

ATLANTIC CITY EXPRESSWAY

ATLANTIC CITY INTERNATIONAL AIRPORT

TOURIST SERVICES

10th



Anniversary

2002 ANNUAL REPORT

Commissioners of the South Jersey Transportation Authority

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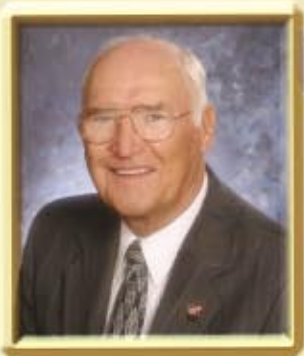
Frank Spencer
Chairman



James A. Crawford
Executive Director



Stanley R. Glassey
Vice Chairman



Charles E. Owens



Carl W. Block



Louis Toscano



James Michael Dwyer



Rev. James Washington



James P. Fox
NJDOT



Rev. William Watley
NJCC



10th Anniversary



SOUTH JERSEY
TRANSPORTATION AUTHORITY
FARLEY SERVICE PLAZA • P.O. BOX 351
HAMMONTON, N.J. 08037

James E. McGreevey
Governor

Frank Spencer
Chairman

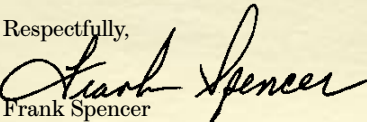
Honorable Governor James E. McGreevey,
Members of the New Jersey Legislature

James A. Crawford
Executive Director

The South Jersey Transportation Authority celebrated its Tenth Anniversary in 2002. Governor McGreevey honored me by asking me to serve as the third Chairman in the Authority's history. I am privileged to follow William L. Dalton and Stanley R. Glassey. The South Jersey Transportation Authority has an important mission and I am dedicated to continuing the fine work accomplished during the first decade.

The region is growing and so is the role of the SJTA providing the vision for the future. The challenges and opportunities are many. I join Governor McGreevey and the Board of Commissioners to plan for the next decade and beyond. Expansion of the Atlantic City International Airport is a high priority, as is improving the parking both at the airport and in Atlantic City. Much has been accomplished and much is remaining as the SJTA tackles the transportation issues. Innovative planning and execution will have a positive impact on the economic viability and continued success of South Jersey.

Respectfully,


Frank Spencer
Chairman



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Chairman

Honorable Governor James E. McGreevey,
Members of the New Jersey Legislature

James A. Crawford
Executive Director

The accomplishments of the South Jersey Transportation Authority during the first decade have contributed to regional growth and success. The Top Ten Accomplishments during the Authorities First Decade have been:

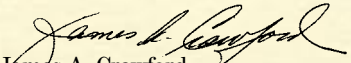
- The Atlantic City Expressway Connector
- Takeover Maintenance Operation of Route 42
- Visitor Center and Sunoco Station
- First New Full Interchange at Berlin Cross Keys Road
- Purchase, Expansion and Rehabilitation of the Atlantic City International Airport
- Total Rehabilitation of main runway and taxiway at The Atlantic City International Airport
- Takeover and operation of segments of Rts. 30, 87 & 187 in Atlantic City
- Full Interchange at Exit 5 in Pleasantville
- Third Lane Widening Project on ACE
- Implementation of Electronic Toll Collection

Two Thousand Two at the airport was a dynamic year. Delta Connection began new air service as Spirit Airlines added destinations. This at a time many cities worldwide were reducing air service. The airport completed major improvement projects including many security enhancements. The Transportation Security Administration (TSA) assumed 100% of the passenger and baggage screening at the airport by the end of the year.

The SJTA accomplished two more objectives in 2002; adding additional parking capacity in the Midtown District of Atlantic City and the expansion of Interchange 5 at New Road in Pleasantville. Interchange 5 will contribute to the economic growth on the mainland.

I am proud of the staff of the SJTA and feel privileged to have served as the Authority Executive Director during eight of the first ten years of our existence. There have been many accomplishments to date. The best years are ahead as the nation's finest staff of transportation professionals continue to enhance the excellent transportation system serving South Jersey.

Respectfully,


James A. Crawford
Executive Director

ATLANTIC CITY EXPRESSWAY

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Pleasantville Interchange 5

The Expressway opened Interchange 5 in March 2002, providing greater access to Pleasantville's central business district and the mainland. The project is expected to boost Pleasantville's Urban Enterprise Zone and downtown shopping area. It is now possible to enter and exit the Expressway from all directions. The new interchange provides much better accessibility to the mainland. The combined traffic counts for Interchange 5 and the Pleasantville Toll Plaza have increased traffic through the region.



"The Growth Continues"

The Atlantic City Expressway recorded the best yearly percentage of growth since 1985. Atlantic City and the region continue to grow year-round. Projects began and were completed in 2002, expanding the transportation network to provide for the increased demand.

The Expressway and Atlantic City Growth

The Atlantic City Expressway began a \$20 million project in the Spring 2002 to add a third lane east and westbound between the Pleasantville Toll Plaza and Atlantic City. When completed in late 2003, the three-mile addition will assure three lanes from the Garden State

Parkway (milepost 8) to the foot of the McGahn Bridge in Atlantic City (milepost 0.0). The expansion will provide additional capacity in Atlantic City to prepare for the new midtown shopping/entertainment venues, Boardwalk Hall events and the expanding Marina District.

Atlantic City Expressway Connector

The Atlantic City Expressway Connector continues to become a favorite for local commuters and visitors alike. The Connector provides safer and faster access to Brigantine Island and the Marina District of Atlantic City.

The Connector opened to traffic on the last day of July 2001. From September through the end of December 2001, an average of 23,000 vehicles a day used some portion of the Connector. Traffic increased 12% to 25,750 vehicles during the same September to December period in 2002. In August 2002, Mississippi Avenue in Atlantic City was converted to two-way traffic, permitting better access to the Connector from Midtown and Downbeach.

By providing a new route for long distance motorists to Atlantic City's Marina District, Convention Center, and Brigantine Island, the Connector has successfully reduced traffic along the heavily traveled Route 30 from the Garden State Parkway to Atlantic City. Traffic congestion was reduced on Atlantic City streets and the Connector is becoming the favorite of commuters. Traffic volumes on the Connector are expected to increase with the Borgata Hotel/Casino and Spa opening projected for the summer of 2003.

Really Big Show

Visitors and residents alike were treated to a "Really Big Show" in April when the Ringling Brothers and Barnum Bailey Circus came to town. Elephants and horses were unloaded from rail cars and paraded into Atlantic City on the Atlantic City Expressway. Area school children lined the way cheering as the caravan proceeded to Atlantic City Boardwalk Hall for a four-day engagement.



ATLANTIC CITY EXPRESSWAY: ANNUAL TRAFFIC INCREASE OR DECREASE AT EACH TOLL AREA

EXIT 5									BERLIN	TOTAL
YEAR	PLEASANTVILLE	ROUTE 9	POMONA	MAYS LANDING	EGG HARBOR	HAMMONTON	WINSLOW	WILLIAMSTOWN	CROSS KEYS	EXPRESSWAY
2002	7.81%	100%	2.02%	1.57%	6.55%	4.83%	4.09%	4.55%	-7.65%	8.43%
2001	4.61%		4.59%	13.64%	5.28%	4.99%	8.19%	2.58%	100%	5.6%
2000	0.01%		8.90%	9.10%	2.40%	10.90%	18.90%	11.30%		5.3%
1999	-6.1%		-11.3%	-9.9%	5.6%	6.7%	2.1%	2.4%		5.5%
1998	3.5%		2.7%	5.6%	2.6%	5.2%	5.5%	1.7%		-3.2%
1997	1.5%		99.3%	13.4%	4.7%	4.5%	5.0%	6.5%		6.6%
1996	-7.6%		34.8%	-1.3%	0.1%	0.6%	1.2%	4.6%		-2.9%
1995	-2.8%		-5.2%	-0.8%	2.6%	-2.3%	-0.3%	-0.4%		-0.9%
1994	4.4%		4.7%	2.4%	2.9%	2.1%	6.2%	5.3%		3.8%
1993	4.0%		6.8%	-0.4%	3.1%	0.5%	4.1%	-1.1%		3.0%
1992	5.1%		8.2%	1.6%	1.6%	4.5%	3.0%	3.7%		4.1%
1991	-5.9%		-5.4%	-7.1%	-2.5%	-2.0%	-2.4%	3.6%		-4.3%
1990	3.2%		5.0%	5.3%	1.4%	-3.1%	2.6%	2.4%		2.6%
1989	4.6%		9.8%	9.2%	1.0%	1.6%	9.7%	4.3%		3.8%
1988	5.1%		30.2%	22.9%	4.0%	1.8%	7.2%	7.8%		6.2%
1987	5.6%		49.7%	6.0%	8.7%	7.4%	1.8%	14.1%		7.6%
1986	0.7%		13.0%	9.0%	4.5%	9.8%	17.9%	20.8%		3.8%
1985	-2.1%		219.2%	-3.0%	3.1%	7.8%	7.7%	14.2%		1.2%
1984	19.3%			33.5%	9.1%	5.1%	11.7%	16.6%		16.4%
1983	15.5%			21.0%	10.9%	9.8%	8.2%	8.6%		13.6%
1982	13.9%			12.3%	7.9%	6.3%	9.1%	15.9%		11.5%
1981	25.1%			34.0%	13.1%	8.9%	11.4%	8.5%		19.5%
1980	35.0%			48.9%	27.0%	6.4%	10.4%	14.5%		29.9%
1979	42.9%			48.6%	11.2%	0.4%	16.7%	18.6%		25.6%
1978	38.9%			27.1%	15.7%	6.3%	16.7%	22.4%		24.6%
1977	11.9%			7.9%	10.3%	6.1%	15.2%	19.9%		11.1%
1976	10.0%			23.9%	10.9%	11.4%	12.3%	6.2%		10.7%
1975	3.1%			-11.6%	5.4%	11.5%	19.1%	22.5%		5.3%
1974	-9.4%			-5.9%	-14.6%	-10.0%	-9.9%	-31.6%		-13.1%
1973	1.7%			7.7%	10.9%	2.4%	-8.0%	20.8%		7.0%
1972	-5.5%			-6.3%	3.2%	10.3%	13.8%	57.5%		1.6%
1971	-0.7%			0.7%	1.8%	28.6%	11.6%	76.3%		3.4%
1970	2.4%			6.1%	6.4%	75.7%	-10.5%	52.3%		6.8%
1969	6.5%			29.8%	4.1%	55.1%	2.0%	54.3%		7.3%
1968	3.8%			71.0%	6.0%	6.9%	7.8%	12.7%		6.2%
1967	6.7%			6.0%	2.1%	9.8%	14.6%	12.4%		4.7%

