000	464,216,389	797,071,389
2013	352,930,000	443,010,924	795,940,924
2014	373,190,000	424,783,364	797,973,364
2015	409,110,000	404,321,656	813,431,656
2016-2020	2,420,930,000	1,689,450,633	4,110,380,633
2021-2025	2,749,080,000	982,527,409	3,731,607,409
2026-2030	2,718,925,000	749,475,633	3,468,400,633
2031-2035	2,895,295,000	655,314,517	3,550,609,517
2036-2040	3,368,780,000	1,933,733,069	5,302,513,069
2041	656,515,000	16,402,500	672,917,500
Total	16,592,825,000	\$ 8,244,601,911	\$24,837,426,911
Less unamortized bond accretion	5,111,417,119		
Total Bonds Payable	<u>\$11,481,407,881</u>		

The bonds are secured primarily by revenues received by the Authority from the State. The payment of all such revenues to the Authority is subject to and dependent upon appropriations being made from time to time by the State Legislature. The State Legislature has no legal obligation to make such appropriations.

2003 Series B

The Authority remarketed the 2003 Series B (Periodic Auction Reset Securities) bonds in September 2008. The Remarketed Bonds were converted pursuant to the terms of the Resolution to bear interest in the Fixed Rate mode. Principal repayments begin December 15, 2016, and end December 15, 2019. Interest payments began December 15, 2008.

INTEREST RATE SWAP AGREEMENTS

In connection with the initial issuance of the Remarketed Bonds, the Authority entered into five swap agreements (the "Existing Swap Agreements") with Goldman Sachs Mitsui Marine Derivative Products L.P. (the "Existing Counterparty") for the purpose of converting the Authority's variable rate exposure on the Remarketed Bonds to a fixed rate. The outstanding aggregate principal amount of the Remarketed Bonds is equal to the aggregate notional amount of these related Existing Swap Agreements. Under the terms of the Existing Swap Agreements, the Authority pays a fixed rate to the Existing Counterparty between 3.537% and 3.675% and receives a variable rate equal to 67% of either one-month or one-

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

2003 Series B (Continued)

week LIBOR, in each case depending on the Existing Swap Agreement. These Existing Swap Agreements terminate upon the final maturity of the Remarketed Bonds; provided that the Authority may terminate and cancel any or all of the Existing Swap Agreements with no payment due from the Authority at any time on or after December 15, 2011. It is expected that the Existing Swap Agreements will not be terminated as a result of the conversion of the Remarketed Bonds to the Fixed Rate Mode. In connection with the conversion and remarketing of the Remarketed Bonds, the Existing Swap Agreements may be amended in a manner which could result in the Authority paying fixed rates in excess of the rates stated above.

In the event that an Existing Swap Agreement terminates prior to its stated termination date (other than a termination and cancellation by the Authority on or after December 15, 2011), either the Authority or the Existing Counterparty will be required to make a termination payment to the other party. The party required to make such payment and the amount thereof will be determined by market conditions at the time of such early termination.

The Authority's obligations to make regularly scheduled payments under each Existing Swap Agreement are payable from moneys in the Debt Service Fund established under the Resolution on a parity with the Remarketed Bonds and all other Bonds issued or to be issued under the Resolution. In the event that an Existing Swap Agreement terminates prior to its stated termination date (other than a termination and cancellation by the Authority on or after December 15, 2011), any termination payments required to be made by the Authority pursuant to such Existing Swap Agreement shall be payable from the Subordinated Debt Fund established under the Resolution, subject and subordinate to the payment of Bond Payment Obligations, including payment of the Remarketed Bonds, pursuant to the Resolution.

The 2003 Series B Bonds were re-marked as fixed rate bonds on various dates between September 2, 2008 and September 8, 2008. The Existing Swap Agreements may be amended, terminated or offset with additional interest rate swaps when market conditions permit. The Authority applied a portion of the Existing Swap Agreements as hedges related to the 2009 Series C Bonds and the 2009 Series D Bonds.

2006 A Garvee Bond

The debt service and interest expense payments on the 2006 A Garvee bond are reimbursed by the Federal Highway Administration, through the New Jersey Department of Transportation. These amounts are included in the principal and bond interest expense. The principal payment and interest payments reimbursed as of June 30, 2010, were \$9,580,000 and \$5,281,000, respectively.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

2006 Series A and B Refunding Bonds

As a result of the advance refundings during the year ended June 30, 2006, the Authority recorded a loss on defeasance totaling \$36,560,994 representing the difference between the new debt issued and the carrying amount of the debt refunded. The loss on defeasance is being deferred and amortized over the life of the new debt. For financial statement purposes, the Authority follows GASB Statement No. 23, "Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities." The unamortized deferred loss on refundings of bonds amounted to \$9,759,287 at June 30, 2010. Amortization of \$664,424 is included in amortization of cost of issuance and deferred loss on refunding at June 30, 2010. The present value of the debt service savings resulted in an economic gain from the advanced refundings in 2006 in the amount of \$31,743,405.