ATLANTIC CITY INTERNATIONAL AIRPORT

“Fly From the Shore”

The Atlantic City International Airport completed another “Big Year.”

Facility improvements, new security, and new and expanded Jet service provided Southern New Jersey with more air travel options. Scheduled airline passenger counts in Atlantic City grew as the airline industry nationwide experienced another sluggish year. The Atlantic City market continued to be dynamic and grew despite a weak economy.

Trains Arrive By Plane

In August 2002, a Russian Antonov An-124 aircraft touched down to deliver its massive cargo. Onboard was a 102 foot-long, 54 ton train. Once unloaded, the train was delivered to the Southern New Jersey Light Rail Group, the consortium that will build and operate the Camden-to-Trenton line for New Jersey Transit.

The Goals of the Airport in 2002

- Improve the Atlantic City International Airport's reputation as an alternative to large city airports
- Strengthen and diversify the air service portfolio
- Optimize the delivery of top-quality services
- Expand the airport's ability to serve diverse market segments and customer needs

Marketing Programs & Achievements

The Atlantic City International Airport out performed airports of comparable size nationwide. The South Jersey Region benefited from improved quality of air service and exceeded national trends.

Spirit Airlines produced a 94% market share. Delta's Comair began operations October 1, 2002 and accounted for a 2% market share. Delta only operated for one quarter in 2002 and enjoyed a successful launch of service.

The airport aggressively advertised in the regional markets and joined the Atlantic City Convention and Visitors Authority and the carriers in advertising and promotional programs designed to stimulate new and existing inbound markets.

New advertising jingles were produced to carry the airport marketing message on radio with increased frequency and reach. The jingle illuminates the advantages of flying “From the Shore.”

Expanded Air Service - South Jersey Connects to the World

In May 2002, Governor McGreevey announced new Jet service between Atlantic City and Cincinnati to the media. The Delta Comair service began on October 1, 2002. Comair now operates three round trip flights between the two cities daily, connecting to over 115 domestic and international destinations through the Cincinnati hub.

Spirit Airlines expanded their schedule and service to include Detroit, Denver, Las Vegas and Los Angeles. Spirit added new flights at a time when most carriers were cutting back service. The airline provided over eleven continuous years of service at the Atlantic City International Airport.

Airport Terminal Improvements & Capital Development Programs

Through an aggressive Capital Improvement Program, the SJTA addressed airport tenants and customers needs. The goal is to provide a high standard of air transportation to Southern New Jersey providing a safe, comfortable and efficient passenger experience.

- Purchased and installed two new Loading Bridges increasing the airports ability to service new flights
- Installation of new Public Address (PA) System. This system includes an “Auto Emergency Notification” and standardized security announcement capability.
- Six new high-definition 42 inch “Plasma Screens” were installed to make visual announcements. These screens have enhanced communication for hearing-impaired travelers.
- Expansion of the gift shop to include 50% more floor space



Airfield Enhancements

- Constructed an entirely new electrical vault powering the entire airfield with a 100% independent electrical feed
- Constructed a new 35,000 sq. ft. Snow Equipment Building to house and maintain vehicles
- Purchased six new pieces of snow removal equipment



Security Takes Center Stage

The Transportation Security Administration (TSA) formally assumed responsibility for airport passenger screening in August 2002. In late December, the TSA expanded the scope of their mission to include 100% baggage screening at Atlantic City International Airport and nationwide. The new security paradigm placed a substantial strain on the operation and passenger traffic flow at the terminal. The changes required extensive planning and design preparation. The terminal floor plan was reconfigured to accommodate the installation and deployment of 13 Explosive Trace Detection (ETD) machines. This was accomplished by the December 31, 2002 deadline. The TSA federalized screening at 429 airports nationwide deploying approximately 54,000 screeners in 2002.



The airport initiated multi-faceted upgrades to security and operations. Enhancements included the installation of three miles of 10 foot high fencing and replacing eight remote controlled gates now controlled by airport operations. Closed circuit cameras were added along with advanced portal access tracking. A new control console was installed in the Operations Center.

The Egg Harbor Township Police and the New Jersey State Police continue to provide increased security at the airport.

Atlantic City International Growth/Environmental Impact

To prepare for future growth, the Authority created an Airport Master Plan and Environmental Assessment in 1999. This study identified and evaluated potential adverse effects likely to occur because of SJTA proposed projects; namely, the loss of habitat for state-listed threatened and endangered species. Subsequent to meetings with regulatory agencies and the public about the consequences of the airport's plans, the FAA concluded that a "finding of no significant impact" could not be issued and that an Environmental Impact Study (EIS) should be prepared.

The FAA began the EIS process in 2000, along with the support of the SJTA, establishing an interagency team to provide expert assistance. The Draft EIS was completed and circulated in August 2002 followed by a Public Hearing on October 15, 2002.

U.S. Domestic Average Air Service Index Value Change By Airport Size

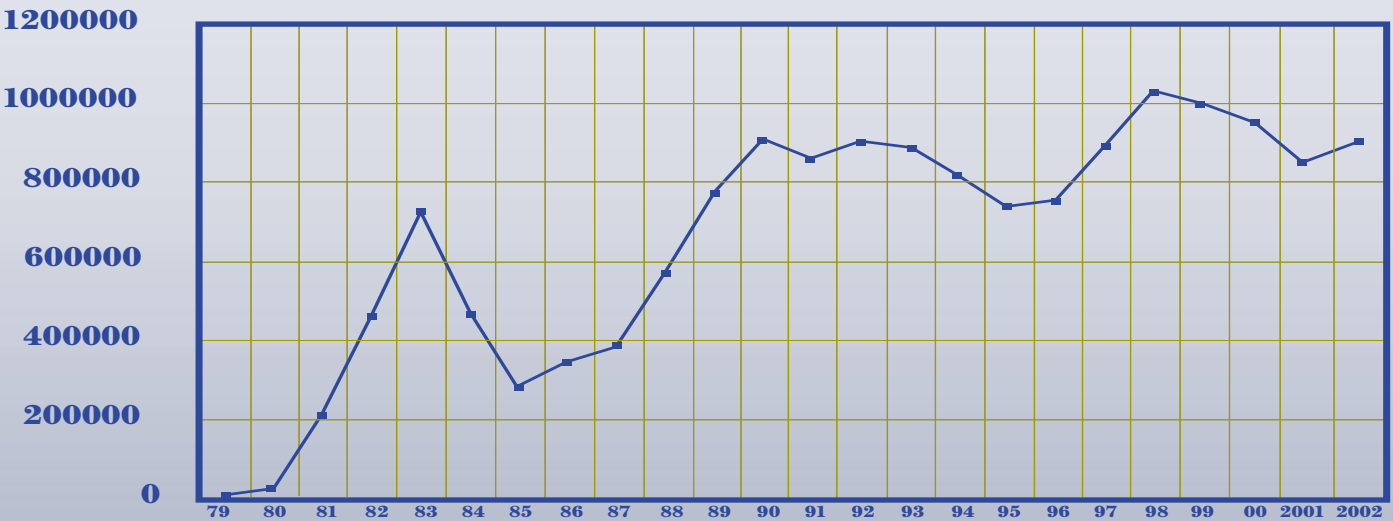
Change in Air Service Index

January 1-7, 2003 vs. January 1-7, 2002

	Total	Nonstop	Onestop	Twostop
Large Hub	0.9%	-0.1%	3.5%	3.9%
Medium Hub	1.7%	0.9%	3.3%	1.2%
Non Hub	8.7%	6.7%	10.2%	14.8%
Small Hub	2.6%	1.0%	4.5%	3.2%
ACY	88.7%	48.0%	230.5%	157.7%

Source: Awaiting daily, Tuesday, January 28, 2003 - Eclat Consulting

Atlantic City International Airport Passenger Counts, 1979-2002



Atlantic City International Airport Aircraft Operations 2001-2002

Month	Commercial 2001	Commercial 2002	(GA) Civil 2001	(GA) Civil 2002	Military 2001	Military 2002	Total 2001	Total 2002
January	1,107	871	2,231	2,078	2,827	2,526	6,165	5,474
February	1,119	887	2,475	1,792	2,258	2,227	5,399	4,906
March	1,197	1,156	2,084	1,910	2,118	2,686	5,399	5,752
April	1,160	1,171	2,128	2,048	1,568	2,459	4,856	5,678
May	1,090	1,120	2,692	2,261	2,720	2,129	6,502	5,510
June	1,217	1,202	2,357	2,488	1,924	1,856	5,498	5,546
July	1,500	1,213	2,640	2,122	2,134	2,125	6,274	5,460
August	1,489	1,152	3,196	2,471	3,153	2,000	7,838	5,623
September	830	1,025	2,054	2,454	2,296	2,486	5,180	5,965
October	841	1,241	2,788	2,174	3,096	2,386	6,725	5,801
November	879	1,230	2,311	1,629	1,942	2,112	6,132	4,971
December	873	1,248	2,080	2,110	2,240	2,308	5,193	5,666
TOTAL	13,302	13,516	29,036	25,537	28,276	27,299	70,614	66,352

New Parking Unit

The SJTA launched new initiatives in 2002 to ease parking in the midtown area, creating a new Parking Unit. Boardwalk Hall and Convention Center events and seasonal traffic on Atlantic City streets stretch the area parking capacity. The Walk, a new \$60 million retail outlet to include 60 shops, restaurants and entertainment venues, is currently under construction and will also require additional parking in the area.

The Authority computed 24,676,425 visit-trips in 2002, a five percent increase over 2001. Visitors to Atlantic City by automobile continue to grow. The Expressway recorded a record breaking 59 million paid vehicles on the road, many with an Atlantic City destination. Parking planning and development has become an emerging priority.

The SJTA opened a new 350 space surface parking facility on Mississippi Avenue, July Fourth weekend. The Authority retained URS Consultants to prepare a feasibility study for a new multi-level parking garage on the current Mississippi Avenue site.

The Authority now operates three parking facilities in Atlantic City, providing 1875 parking spaces. The spaces are located at New York Avenue Parking Garage, 800 spaces Uptown, Mississippi Avenue lot, 350 spaces Midtown and the Casino Employee Intercept Lot, 725 spaces on the Atlantic City Expressway.

Bus Management Department, Bus & Curb Management, Airport Ambassadors, Parking Lot Patrol

The Bus Management staff is responsible for a myriad of duties, including traffic control services for events at the Atlantic City Convention Center. The staff of route investigators, duty supervisors and a superintendent is deployed to keep vehicular traffic flowing. They regulate buses, taxis, limousines and private vehicles at the Center. Additionally, their responsibilities include enforcing the laws regulating the 321,729 charter buses that navigated the city streets in 2002. This department also provided the peak period airport Ambassador Program to assist passengers at the terminal. The Ambassador Program began in December 2002 when the airport terminal passenger traffic flow was altered by the new TSA baggage screening.

Bus safety is an important part of the staff responsibilities. The SJTA provides education and training opportunities for motor coach drivers. Since 2001, the Authority conducted twelve training programs with over 2,000 drivers and 170 bus companies participating. In addition to training, the SJTA held a “Driver Appreciation and Health Fair”, offering drivers valuable health screening tests, materials and consultations with professionals. Driver health and skill levels are important components of safety.



The 12th Annual Bus Roadeo was held on June 26, 2002 in cooperation with the Atlantic City Bus Operators Association and Atlantic City Casinos. Twenty-four drivers and mechanics participated, competing for over \$11,000 in cash and prizes. Many other awards and accomplishments were recognized.

Additional duties include patrolling the Casino Employee Intercept Parking Lot and providing a helping hand to the hundreds of employees parking at the lot each day.

Toll Collector Training

The Discrepancy Program was established to maintain the accuracy of toll collections. The program established a 97% accuracy standard and will offer retraining to toll collectors that are below this level. The program was created to improve the proficiency of toll collections.



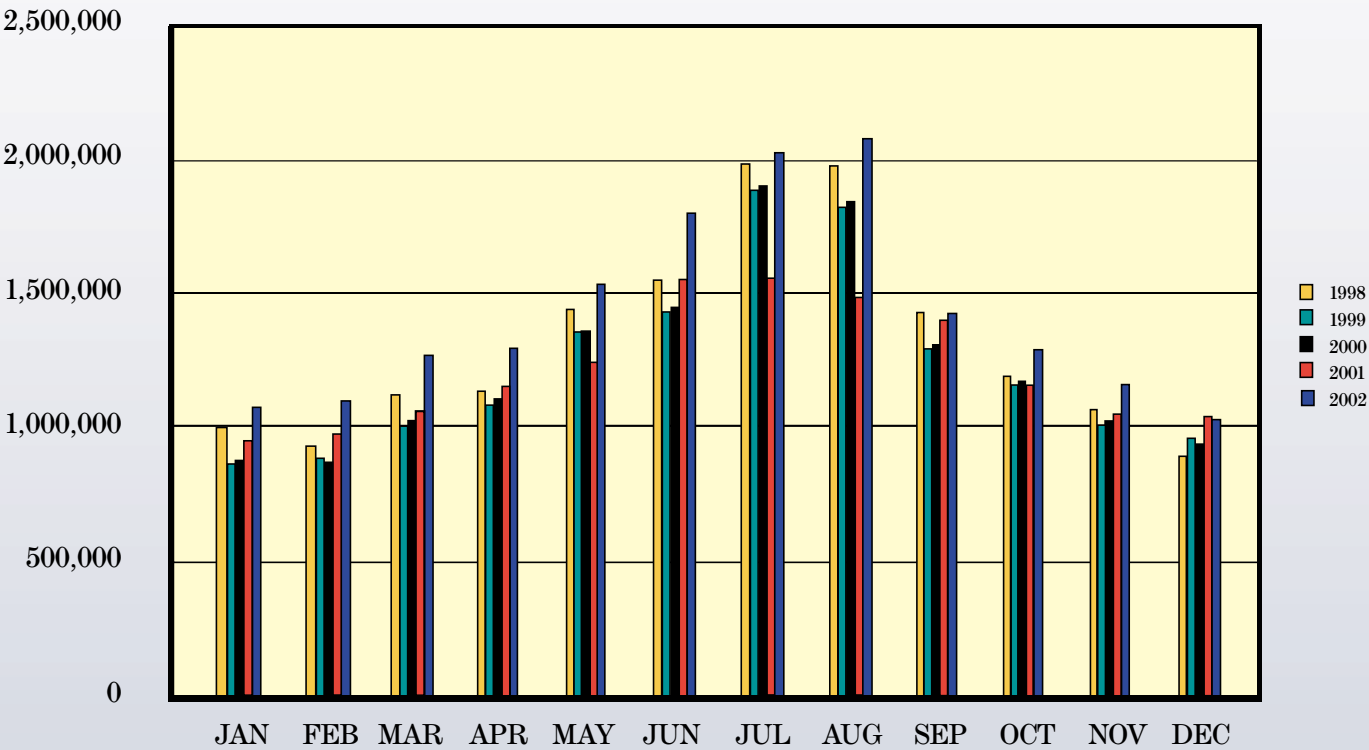
Economic Impact Study of Interchange Expansion Projects

The SJTA and the South Jersey Economic Development District funded a study to evaluate the economic and development impact of existing and newly created full interchanges on the Atlantic City Expressway (ACE) in Atlantic County. The study concluded:

- The demand for roadway services will increase sharply in the near future as forecasted due to substantial employment and population growth. The development that has already accrued has had a substantial impact on traffic counts at the corresponding ramps.
- Each of the Study Areas or clusters of exits attracted different types of businesses, making county and local policies to take advantage of improvements not necessarily a competitive issue between areas.
- The SJTA has a unique opportunity to influence economic development in the region by providing the services it is best suited to deliver, such as travel and roadway improvements. The need for efficient transportation infrastructure is among the most important ingredients to develop the region.