2009 Series C and D Bonds – Letter of Credit Facilities

In connection with the issuance of and to provide additional security to the 2009 Series C and Series D bondholders, the Authority entered into irrevocable, direct-pay letter of credit facilities (the "Credit Facility" or "Credit Facilities") with two separate financial institutions (the "Credit Facility Providers"). The Credit Facilities for the 2009 Series C Bonds and 2009 Series D Bonds in the original stated amount of \$152,367,124 and \$149,827,672, respectively, representing the sum of a) the aggregate principal amount of the 2009 Series C and D Bonds and b) 48 days' interest on the 2009 Series C and D Bonds (computed at a rate of 12% per annum) are scheduled to expire on December 15, 2011, unless extended in accordance with its terms. Each Credit Facility will terminate upon conversion of the 2009 Series C or Series D Bonds from a variable rate to a fixed rate interest mode. The bond trustee for each of the 2009 Series C and Series D Bonds is directed to draw on the Credit Facilities to pay when due the principal of and interest on the bonds. The Authority pays a letter of credit fee to the Credit Facility Providers and has entered into agreements to reimburse the Credit Facility Providers for any amounts drawn upon the Credit Facilities by the bond trustee.

E. ADVANCE REFUNDINGS

When conditions warranted during prior years, the Authority sold various issues of bonds to provide for the refunding of previously issued obligations in order to achieve interest cost savings.

The proceeds received from the sales of the bond issues were used to currently refund the outstanding bond issues or to deposit in an irrevocable escrow fund held by an escrow agent an amount that, when combined with interest earnings thereon, will be at least equal to the sum of the first optional redemption date thereof and the premium required to redeem the bonds outstanding on such date. Accordingly, the Authority's assets and the liabilities for defeased bonds are not included in the Authority's financial statements. These transactions defeased the outstanding bond issues with a resultant reduction in annual debt service during the term of the issues.

Refunded bonds outstanding at June 30, 2010, are comprised of the following:

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

E. ADVANCE REFUNDINGS (CONTINUED)

Issue	Principal Amount Outstanding June 30, 2010
1995 Series B	\$ 38,815,000
1998 Series A	35,565,000
1999 Series A	52,390,000
2001 Series A	100,800,000
2001 Series C	100,500,000
2003 Series C	768,720,000
2004 Series A	297,945,000
2005 Series C	392,110,000
2005 Series D	487,110,000
	<u>\$ 2,273,955,000</u>

F. FINANCIAL INSTRUMENTS

In connection with the interest rate swaps disclosed in Note D, no amounts are recorded in the financial statements other than the net interest expense resulting from the agreements. As of June 30, 2010, the swaps had a total net present value of (\$15,533,686). A negative net present value approximates the amount that Authority would owe the swap provider if the swap were terminated.

For fiscal year ended June 30, 2010, the Authority was required to implement GASB Statement No. 53, which required the Authority to measure most derivative instruments at fair value in its financial statements. No amounts are recorded because any asset or liability related to the swap would result in a corresponding receivable or payable from the State of New Jersey and not result in any change to the statement of activities and governmental funds revenues, expenditures and changes in fund balance. Since the swap agreement is backed by the State of New Jersey, the ultimate responsibility falls on the State of New Jersey to record these amounts.

The 2003 Series B Bonds were re-marked as fixed rate bonds on various dates between September 2, 2008 and September 8, 2008. The Existing Swap Agreements may be amended, terminated or offset with additional interest rate swaps when market conditions permit. The Authority applied a portion of the Existing Swap Agreements as hedges related to the 2009 Series C Bonds and the 2009 Series D Bonds.

G. CONCENTRATION OF RISK AND UNCERTAINTIES

Cash and Equivalents

The Authority maintains cash and short-term investment balances which may exceed federally insured limits. It historically has not experienced any credit-related losses.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

G. CONCENTRATION OF RISK AND UNCERTAINTIES (CONTINUED)

Financial Instruments

As disclosed in Notes D and F, the Authority's 2003 Series B bond issue utilized financial instruments. These agreements are structured to enable variable rate bond proceeds to meet specific needs by reducing the risk associated with changes in interest rates.

H. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE
GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL
STATEMENTS

- (1) Unamortized bond issuance cost is recorded as deferred charges (other assets) in the statement of net assets and is amortized over the life of the debt. Amortization expense is recorded in the statement of activities. In governmental funds financial statements, bond issuance costs are expensed when incurred. Balances as of June 30, 2010, were:

Bond issuance costs	\$ 138,386,585
Accumulated amortization	<u>(30,913,710)</u>
Total unamortized bond issuance cost	\$ 107,472,875
Amortization expense	<u>\$ 6,833,533</u>

- (2) Long-term liabilities (bonds payable and accrued interest payable) applicable to the Authority's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Balances as of June 30, 2010, were:

Bonds payable	\$10,504,212,295
Add issuance of bonds	1,156,753,361
Less principal payments	(281,170,000)
Add accretion	<u>101,612,225</u>
Total	<u>\$11,481,407,881</u>
Accrued interest payable	<u>\$ 20,613,249</u>

- (3) Bond proceeds contribute to the change in fund balance in governmental funds. In the government-wide statements, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statements of activities.

Proceeds were received from:

2009 Series B Bond	\$ 150,000,000
2009 Series C Bond	147,500,000
2010 Series A&B Bond	<u>859,253,361</u>
Total Proceeds	<u>\$ 1,156,753,361</u>

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

H. ADJUSTMENTS - RECONCILIATION OF DIFFERENCE BETWEEN THE
GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL
STATEMENTS (CONTINUED)

- (4) Repayment of bond principal is reported as an expenditure in governmental funds and thus reduces the fund balance. For the Authority as a whole, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. Principal payments, including amounts required for refunding bond issues, were made as follows:

Scheduled principal payments	<u>\$ 281,170,000</u>
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- (5) Unamortized bond premium is recorded as deferred revenue (other liabilities) in the statement of net assets and is amortized over the life of the debt. Amortization revenue is recorded in the statement of activities. In governmental funds financial statements, bond premiums are recognized as revenue when received. Balances as of June 30, 2010, were:

Bond premium	\$ 607,912,584
Accumulated amortization	<u>(224,369,289)</u>
Total unamortized bond premium	<u>\$ 383,543,295</u>
Amortization revenue	<u>\$ 33,790,676</u>

- (6) Unamortized bond discount is recorded as deferred charge (other assets) in the statement of net assets and is amortized over the life of the debt. Amortization expense is recorded in the statement of activities. In governmental funds financial statements, bond discounts are recognized as expense when received. Balances as of June 30, 2010, were:

Bond discount	\$ 22,670,780
Accumulated amortization	<u>(932,802)</u>
Total unamortized bond discount	<u>\$ 21,737,978</u>
Amortization expense	<u>\$ 648,608</u>

- (7) The adjustment related to current year bond activity, net, is comprised of the following:

Bond principal payment	\$ (281,170,000)
Garvee bond debt service reimbursement	9,580,000
Bond discount	6,062,623
Bond issuance costs	73,343
Net bond proceeds	1,150,617,395
Capital appreciation bonds interest expense	<u>101,612,225</u>
Current year bond activity, net	<u>\$ 986,775,586</u>

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events that occurred after the balance sheet date but before October 29, 2010, the date the financial statements were available to be issued. Following items were determined by management to require disclosure:

The current re-authorization of the Authority is set to expire on June 30, 2011, and is in need of legislative approval beyond June 30, 2011.

In October 2010, the Authority issued 2010 Series C Bonds in the amount of \$1,000,000,000. The purpose of the bonds are to pay State Transportation System costs, capitalizing 65% of the interest payable on 2010 Series C Bonds through June 15, 2011, and paying the costs of issuance of the 2010 Series C Bonds.

In October 2010, the Authority issued 2010 Series D and E Bonds in the amounts of \$485,875,000 and \$14,100,000, respectively. The purpose of the bonds are to refund certain outstanding bonds of the Authority and to pay the costs of issuance of the 2010 Series D and E Bonds.

SUPPLEMENTARY INFORMATION

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

June 30, 2010

	Authority Reserve	Transportation Improvement	Total	Debt Service	Total
	\$	\$	\$	\$	\$
CASH BALANCES, JUNE 30, 2009					
RECEIPTS:					
Motor fuel taxes	-	483,000,000	483,000,000	-	483,000,000
Commercial vehicle fees and taxes	-	400,000,000	400,000,000	-	400,000,000
Toll road authorities	-	12,000,000	12,000,000	-	12,000,000
Build America Bond Credits	-	-	-	11,616,420	11,616,420
Interest income	25	1,327,830	1,327,855	588,581	1,916,436
Bond proceeds	-	1,150,783,289	1,150,783,289	-	1,150,783,289
Sale of cash management fund investment and other investments (net)	4,907	175,628,385	175,633,292	-	175,633,292
Garvee bond debt service reimbursement	-	-	-	14,861,000	14,861,000
Operating transfers in	39,547	-	39,547	747,696,172	747,735,719
Total Receipts	44,479	2,222,739,504	2,222,783,983	774,762,173	2,997,546,156
DISBURSEMENTS:					
Operating expenses and financial costs	44,479	3,785	48,264	-	48,264
Bond interest expense	-	-	-	493,564,205	493,564,205
State transportation costs	-	1,475,000,000	1,475,000,000	-	1,475,000,000
Principal retirement of bonds payable	-	-	-	281,170,000	281,170,000
Purchase of cash management fund investments	-	-	-	27,968	27,968
Operating transfers out	-	747,735,719	747,735,719	-	747,735,719
Total Disbursements	44,479	2,222,739,504	2,222,783,983	774,762,173	2,997,546,156
CASH BALANCES, JUNE 30, 2010	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Cash balances consist of checking account activity only.



NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Chris Christie, Governor
Kim Guadagno, Lt. Governor

Members:

James S. Simpson, Chairman
Joseph Ripa, Vice Chairman
The Hon. Andrew P. Sidamon-Eristoff
Robert A. Briant, Jr.
Thomas J. Canto

November 1, 2010

Report of the Audit Committee Meeting
Review of the NJTTFA FY 2010 Annual
Financial Audit

In Attendance:

Robert A. Briant, Jr., Member
Joseph Bertoni, Member
Steven Petrecca, Member

The Audit Committee (the Committee) met in accordance with Executive Order #122 to review the audit of the annual financial statements for the New Jersey Transportation Trust Fund Authority (NJTTFA) for Fiscal Year 2010, as prepared by Mercadien, P.C., Certified Public Accountants

The Committee reviewed the financial statements and all related reports, and documents, submitted by the auditors. There were no issues which arose from the annual audit.