ANNUAL VISIT-TRIPS TO ATLANTIC CITY (IN THOUSANDS) BY TRANSPORTATION MODE						
Year	Automobile	Casino Bus	Franchise Bus	Air	Rail	Total
2002	24,676	7,586	514	268	143	33,188
2001	23,501	7,986	519	277	140	32,423
2000	23,177	9,015	536	323	133	33,184
1999	23,247	9,342	539	396	128	33,652
1998	23,293	9,903	530	447	127	34,300
1997	23,368	9,640	512	426	124	34,070
1996	23,023	10,011	515	395	98	34,042
1995	23,162	9,079	517	386	128	33,272
1994	21,803	8,352	518	433	215	31,321
1993	20,303	8,728	513	462	219	30,225
1992	19,734	9,768	512	496	195	30,705

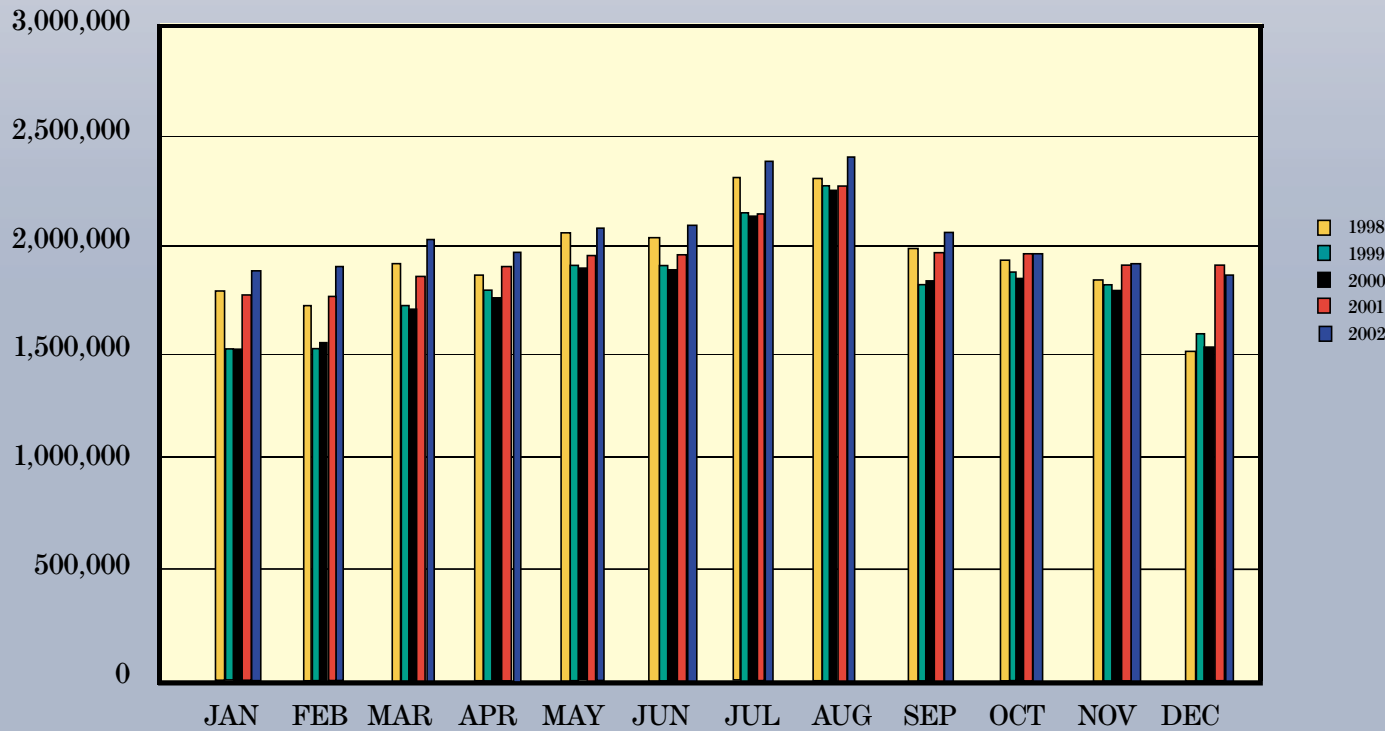
Egg Harbor Toll Barrier
Monthly Toll Paying Vehicles



Casino Bus and Passenger Counts

BUS TYPE	2001		2002	
	BUS	PASS.	BUS	PASS.
LINE	248,437	4,988,938	243,502	4,635,241
CHARTER	73,051	2,792,151	68,536	2,682,456
OVERNIGHT	3,914	154,601	3,800	152,055
SUPER	200	6,450	74	2,402
AIR CHART.	1,959	64,122	2,076	79,864
PAID CHART.	0	0	6	146
PARA-TRANS.	949	9,690	1,455	11,006
OTHER	767	33,842	2,310	103,048
TOTALS	329,277	8,049,794	321,759	7,666,218

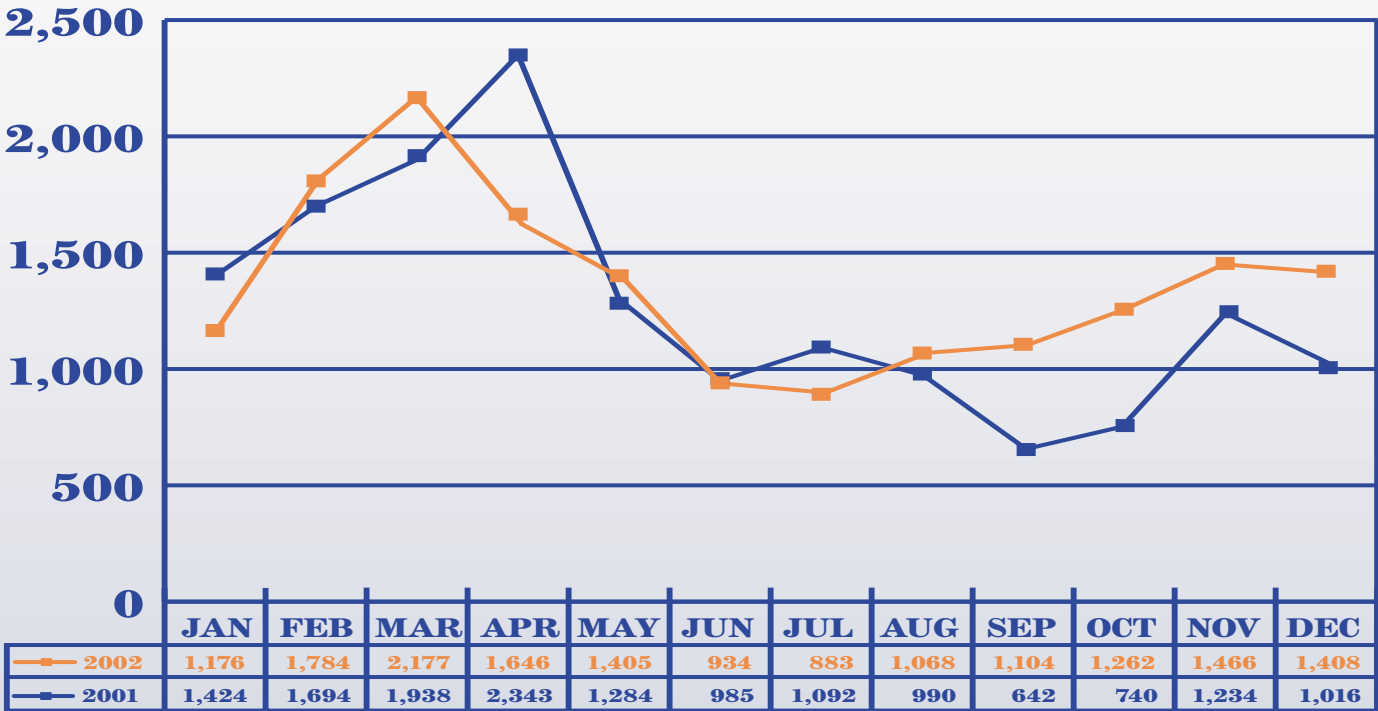
Pleasantville Toll Barrier
Monthly Toll Paying Vehicles