The Audit Committee recommends acceptance to the Board of the referenced Fiscal Year 2010 annual audit of the New Jersey Transportation Trust Fund Authority.

Respectfully submitted on behalf of the Audit Committee,


Steven M. Petrecca, Member

Commissioner/Chairman Simpson moved on to the next item of business which was to seek "Approval of Financial Plan for Fiscal Year 2012 (Agenda Package Item 'G')." Commissioner/Chairman Simpson again asked Executive Director Brune to provide highlights of the plan.

Mr. Brune noted that the TTFA Financial Plan includes two basic components, one addressing the financial status as projected through Fiscal Year 2011 and another concerning the proposed TTF renewal plan beginning in Fiscal Year 2012.

Regarding Fiscal Year 2011, the planned appropriation to the Trust Fund (\$895 million), the annual size of the capital program (\$ 1.6 billion), and the planned bonding and debt service payments are all consistent with expectations. The Authority's \$895 million State appropriation is dominated by constitutionally-dedicated revenues derived from the Motor Fuels Tax (\$483 million), the Petroleum Gross Receipts Tax (\$200 million), and a portion of the Sales Tax that is attributable to new vehicle sales (\$200 million), as well as a portion of the annual toll road authority contributions (\$12 million) provided for transportation purposes. From a practical standpoint, these revenues are applied in the following manner:

- Pay debt service on TTFA bonds and NJ Transit's Certificates of Participation;
- Pay TTFA operating expenses;
- Provide Pay-As-You-Go (PAYG) for capital project expenditures;
- The remaining cash need, which typically includes active projects from the current and prior fiscal years, is bonded.

The TTFA expects to issue \$1.6 billion in bonds in the current fiscal year, including \$1 billion that was previously issued in the Fall of 2010 and \$600 million to be issued in the Spring of 2011. Since the \$1 billion bond sale nearly exhausted the remaining debt service capacity of the existing \$895 million appropriation, and since the first debt service payment associated with the \$600 million does not occur until well into next fiscal year, the Fiscal Year 2012 Governor's Budget Message recommends an increase to the TTF appropriation to accommodate that.

As to the reauthorization proposal for the TTF in Fiscal Year 2012, the following are the main points to note:

- Approximately \$1.6 billion in bond cap authority is projected to carry forward from Fiscal Year 2011 into Fiscal Year 2012. Approval of the Joint Budget Oversight Committee is required to access that bond cap.
- The capital appropriation to the TTFA will be increased by a total of \$140.3 million, including an additional \$52 million from the Motor Fuels Tax, \$22.5 million from the Petroleum Gross Receipts Tax, and \$65.8 million from the Sales Tax. That increase will support increased debt service costs anticipated next fiscal year.
- The Port Authority is expected to contribute \$343 million to address four key projects in the Port District, including the Pulaski Skyway and Wittpenn Bridge.
- The New Jersey Turnpike Authority will contribute an additional \$76 million, which will form the new pay-as-you-go component of the financing plan.

- Of the \$1.6 billion in total program authorization, highways will receive \$778 million (including the aforementioned \$343 million from the Port Authority), NJ Transit will receive \$622 million, and Local Aid will remain steady at \$200 million.
- The TTFA projects an ending balance in Fiscal Year 2012 of approximately \$100 million.
- The Fiscal Year 2012 Governor's Budget Message included language authorizing the plan. It is expected to be included in the Fiscal Year 2012 Appropriations Act.

In concluding the discussion on this topic, Executive Director Brune inquired as to any questions or comments. Public Member Robert A. Briant, Jr. asked what the debt service will be over the coming years. Mr. Petrecca noted that debt service will be approximately \$895 million for the next fifteen years. It drops incrementally after that. The new bond issue is expected to have level debt service over thirty years.

Afterwards, Commissioner/Chairman Simpson asked if there were any further questions for the board. There being no further discussion from the floor, Commissioner/Chairman Simpson requested a motion to approve the following resolution approving the Authority's Financial Plan for Fiscal Year 2012 as presented by Executive Director Gary J. Brune. Vice Chairman Joseph Ripa then moved the following resolution:

WHEREAS, by virtue of the provisions of the New Jersey Transportation Trust Fund Authority Act of 1984, as amended (the "Act"), N.J.S.A. 27:1B-1 et seq., the New Jersey Transportation Trust Fund Authority (the "Authority") is authorized to issue its bonds, notes, and other obligations (collectively, the "Obligations") from time-to-time and to sell such Obligations at public or private sale at a price or prices and in a manner as the Authority shall determine; and

WHEREAS, pursuant to the Act, the Commissioner of the Department of Transportation is required to submit a report to the Senate and General Assembly, the Governor's Office, and the Financial Policy Review Board, which report shall contain, among other things, a description of projects to be financed in the ensuing fiscal year and a financial plan designed to implement the financing of the proposed projects to be conducted; and