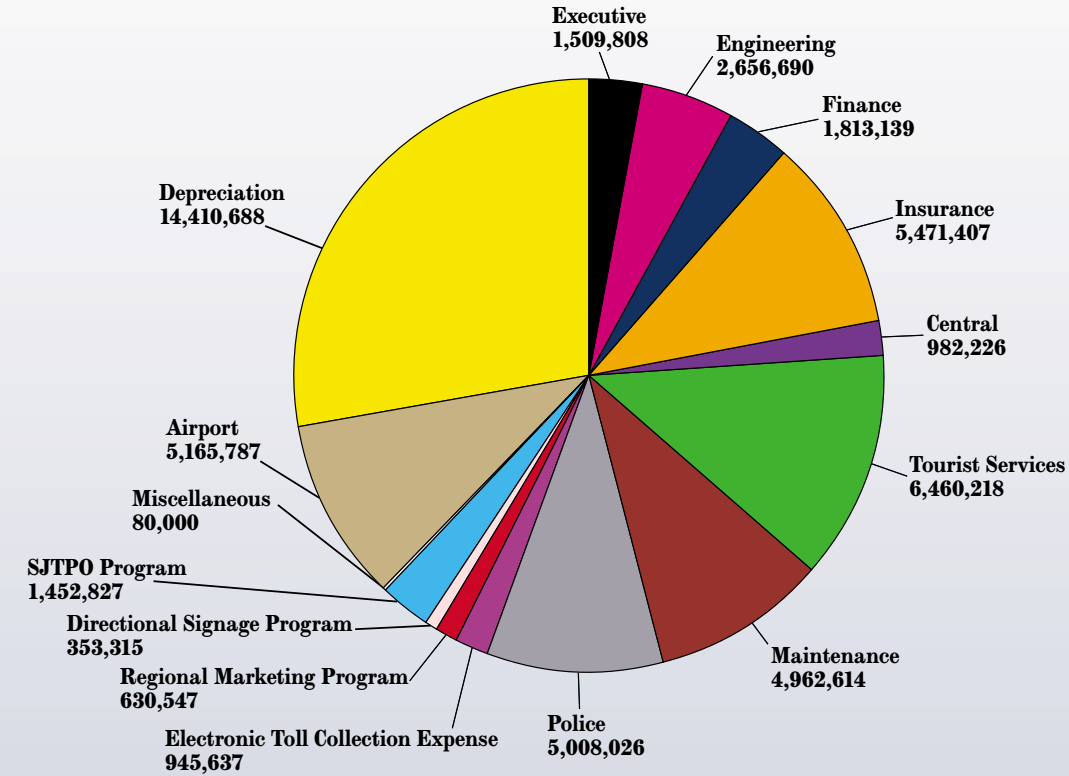
ATLANTIC CITY EXPRESSWAY ENFORCEMENT AND INCIDENT STATISTICS

YEAR	TOLL PAYING VEHICLES	VEHICLE MILES OF TRAVEL	NO. OF SUMMONSES	DRUNK DRIVERS	ACCIDENTS	INJURIES	FATALITIES	FATALITY RATE
1978	12,245,975	233,432,316	5,795	364	221	141	5	2.14
1979	15,383,612	291,957,005	5,533	266	253	112	4	1.37
1980	19,988,359	373,337,135	5,929	314	322	188	5	1.34
1981	23,894,730	431,814,836	8,885	449	355	210	1	0.23
1982	26,650,882	472,059,973	8,943	493	396	273	4	0.85
1983	30,286,240	529,160,218	10,241	584	399	249	6	1.13
1984	35,253,091	593,472,459	10,063	726	478	250	7	1.18
1985	35,665,732	606,876,318	10,584	580	491	368	8	1.32
1986	37,037,486	636,446,175	11,330	516	540	340	6	0.95
1987	39,836,484	682,220,745	11,990	504	641	471	14	2.05
1988	42,298,412	719,350,428	12,734	549	498	210	6	0.83
1989	43,905,047	735,774,485	13,857	499	529	312	6	0.82
1990	45,035,072	749,603,705	13,656	400	457	293	10	1.33
1991	43,113,761	724,481,660	15,867	436	428	219	12	1.66
1992	44,901,487	749,603,705	13,656	400	457	293	10	1.33
1993	46,262,939	766,724,801	16,479	313	440	259	4	0.52
1994	48,023,048	791,493,258	15,722	337	541	277	15	1.90
1995	47,602,146	799,699,746	14,961	353	477	312	0	0.00
1996	46,243,612	781,302,866	13,717	277	560	215	9	1.15
1997	49,290,846	822,634,185	15,235	283	532	292	6	0.73
1998	50,855,587	847,677,260	18,497	339	522	260	12	1.42
1999	48,050,179	800,703,355	14,380	253	499	231	2	0.25
2000	50,619,361	816,794,262	12,530	263	552	225	6	0.73
2001	54,415,354	895,809,173	11,213	299	572	308	4	0.45
2002	59,000,044	931,641,530	10,840	270	684	265	3	0.32

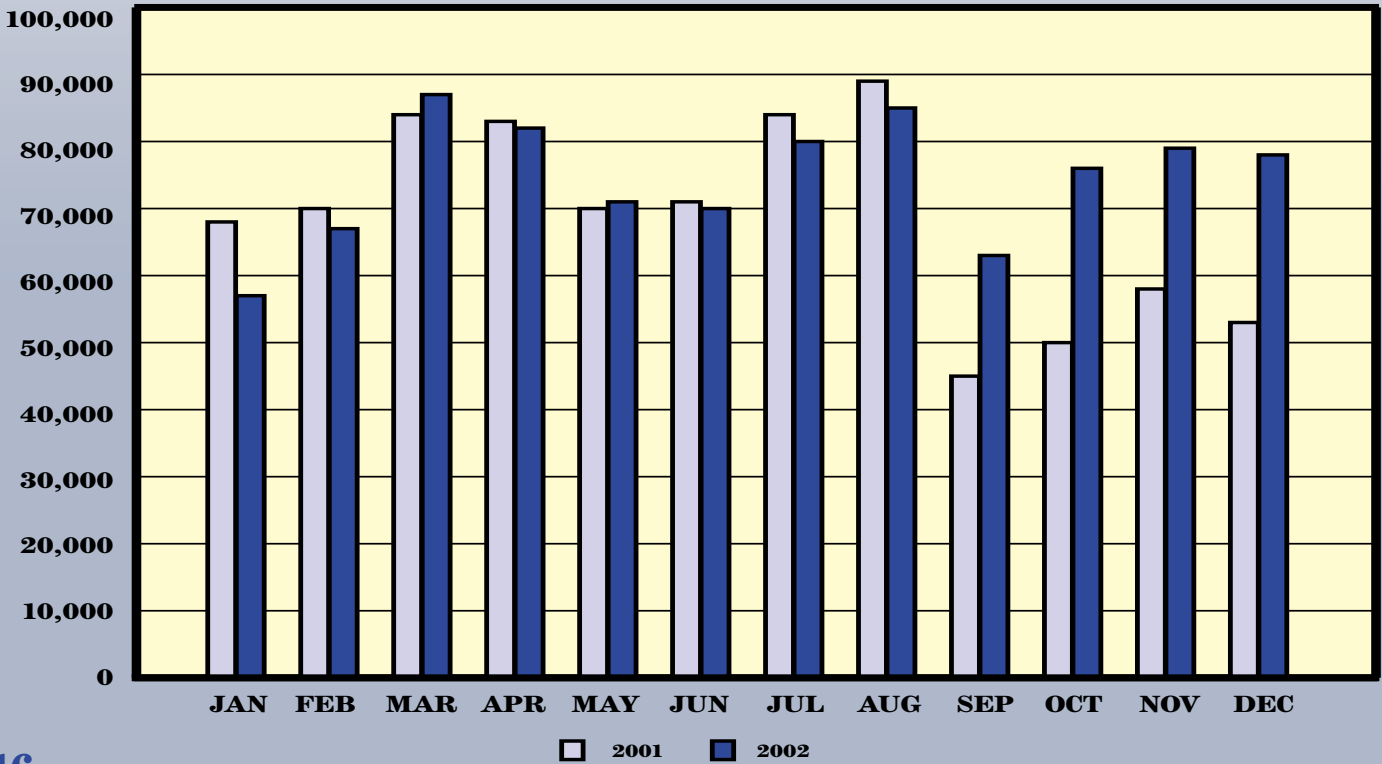
Atlantic City International Airport
Average Daily Parking Statistics by Month
2001 VS. 2002



2002 Operating Expenses



Atlantic City International Airport
Total Passengers
2001-2002



2002 Operating Revenues

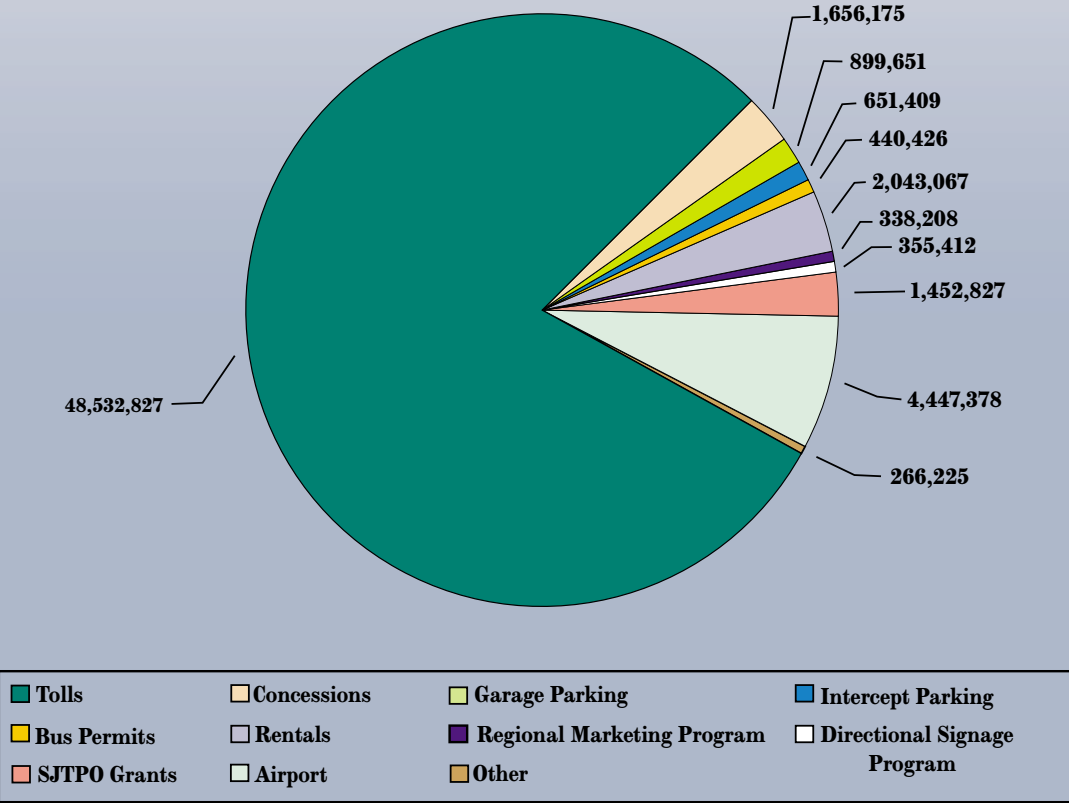


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SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF NET ASSETS
December 31, 2002
With Comparative Totals as of December 31, 2001

Year ended December 31, 2002			2002	2001
		<u>ASSETS</u>		
		Unrestricted Assets:		
Basic Financial Information:	Page	Cash and Cash Equivalents	\$ 19,527,222	\$ 23,621,684
		Change Funds	26,150	26,150
		Interest Receivable	15,876	35,721
		Accounts Receivable	1,908,759	1,951,717
	19-21	Grants Receivable	729,972	626,190
	22	Prepaid Expenses	1,055,682	867,238
	23	Fuel Inventory	45,946	33,797
	24-26	Total Unrestricted Assets	23,309,607	27,162,497
		Restricted Assets:		
Statement of Net Assets – Proprietary Funds		Cash and Cash Equivalents	46,581,804	34,169,226
		Investments	20,182,674	38,030,146
		Accounts Receivable	35,276	35,276
		Grants Receivable	840,910	333,263
		Interest Receivable	188,842	395,118
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	27	Total Restricted Assets	67,829,506	72,963,029
	28			
	29-42			
Other Supplementary Information		Noncurrent Assets:		
		Capital Assets:		
		Non-Infrastructure Capital Assets:		
Statement of Net Assets – Fund Financial Statements	43-45	Land and Improvements	141,683,633	139,017,043
		Electronic Toll Equipment	8,914,235	8,727,980
		Buildings and Equipment	48,214,616	38,624,784
		Less Accumulated Depreciation	(22,668,009)	(19,276,832)
Statement of Revenues, Expenses and Changes in Net Assets – Fund Financial Statements	46	Total Non-Infrastructure Capital Assets	176,144,475	167,092,975
	47			
	48			
	49-53			
		Infrastructure Capital Assets:		
Schedule of Bonds and Other Debt		Infrastructure - Equipment	5,535,793	1,529,865
		Infrastructure	327,718,486	306,892,651
		Less Accumulated Depreciation	(27,889,178)	(16,959,043)
Schedule of Toll Revenue		Total Infrastructure Capital Assets	305,365,101	291,463,473
		Total Capital Assets	481,509,576	458,556,448
Management’s Discussion and Analysis		Bond Issuance Costs	6,170,085	6,170,085
		Less Accumulated Amortization	(814,500)	(608,435)
		Total Non-current Non-capital Assets	5,355,585	5,561,650
		Total Noncurrent Assets	486,865,161	464,118,098
		TOTAL ASSETS	\$ 578,004,274	\$ 564,243,624

The Government Accounting Standards Board (“GASB”) issued Governmental Accounting Standards (“GASBS”) No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Government*, as amended by GASBS No. 37, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statements No. 21 and No. 34*, and GASBS No. 38, *Certain Financial Statement Note Disclosures*. These GASBS’s established new financial reporting requirements for state and local governments throughout the United States. When implemented, they create new information and restructure much of the information the governments have presented in the past. GASB developed these new requirements to make annual financial statements more comprehensive and easier to understand and use. The Authority adopted these GASBS’s effective January 1, 2001.

The complete financial report including Management’s Discussion and Analysis and the Unqualified Auditors Opinion can be obtained by visiting our website at www.sjta.com or by contacting us directly.

SOUTH JERSEY TRANSPORTATION AUTHORITY STATEMENT OF NET ASSETS December 31, 2002 With Comparative Totals as of December 31, 2001		
	2002	2001
LIABILITIES AND NET ASSETS		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	\$ 3,124,815	\$ 3,033,840
Deferred Income	2,689,280	2,702,919
Deferred Interest Revenue		55,108
Escrow Deposits	141,744	152,621
Accrued Expenses	801,057	834,482
Total Current Liabilities Payable From Unrestricted Assets	6,756,896	6,778,970
Current Liabilities Payable From Restricted Assets:		
Accrued Expenses	10,192,901	
Accrued Interest	1,865,711	1,897,714
Accounts Payable	3,166,797	3,212,416
Retainages Payable	1,606,453	319,047
Due to Other Governmental Agencies	208,334	208,334
PFC Advanced	1,122,034	1,576,034
Economic Recovery Funds Advanced	702,098	238,468
Elevated U-Turn Advance	3,736,002	1,362,832
Bonds Payable, Net of Discount (\$99,454)	3,880,546	3,464,597
Total Current Liabilities Payable From Restricted Assets	26,480,876	12,279,442
Noncurrent Liabilities:		
Accrued Expenses		4,851,930
Arbitrage Rebate Payable	250,000	377,098
Bonds Payable, Net of Discount (\$1,454,310)	215,325,690	219,206,236
Total Noncurrent Liabilities	215,575,690	224,435,264
TOTAL LIABILITIES	\$ 248,813,462	\$ 243,493,676

SOUTH JERSEY TRANSPORTATION AUTHORITY STATEMENT OF NET ASSETS December 31, 2002 With Comparative Totals as of December 31, 2001		
	2002	2001
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$ 280,444,467	\$ 262,234,597
Restricted for:		
Debt Service	77,766	630,871
Rehabilitation and Repair	6,000,000	6,000,000
Debt Service Reserve	15,175,362	15,175,363
Capital Projects	14,678,093	14,856,482
Unrestricted	12,815,124	21,852,636
Total Net Assets	329,190,812	320,749,948
TOTAL LIABILITIES AND NET ASSETS	\$ 578,004,274	\$ 564,243,624

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
Twelve Months Ended December 31, 2002
With Comparative Totals as of December 31, 2001

	2002	2001
Operating Revenues:		
Tolls	\$ 48,532,827	\$ 45,853,899
Concessions	1,656,175	1,629,479
Garage Parking	899,651	872,299
Intercept Parking	651,409	431,028
Bus Permits	440,426	441,178
Rentals	2,043,067	1,994,640
Regional Marketing Program	338,208	400,000
Directional Signage Program	355,412	95,745
SJTPO Grants	1,452,827	1,538,845
Other	266,225	236,312
Airport	4,447,378	3,466,255
Operating Revenues Before System Proceeds	61,083,605	56,959,680
System Proceeds	200,636	1,753,102
Total Operating Revenues	61,284,241	58,712,782
Operating Expenses		
Executive	1,509,808	1,323,650
Engineering	2,656,690	2,666,162
Finance and Central Accounts	8,266,772	7,052,358
Tourist Services	6,460,218	6,336,617
Maintenance	4,962,614	4,914,181
Police	5,008,026	4,600,994
Electronic Toll Collection Expense	945,637	804,947
Regional Marketing Program	630,547	817,139
Directional Signage Program	353,315	95,745
SJTPO Programs	1,452,827	1,538,845
Miscellaneous	80,000	
Airport	5,165,787	4,079,438
Depreciation	14,410,688	11,063,795
Operating Expenses Before System Proceeds	51,902,929	45,293,871
System Proceeds	200,636	1,753,102
Total Operating Expenses	52,103,565	47,046,973
Operating Income (Loss)	9,180,676	11,665,809
Non-Operating Revenues (Expenses)		
Interest Revenue	2,678,712	5,008,330
Gain on Sale of Assets	41,496	
Other Revenue	3,713	
Fund Expenses		(946)
Amortization Expense	(206,065)	(206,065)
Interest on Bonds	(11,674,690)	(11,896,701)
Arbitrage Rebate	132,238	(146,784)
Electronic Toll Collection Expense	(4,372,173)	(2,829,839)
State Payment	(2,500,000)	(2,500,000)
Total of Non-Operating Revenue (Expenses)	(15,896,769)	(12,572,005)
Income (Loss) before Capital Contributions	(6,716,093)	(906,196)
Capital Contributions	15,156,957	166,124,913
Change in Net Assets	8,440,864	165,218,717
Total Net Assets -- Beginning	320,749,948	155,531,231
Total Net Assets -- Ending	\$ 329,190,812	\$ 320,749,948

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
Twelve Months Ended December 31, 2002
With Comparative Totals as of December 31, 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 61,201,020	\$ 61,190,307
Payments to Suppliers	(15,808,293)	(16,205,480)
Payments to Employees	(21,084,108)	(19,107,644)
Net Cash Provided by Operating Activities	24,308,619	25,877,183
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payment of State Payment Obligation	(2,500,000)	(2,500,000)
Net Cash (Used) by Noncapital Financing Activities	(2,500,000)	(2,500,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	13,637,829	15,353,132
Advances/Loans for Capital Acquisitions	2,373,170	1,362,832
Proceeds from the Sale of Land	41,496	165,000
Payments for Capital Acquisitions	(35,087,837)	(60,880,227)
Principal Paid on Capital Debt	(3,785,000)	(3,615,000)
Interest Paid on Capital Debt	(11,386,291)	(11,559,231)
Net Cash (Used) by Capital and Related Financing Activities	(34,206,633)	(59,173,494)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(6,223,632)	(864,281)
Proceeds from Sales and Maturities of Investments	24,071,103	46,310,470
Interest and Dividends	2,868,660	5,224,763
Net Cash Provided by Investing Activities	20,716,130	50,670,953
Net Increase in Cash and Cash Equivalents	8,318,116	14,874,642
Balances - Beginning of the Year	57,817,060	42,942,418
Balances - End of the Year	\$ 66,135,176	\$ 57,817,060
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income	\$ 9,180,676	\$ 11,665,809
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	14,410,688	11,063,795
Noncash Application of Deposit to Receivable		40,670
Change in Assets and Liabilities:		
Receivables, Net	(46,454)	(158,949)
Grants Receivable	(14,370)	
Prepaid Expenses	(188,443)	(503,011)
Inventories	(12,149)	21,082
Accounts and Other Payables	90,976	353,966
Deferred Income	(13,640)	2,539,248
Customer Deposits	(10,877)	(111,766)
Accrued Expenses	912,212	966,339
Net Cash Provided by Operating Activities	\$ 24,308,619	\$ 25,877,183
Noncash capital financing activities:		
Capital assets of \$1,002,177 were acquired through contributions from governmental agencies and private developers.		