WHEREAS, at the March 18, 2011 meeting of the Authority, the Authority discussed a proposed financing plan for transportation projects for Fiscal Year 2012, attached hereto as Exhibit A (the "2012 Financial Plan"); and

WHEREAS, the Authority has determined that it is desirable and in the best interests of the Authority to adopt the 2012 Financial Plan;

NOW, THEREFORE, BE IT RESOLVED, that

1. The Authority hereby approves the 2012 Financial Plan.
2. The Authority hereby authorizes the Executive Director to forward on behalf of the Authority a copy of this Resolution, including Exhibit A, which contains the 2012 Financial Plan, to the Commissioner of the Department of Transportation for submission to the Senate and General Assembly, the Governor's Office, and the Financial Policy Review Board.
3. This Resolution shall take effect upon adoption in accordance with the Act.

Treasurer's Designee Steven Petrecca seconded the motion; the members were polled with all members being in favor and with no members in opposition; and, therefore, the motion was carried.

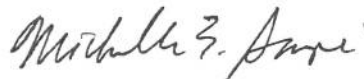
Commissioner/Chairman Simpson then asked for questions or discussions from the Board or if there were any other issues to be discussed.

There being no further business coming from the Authority, Commissioner/Chairman Simpson requested a motion to adjourn the meeting. Treasurer's Designee Steven Petrecca moved that the March 18, 2011 meeting of the New Jersey Transportation Trust Fund Authority be adjourned. Public Member Robert A. Briant, Jr. seconded the motion to adjourn.

Finally, Commissioner/Chairman Simpson then asked for any more questions or discussions, there were none, and so with all members in favor and with no members opposed, the motion was carried.

The March 18, 2011 meeting of the New Jersey Transportation Trust Fund Authority ended at approximately 10:28 AM.

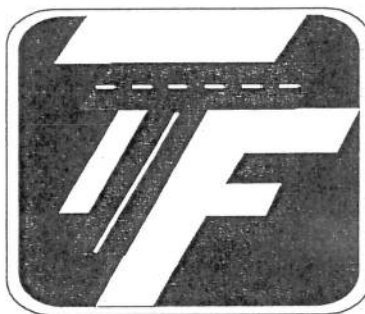
Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Michelle E. Saupe".

Michelle E. Saupe
Secretary of the Authority

New Jersey Transportation Trust Fund Authority Fiscal Year 2012 Financial Plan

Plan for Financing Anticipated NJDOT/NJT Capital Program Outlays for Fiscal Year 2012



**NEW JERSEY
TRANSPORTATION
TRUST FUND**

*Prepared by
Transportation Trust Fund Authority*

March, 2011

Chris Christie, Governor
Kim Guadagno, Lt. Governor

James S. Simpson, Commissioner

I. Introduction

The New Jersey Transportation Trust Fund Authority ("NJTTFA", or "Authority") finances the State portion of the capital programs of the New Jersey Department of Transportation ("NJDOT") and New Jersey Transit Corporation ("NJ Transit") as well as the State's Local Aid transportation program. The New Jersey Trust Fund Authority Act, N.J.S.A. 27: 1B-1 et seq. (the "TTFA Act") requires the NJTTFA to adopt a Financial Plan which must meet the following requirements:

"The financial plan shall contain an enumeration of the bonds, notes or other obligations of the authority which the authority intends to issue, including the amounts thereof and the conditions therefor. The financial plan shall set forth a complete operating and financial statement covering the authority's proposed operations during the ensuing fiscal year, including amounts of income from all sources, including but not limited to the proceeds of bonds, notes or other obligations to be issued, as well as interest earned. In addition, the plan shall contain proposed amounts to be appropriated and expended, as well as amounts for which the department anticipates to obligate during the ensuing fiscal year for any future expenditures." [N.J.S.A. 27:1B-22d]

Historically, the NJTTFA has funded its programs through annual State appropriations secured by revenues from the Motor Fuels Tax, Petroleum Gross Receipts Tax, Sales and Use Tax (i.e., new vehicle sales), toll road contributions, heavy truck registrations, good driver surcharges, investment earnings, and the incurrence of debt.

II. Prior Years' Results

The following table summarizes the results of the NJTTFA's operations for fiscal years 1985 through 2010 and the expected results for fiscal year 2011:

Summary of Operations (FY 1985-2011)
(Dollar Amount in Thousands)

<u>Description</u>	<u>1985-2010 Actual</u>	<u>2011 Estimated</u>	<u>Thru 2011 Actual & Est.</u>
Authority Sources:			
Revenue Appropriations	\$12,502,395	\$895,000	\$13,397,395
Build America Bond Tax Credits	11,616	29,041	40,657
Interest Earnings	520,053	1,000	521,053
Bond Premiums	169,591	0	169,591
<u>Net Bond Proceeds</u>	<u>13,853,214</u>	<u>1,600,000</u>	<u>15,453,214</u>
Total Authority Sources	\$27,056,869	\$2,525,041	\$29,581,910
Authority Uses:			
Program Appropriations	\$21,935,450	\$1,600,000	\$23,535,450
Debt Service	7,360,854	812,737	8,173,591
<u>Authority Expenses</u>	<u>14,023</u>	<u>4,200</u>	<u>\$18,223</u>
Total Authority Uses	\$29,310,327	\$2,416,937	\$31,727,264
Net Balance	-\$2,253,458	\$108,104	-\$2,145,354