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2002
With Comparative Totals as of December 31, 2001

	Expressway	Airport	Consolidations Eliminations	Totals	
				2002	2001
ASSETS					
Unrestricted Assets:					
Cash and Cash Equivalents	\$ 17,308,986	\$ 2,218,236		\$ 19,527,222	\$ 23,621,684
Change Funds	26,150			26,150	26,150
Interest Receivable	15,523	353		15,876	35,721
Accounts Receivable	1,074,052	834,707		1,908,759	1,951,717
Grants Receivable	715,602	14,370		729,972	626,190
Prepaid Expenses	962,157	93,525		1,055,682	867,238
Fuel Inventory	45,946			45,946	33,797
Interfunds Receivable	3,765,673		\$(3,765,673)		
Total Unrestricted Assets	23,914,088	3,161,191	(3,765,673)	23,309,607	27,162,497
Restricted Assets:					
Cash and Cash Equivalents	42,326,394	4,255,410		46,581,804	34,169,226
Investments	20,182,675			20,182,675	38,030,146
Accounts Receivable	35,276			35,276	35,276
Grants Receivable		840,910		840,910	333,263
Interfunds Receivable	4,412,433		(4,412,433)		
Interest Receivable	188,842			188,842	395,118
Total Restricted Assets	67,145,620	5,096,320	(4,412,433)	67,829,506	72,963,029
Noncurrent Assets:					
Capital Assets:					
Non-Infrastructure Capital Assets:					
Land and Improvements	126,064,077	15,619,557		141,683,633	139,017,044
Electronic Toll Equipment	8,914,235			8,914,235	8,727,980
Buildings and Equipment	22,091,519	26,123,097		48,214,616	38,624,784
Less Accumulated Depreciation	(16,314,343)	(6,353,666)		(22,668,009)	(19,276,832)
Total Non-Infrastructure Capital Assets	140,755,487	35,388,988		176,144,475	167,092,976
Infrastructure Capital Assets:					
Infrastructure - Equipment	1,101,943	4,433,850		5,535,793	1,529,865
Infrastructure	296,830,001	30,888,485		327,718,486	306,892,651
Less Accumulated Depreciation	(24,518,021)	(3,371,157)		(27,889,178)	(16,959,043)
Total Infrastructure Capital Assets	273,413,922	31,951,180		305,365,101	291,463,473
Total Capital Assets	414,169,409	67,340,167		481,509,576	458,556,449
Bond Issuance Costs	6,170,085			6,170,085	6,170,085
Less Accumulated Amortization	(814,500)			(814,500)	(608,435)
Total Non-current Non-capital Assets	5,355,585			5,355,585	5,561,650
Total Noncurrent Assets	419,524,995	67,340,167		486,865,161	464,118,099
TOTAL ASSETS	<u>\$ 510,584,702</u>	<u>\$ 75,597,678</u>	<u>\$ (8,178,106)</u>	<u>\$ 578,004,274</u>	<u>\$ 564,243,625</u>

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2002
With Comparative Totals as of December 31, 2001

	Expressway	Airport	Consolidations Eliminations	Totals	
				2002	2001
LIABILITIES AND NET ASSETS					
Current Liabilities Payable From					
Unrestricted Assets:					
Accounts Payable	\$ 2,222,227	\$ 902,588		\$ 3,124,815	\$ 3,033,840
Deferred Income	689,280	2,000,000		2,689,280	2,702,919
Deferred Interest Revenue					55,108
Escrow Deposits	78,058	63,686		141,744	152,621
Accrued Expenses	801,057			801,057	834,482
Interfunds Payable		3,765,673	\$(3,765,673)		
Total Current Liabilities Payable	3,790,622	6,731,947	(3,765,673)	6,756,896	6,778,970
From Unrestricted Assets					
Current Liabilities Payable From					
Restricted Assets:					
Accrued Expenses	10,192,901			10,192,901	
Accrued Interest	1,865,711			1,865,711	1,897,714
Accounts Payable	2,040,509	1,126,287		3,166,796	3,212,416
Retainages Payable	1,186,945	419,509		1,606,454	319,047
Due to Other Governmental Agencies	208,334			208,334	208,334
PFC Advanced		1,122,034		1,122,034	1,576,034
Economic Recovery Funds Advanced		702,098		702,098	238,468
Elevated U-Turn Advance	3,736,002			3,736,002	1,362,832
Interfunds Payable		4,412,433	(4,412,433)		
Bonds Payable, Net of Discount (\$99,454)	3,880,546			3,880,546	3,464,597
Total Current Liabilities Payable	23,110,948	7,782,361	(4,412,433)	26,480,876	12,279,442
From Restricted Assets					
Noncurrent Liabilities:					
Accrued Expenses					4,851,930
Arbitrage Rebate Payable	250,000			250,000	377,098
Bonds Payable, Net of Discount (\$1,454,310)	215,325,690			215,325,690	219,206,236
Total Noncurrent Liabilities	215,575,690			215,575,690	224,435,264
TOTAL LIABILITIES	<u>\$ 242,477,260</u>	<u>\$ 14,514,308</u>	<u>\$ (8,178,106)</u>	<u>\$ 248,813,462</u>	<u>\$ 243,493,676</u>

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2002
With Comparative Totals as of December 31, 2001

	Expressway	Airport	Consolidations Eliminations	Totals	
				2002	2001
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 217,516,733	\$ 62,927,734		\$ 280,444,467	\$ 262,234,597
Restricted for:					
Debt Service	77,766			77,766	630,871
Rehabilitation and Repair	6,000,000			6,000,000	6,000,000
Debt Service Reserve	15,175,362			15,175,362	15,175,362
Capital Projects	12,951,701	1,726,392		14,678,093	14,856,482
Unrestricted	16,385,880	(3,570,756)		12,815,124	21,852,636
Total Net Assets	268,107,442	61,083,370		329,190,812	320,749,948
TOTAL LIABILITIES AND NET ASSETS	\$ 510,584,702	\$ 75,597,678	\$ (8,178,106)	\$ 578,004,274	\$ 564,243,624

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Twelve Months Ended December 31, 2002
With Comparative Totals as of December 31, 2001

	Expressway	Airport	Consolidations Eliminations	Totals	
				2002	2001
Operating Revenues:					
Tolls	\$ 48,532,827			\$ 48,532,827	\$ 45,853,899
Concessions	1,656,175			1,656,175	1,629,479
Garage Parking	899,651			899,651	872,299
Intercept Parking	651,409			651,409	431,028
Bus Permits	440,426			440,426	441,178
Rentals	2,043,067			2,043,067	1,994,640
Regional Marketing Program	338,208			338,208	400,000
Directional Signage Program	355,412			355,412	95,745
SJTPO Grants	1,452,827			1,452,827	1,538,845
Other	266,225			266,225	236,312
Airport		\$ 4,447,378		4,447,378	3,466,255
Operating Revenues Before System Proceeds	56,636,227	4,447,378		61,083,605	56,959,680
System Proceeds	200,636			200,636	1,753,102
Total Operating Revenues	56,836,863	4,447,378		61,284,241	58,712,782
Operating Expenses					
Executive	1,509,808			1,509,808	1,323,650
Engineering	2,656,690			2,656,690	2,666,162
Finance and Central Accounts	8,266,772			8,266,772	7,052,358
Tourist Services	6,460,218			6,460,218	6,336,617
Maintenance	4,962,614			4,962,614	4,914,181
Police	5,008,026			5,008,026	4,600,994
Electronic Toll Collection Expense	945,637			945,637	804,947
Regional Marketing Program	630,547			630,547	817,139
Directional Signage Program	353,315			353,315	95,745
SJTPO Programs	1,452,827			1,452,827	1,538,845
Miscellaneous	80,000			80,000	
Airport		5,165,787		5,165,787	4,079,438
Depreciation	12,210,710	2,199,978		14,410,688	11,063,795
Operating Expenses Before System Proceeds	44,537,164	7,365,765		51,902,929	45,293,872
System Proceeds	200,636			200,636	1,753,102
Total Operating Expenses	44,737,800	7,365,765		52,103,565	47,046,974
Operating Income (Loss)	12,099,063	(2,918,387)		9,180,676	11,665,809
Non-Operating Revenues (Expenses)					
Interest Revenue	2,671,759	6,953		2,678,712	5,008,330
Gain on Sale of Assets	41,496			41,496	
Other Revenue	3,713			3,713	
Fund Expenses					(946)
Amortization Expense	(206,065)			(206,065)	(206,065)
Interest on Bonds	(11,674,690)			(11,674,690)	(11,896,701)
Arbitrage Rebate	132,238			132,238	(146,784)
Electronic Toll Collection Expense	(4,372,173)			(4,372,173)	(2,829,839)
State Payment	(2,500,000)			(2,500,000)	(2,500,000)
Total of Non-Operating Revenue (Expenses)	(15,903,722)	6,953		(15,896,769)	(12,572,005)
Income (Loss) before Contributions and Transfers	(3,804,659)	(2,911,434)		(6,716,093)	(906,196)
Capital Contributions	3,598,573	11,558,385		15,156,957	166,124,913
Transfers In		(43,279)	\$ 43,279		
Transfers Out	43,279		(43,279)		
Change in Net Assets	(162,808)	8,603,672		8,440,864	165,218,717
Total Net Assets -- Beginning	268,270,250	52,479,698		320,749,948	155,531,231
Total Net Assets -- Ending	\$ 268,107,442	\$ 61,083,370	\$ 0	\$ 329,190,812	\$ 320,749,948