The \$2.1 billion "balance unfunded" calculation for fiscal years 1985 through 2011 reflects the fact that the NJTTFA only issues bonds to meet cash flow obligations, not the full value of capital program appropriations. The "program appropriations" calculation shows the contract or obligation authority the Legislature has provided to NJDOT/NJ Transit for Transportation Trust Fund ("TTF") projects since fiscal year 1985. However, the costs of most transportation capital projects are paid out in cash to vendors over a number of years—particularly large road and bridge construction projects. The NJTTFA only issues bonds for anticipated cash outlays in the current year. Accordingly, the \$2.1 billion is a net calculation reflecting the project appropriations since fiscal year 1985 that have not been fully disbursed less any estimated remaining TTFA funds available as of June 30, 2011 to fund those obligations.

III. New Jersey Capital Transportation Plan

In early January, 2011, Governor Christie released a five-year New Jersey Capital Transportation Plan (the "Plan") to improve the State's transportation infrastructure. Financed with no new taxes, the Plan maintains the current annual authorization of \$1.6 billion in new projects from fiscal year 2012 through fiscal year 2016 (i.e., \$8 billion in total).

In fiscal year 2012, the funding mix will include \$1.2 billion in TTFA bonds, \$76 million in pay-as-you go capital, and \$343 million from the Port Authority of New York and New Jersey ("PANYNJ" or "Port Authority") for four specific projects in the Port District (namely, Pulaski Skyway, Route 7/Wittpenn Bridge, Route 139, and New Road/Portway).

New Jersey Capital Transportation Plan (\$millions)

<u>Sources:</u>	<u>FY 12</u>
Bonds	\$1,181
Pay-As-You-Go	\$76
Total TTFA	\$1,257
Port Authority Projects	\$343
Total Sources	\$1,600
<u>Uses:</u>	<u>FY 12</u>
DOT/NJT Projects	\$1,057
Local Projects	\$200
Total TTFA	\$1,257
Port Authority Projects	\$343
Total Uses	\$1,600

To support the TTF portion of the Plan, increased contributions of \$140.3 million will be provided from the State General Fund, specifically the Motor Fuels Tax, Sales and Use Tax, and the Petroleum Gross Receipts Tax, each of which is constitutionally dedicated. In addition, \$76 million of other revenues will be derived from the New Jersey Turnpike Authority ("NJTA"). The General Fund component will increase the State appropriation to the TTF from the current \$895 million to \$1,035.3 million in fiscal year 2012. NJTA funding for the TTF will not be reflected in the annual TTF appropriation but rather will be authorized as a separate, dedicated source of pay-as-you-go funding. The Port Authority portion of the Plan will be supported by PANYNJ revenues which will not be deposited into the TTF.

**FY 12 TTF Appropriation
(\$millions)**

	<u>FY 11 Approp</u>	<u>Increased Approp</u>	<u>Final FY 12 Approp</u>
Motor Fuels Tax	\$ 483.0	\$ 52.0	\$ 535.0
Petroleum Gross Receipts Tax	200.0	22.5	222.5
Sales & Use Tax	200.0	65.8	265.8
<u>Toll Road Authorities</u>	<u>12.0</u>	<u>0.0</u>	<u>12.0</u>
TOTAL TTF APPROP	\$ 895.0	\$ 140.3	\$ 1,035.3

In fiscal year 2012, the NJTTFA expects to use an estimated \$1.6 billion in unused bond authorization that is projected to carry forward from prior fiscal year authorizations. Approval of the Joint Budget Oversight Committee ("JBOC") will be required for this purpose.

Because the plan proposes to support the debt service for TTF bond issuances from appropriation increases derived from the constitutionally-dedicated General Fund sources, there is no need to seek voter approval of that debt under the State's amended Debt Limitation Clause. In fiscal year 2012, the gross debt service increase on NJTTFA bonds is expected to total approximately \$140 million.

As to the programmatic allocation of funds, NJDOT will receive \$778 million (including \$343 million from the PANYNJ), Local Aid will continue at \$200 million, and NJ Transit's allotment will total \$622 million.

The Fiscal Year 2012 Governor's Budget Message proposed budget language amendments to implement the Plan during fiscal year 2012, including authorization of the revenue dedications from the General Fund, appropriating the increased contributions from the NJTA and the Port Authority, and establishing the total project authorization from the TTF.

IV. Debt Issuances

A. Debt Issuances - Fiscal Year 2012's \$1.6 Billion Capital Program

The proposed New Jersey Capital Transportation Plan for fiscal year 2012 totals \$1.6 billion. In addition to cash outlays from that proposed program that will occur in fiscal year 2012, the NJTTFA must fund the cash need associated with previously-authorized projects. In keeping with past practice, the NJTTFA plans to limit debt issuances to an amount that satisfies the anticipated cash need during fiscal year 2012. Based upon anticipated cash flows of previously authorized projects and \$1.6 billion in unused, carryforward bonding authority, the NJTTFA expects to issue \$1.315 billion (par value) in new money bonds to generate approximately \$1.30 billion in project proceeds. The bonds will have maturities up to 31 years as authorized by the March 2006 amendments to the New Jersey Transportation Trust Fund Act, enacted on March 23, 2006 as P.L. 2006, c.3 (the "2006 Amendments").

The existing NJTTFA statute specifies that debt service coverage is to be provided by constitutionally-dedicated revenues comprised of an amount equivalent to revenue derived from the Motor Fuels Tax (\$.105) per gallon, but not less than \$483 million in each fiscal year, an amount equivalent to the revenues derived from the tax imposed on the sale of petroleum

products of not less than \$200 million in each fiscal year beginning with fiscal year 2002, and an amount equivalent to the revenues derived from the tax imposed under the Sales and Use Tax Act on the sale of new motor vehicles of not less than \$200 million for fiscal year 2004 and each fiscal year thereafter. As noted in Section III of this document, the fiscal year 2012 appropriations from the Motor Fuels Tax will rise by \$52.0 million to \$535.0 million, from the Sales and Use Tax by \$65.8 million to \$265.8 million and from the Petroleum Gross Receipts Tax by \$22.5 million to \$222.5 million. The Authority also anticipates receipt of no less than \$12 million of the funds collected from toll road contributions which are currently dedicated to the NJTTFA by statute. All of these revenues are subject to annual appropriation by the Legislature.

The NJTTFA may accelerate, decelerate, or split the projected debt issuance based on what it considers to be the best interest of the State, taking into account market conditions and other factors. A summary of the NJTTFA's projected cash flows for fiscal year 2012 is provided below:

Fiscal Year 2012: Statement of Anticipated Changes in Cash Position

<u>Description</u>	<u>Sub-Total</u>	<u>Total</u>
Estimated July 1, 2011 Cash Balance		\$ 272,311,724
Receipts:		
State Appropriations:		
Motor Fuels Tax	535,000,000	
Petroleum Products Tax	222,500,000	
Sales and Use Tax	265,800,000	
Toll Road Authority Contributions	12,000,000	
Net Total		1,035,300,000
Interest Income		1,100,000
Bond Proceeds (\$1.315 billion PAR value)		1,300,000,000
<u>Build America Bonds Tax Credit</u>		<u>38,700,000</u>
Total Receipts		\$ 2,375,100,000
Disbursements:		
State Transportation Project Costs		\$ 1,508,800,000
TTF Debt Service		941,056,453
NJT COPs Debt Service		94,400,000
<u>Authority Operating Expenses</u>		<u>4,606,890</u>
Total Disbursements		\$ 2,548,863,343
Estimated July 1, 2012 Cash Balance		\$ 98,548,381

The estimated \$1.315 billion (par) in new money bonds will be issued as "state contract" bonds backed by the existing contract between the State Treasurer and the Authority. This contract pledges that any dedicated NJTTFA revenues appropriated by the Legislature will be made available to the Authority for debt service payments.

B. Constitutional Dedication

Pursuant to Article VIII, Section II, Paragraph 4 of the New Jersey State Constitution, certain

revenues are dedicated to the purposes of paying or financing the cost of planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the transportation system in the State. The Legislature may not borrow, appropriate or use these amounts or any portion thereof for any other purpose. These constitutionally dedicated revenues include (a) for each State fiscal year commencing on and after July 1, 2007, an amount equivalent to the revenue derived from \$0.105 per gallon from the tax imposed on the sale of motor fuels pursuant to Chapter 39 of Title 54 of the Revised Statutes; (b) for the State fiscal year, commencing on July 1, 2000, an amount not less than \$100,000,000 derived from the State revenues collected from the tax imposed on the sale of petroleum products pursuant to P.L. 1990, c. 42 (C. 54:15B-1 et seq.) as amended and supplemented or any other subsequent law of similar effect, and for each State fiscal year thereafter not less than \$200,000,000; and (c) for the State fiscal year commencing July 1, 2001, an amount not less than \$80,000,000 from the State revenue collected from the State tax imposed under the "Sales and Use Tax Act," pursuant to P.L. 1966, c. 30 (C. 54:32B-1 et seq.), as amended and supplemented, or any other subsequent law of similar effect, for the State fiscal year commencing July 1, 2002, an amount not less than \$140,000,000, and in each State fiscal year thereafter an amount not less than \$200,000,000.

(Note: Article VIII, Section II, paragraph 4 added effective December 6, 1984; amended effective December 7, 1995, amended effective December 7, 2000, and amended effective December 7, 2006.)

The language of this constitutional provision provides for a dedication of "not less than" \$200 million from the petroleum products gross receipts tax and "not less than" \$200 million from the sales and use tax. As noted earlier, the Fiscal Year 2012 Governor's Budget Message provides for an appropriation to the TTF of \$222.5 million from the Petroleum Products Gross Receipts Tax and \$265.8 million from the Sales and Use Tax.

C. Credit Ratings

The NJTTFA debt is currently rated "AA-" by Fitch Investors Service, "Aa3" by Moody's Investors Service, and "A+" by Standard & Poor's Corporation.

In determining the timing, structure and size of each bond issuance, the NJTTFA considers such factors as current market conditions, cash flow needs, and the impact of the added debt on the NJTTFA's appropriation. The NJTTFA's Transportation System Bonds have been and continue to be well received by the market.

D. Fiscal Year 2012 Statutory Debt Limit

The 2006 Amendments to the Transportation Trust Fund Act established new restrictions on the statutory debt limitation. N.J.S.A. 27:1B-9(i), as amended, is set forth below:

"Commencing with the fiscal year beginning July 1, 2006 and ending with the fiscal year beginning on July 1, 2010, the authority shall not incur debt for any fiscal year in excess of \$1,600,000,000, reduced in each of those fiscal years by the amount by which the appropriation of State funds to the Transportation Trust Fund Account for that fiscal year shall exceed \$895,000,000; provided, however, that if a portion of that permitted amount of debt, less any reduction as provided above, is not incurred in a fiscal year, an amount not greater than the unused portion may be incurred in a subsequent fiscal year in addition to the amount otherwise permitted subject to the approval of the Joint Budget Oversight Committee. Debt permitted for the fiscal year beginning July 1, 2006 may be incurred prior to July 1, 2006. Any increase in this limitation shall only occur if so provided for by law. In

computing the foregoing limitation as to the amount of debt the authority may incur, the authority may exclude any bonds, notes or other obligations, including subordinated obligations of the authority, issued for refunding purposes."

As noted in Section III, it is anticipated that unused bond authorization totaling approximately \$1.6 billion will carry forward from the prior fiscal years into fiscal year 2012. Subject to approval by the JBOC, that authorization will be used to support necessary bond issuances for fiscal year 2012.

**Transportation Trust Fund Authority
Statutory Debt Limit**

<u>Description</u>	<u>Sub-Total</u>	<u>Total</u>
Fiscal Year Bonding Credits:		
FY 1996-2005	\$6,950,000,000	
FY 2006	650,000,000	
FY 2007	1,600,000,000	
FY 2008	1,600,000,000	
FY 2009	1,600,000,000	
FY 2010	1,600,000,000	
FY 2011	1,600,000,000	
FY 2012	0	
Total		\$15,600,000,000
Less Authority Bond Issuances:		
1996 Series A Thru 2005 Series C	\$6,291,885,000	
2005 Series D	953,020,000	
2006 Series A Grant Anticipation	131,555,000	
2006 Series C	1,115,496,792	
2007 Series A	1,171,055,000	
2008 Series A	1,122,744,638	
2009 Series A	142,730,924	
2009 Series B	273,500,000	
2009 Series C	150,000,000	
2009 Series D	147,500,000	
2010 Series A	359,253,361	
2010 Series B	500,000,000	
2010 Series C	1,000,000,000	
2011 Series A (Estimated)	600,000,000	
2012 Series A (Estimated)	1,315,000,000	
Total		\$15,273,740,715
Less: Appropriation Beyond \$895m		-140,300,000*
FY 2012 Unused Debt Limit		\$185,959,285

**This amount is based upon the assumption that N.J.S.A. 27: 1B-9 (i) applies in fiscal year 2012.*

E. Official Intent for Federal Income Tax Purposes

For the purpose of permitting the proceeds of NJTTFA bonds to be used to reimburse expenditures paid after the date that this plan is adopted by the Authority (or within 60 days prior to such date), in accordance with the applicable regulations of the U.S. Treasury Department, this capital plan, upon its adoption by the Authority in accordance with law, shall constitute a declaration of the intent of the Authority to issue bonds, as more fully described in section IV(A) above, in the expected maximum principal amount of \$1,315,000,000, to pay or reimburse expenditures made prior to the date of issuance of such bonds for the costs of the capital program of NJDOT and NJ Transit for fiscal year 2012 and prior fiscal years.

V. Fiscal Year 2012 Operating Budget

The NJTTFA estimates the following operating expenses will be required to manage the financing operations of the NJTTFA during fiscal year 2012 assuming there will be one bond sale. The operating budget, which does not include costs of issuance relating to bond issuances, is funded from the Legislative appropriations to the NJTTFA:

Anticipated Operating Expenses

<u>Description</u>	<u>Estimate</u>
Legal Notices	\$1,000
Professional Accounting Services	30,000
Trustee Service Fees	60,000
Letter of Credit Fees	4,465,890
Contingency	50,000
Total	\$4,606,890

Fiscal Year 2012 Anticipated Bond Issuance Costs

The Authority plans to issue new money bonds to support fiscal year 2012 project expenditures. At the \$1.3 billion bonding level, the anticipated bond issuance costs for the 2012 Series A new money bonds is estimated to be \$7.6 million for underwriting expenses, up to \$6.3 million for bond insurance, to the extent it is available and cost effective, and \$1.1 million for other costs of issuance such as rating fees, printing fees, financial advisor fees, Trustee's fees, Bond Counsel fees, and Trustee Counsel fees.