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Twelve Months Ended December 31, 2002
With Comparative Totals as of December 31, 2001

	Expressway	Airport	Totals	
			2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers, Users and Grants	\$ 56,466,657	\$ 4,734,364	\$ 61,201,020	\$ 61,190,307
Payments to Suppliers	(12,064,362)	(3,743,931)	(15,808,293)	(16,205,480)
Payments to Employees	(19,777,194)	(1,306,914)	(21,084,108)	(19,107,644)
Net Cash Provided by Operating Activities	<u>24,625,100</u>	<u>(316,481)</u>	<u>24,308,619</u>	<u>25,877,183</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Payment of State Payment Obligation	(2,500,000)		(2,500,000)	(2,500,000)
Operating Subsidies and Transfers to Other Funds	<u>(442,368)</u>	<u>442,368</u>		
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,942,368)</u>	<u>442,368</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Contributions	2,629,189	11,008,640	13,637,829	15,353,132
Advances/Loans for Capital Acquisitions	2,373,170		2,373,170	1,362,832
Proceeds from the Sale of Fixed Assets	41,496		41,496	165,000
Payments for Capital Acquisitions	(22,082,950)	(13,004,887)	(35,087,837)	(60,880,227)
Principal Paid on Capital Debt	(3,785,000)		(3,785,000)	(3,615,000)
Interest Paid on Capital Debt	<u>(11,386,291)</u>		<u>(11,386,291)</u>	<u>(11,559,231)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(32,210,386)</u>	<u>(1,996,247)</u>	<u>(34,206,633)</u>	<u>(59,173,494)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Investments	(6,223,632)		(6,223,632)	(864,281)
Proceeds from Sales and Maturities of Investments	24,071,103		24,071,103	46,310,470
Interest and Dividends	<u>2,842,886</u>	<u>25,773</u>	<u>2,868,660</u>	<u>5,224,764</u>
Net Cash Provided by Investing Activities	<u>20,690,357</u>	<u>25,773</u>	<u>20,716,130</u>	<u>50,670,953</u>
Net Increase in Cash and Cash Equivalents	10,162,703	(1,844,587)	8,318,116	14,874,642
Balances - Beginning of the Year	<u>49,498,826</u>	<u>8,318,233</u>	<u>57,817,060</u>	<u>42,942,418</u>
Balances - End of the Year	<u>\$ 59,661,530</u>	<u>\$ 6,473,646</u>	<u>\$ 66,135,176</u>	<u>\$ 57,817,060</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 12,099,063	\$ (2,918,387)	\$ 9,180,676	\$ 11,665,809
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	12,210,710	2,199,978	14,410,688	11,063,795
Noncash Application of Deposit to Receivable				40,670
Change in Assets and Liabilities:				
Receivables, Net	(344,049)	297,595	(46,454)	(158,949)
Grants Receivable		(14,370)	(14,370)	
Prepaid Expenses	(178,952)	(9,491)	(188,443)	(503,011)
Inventories	(12,149)		(12,149)	21,082
Accounts and Other Payables	(33,459)	124,434	90,976	353,966
Deferred Income	(10,929)	(2,711)	(13,640)	2,539,248
Customer Deposits	(17,348)	6,471	(10,877)	(111,766)
Accrued Expenses	<u>912,212</u>		<u>912,212</u>	<u>966,339</u>
Net Cash Provided by Operating Activities	<u>\$ 24,625,100</u>	<u>\$ (316,481)</u>	<u>\$ 24,308,619</u>	<u>\$ 25,877,183</u>

Noncash capital financing activities:

Capital assets of \$1,002,177 were acquired through contributions from governmental agencies and private developers.

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The Authority’s responsibility is to maintain, repair and operate the 46.8-mile Atlantic City Expressway along with portions of routes 30, 187, and 42. Other functions of the Authority include those assumed with the acquisition of ACTA as follows: operation of the New York Avenue Parking Garage and related office and commercial space in Atlantic City, New Jersey; bus management; bus and automobile parking; traffic management; and transportation planning in Atlantic County. The Airport Division is responsible for operating and improving the Airport.

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

The financial statements of the Authority include all funds controlled by or dependent on the Authority Commissioners in accordance with accounting principles generally accepted in the United States of America.

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

B. Basis of Accounting

The Authority prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which are similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

The assets, liabilities, and net assets of the Authority are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of the Authority’s operations.

All funds of the Authority follow Financial Accounting Standards Board (“FASB”) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (“GASB”) pronouncements.

C. Operating Revenues and Expenses

The Authority’s operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its Transportation System, which specifically includes the operations of the Atlantic City Expressway and the Atlantic City International Airport. All other revenues and expenses are reported as non-operating revenues and expenses.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, demand deposit accounts with commercial banks and cash invested in commercial money market funds (including restricted assets) are considered cash equivalents.

E. Investments

Investments consist of restricted investments, and are carried at fair value as determined in an active market.

F. Accounts Receivable

Accounts receivable for the Authority is reflected net of allowance for doubtful accounts. The allowance account is adjusted at the end of every year for estimated bad debt expense. The estimate is based on the age of the receivable and the likelihood of its collection.

**SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

G. Restricted Assets

Restricted assets of the Authority represent bond proceeds designated for construction, and other monies and assets required to be restricted for debt service, the state payment, arbitrage rebate, rehabilitation and repair, subordinated debt, and capital projects.

H. Basis of Organization: Description of Funds

The accounts of the Authority are organized on the basis of funds, each of which is a separate entity with its own self-balancing accounts that comprise its assets, liabilities, net assets, revenue, and expenses. Resources are accounted for in individual funds based upon the purpose for which they are to be spent and the restrictions, if any, on the spending activities. The accrual basis of accounting in accordance with generally accepted accounting principles is used for all of the aforementioned funds, which are consolidated and reported as Proprietary Funds in the accompanying financial statements.

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

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

Construction Fund – accounts for the receipt and disbursement of funds for the acquisition and construction of capital projects. Included in this Fund are proceeds from the issuance of Transportation System Revenue Bonds in 1992, 1994, and 1999 as well as receipt of federal and state grants.

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

Debt Service Reserve Fund – must maintain monies in an amount equal to \$15,175,362. The monies in this fund are utilized to make up any deficiency in the Debt Service Fund.

Rehabilitation and Repair Fund – accounts for monies which shall be applied to pay the costs of major resurfacing, repairs, renewals or reconstruction of each Pledged Project or any part thereof, whether buildings, improvements, fixtures, or equipment as determined in writing by the Authority and filed with the Trustee. The Authority is required to maintain a minimum balance of \$6,000,000 at December 31, 2002.

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

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

Subordinated Debt Fund – established for the purpose of providing for the reserve for the Authority's share of projected deficiencies pursuant to the True Up Agreement dated March 10, 1998 among the Authority, The State of Delaware, acting by and through its Department of Transportation, New Jersey Turnpike Authority, The Port Authority of New York and New Jersey, New Jersey Highway Authority and New Jersey Economic Development Authority.

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

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

I. Interest Income on Funds

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

**SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Interest Income on Funds (cont'd)

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

J. Inability to Meet Debt Service Requirements

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

K. Pledged Projects

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

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

L. Budgetary Information

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

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

M. Fuel Inventory

Inventory consists of fuel for the Authority's vehicles valued at cost.

N. Capital Assets

Cost Basis – All capital assets are recorded at historical cost. The cost of property and equipment includes costs for infrastructure assets, right-of-way, land and improvements, electronic toll equipment, buildings, and equipment (including software). Costs for infrastructure assets include construction costs, design and engineering fees, legal and administrative expenses paid from construction monies, and bond interest expense, net of bond interest income, incurred during the period of construction.

Capitalization Policy – Costs to construct or acquire additional capital assets, which in some cases replace existing assets or otherwise prolong their useful lives, are capitalized for buildings and improvements, electronic toll equipment, and other equipment (including software). Under the Authority's policy of accounting for infrastructure assets pursuant to the "depreciation method of accounting," property costs represent a historical accumulation of costs expended to acquire rights-of-way and to construct, improve, and place in operation the various projects and related facilities.

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N. Capital Assets (cont'd)

Depreciation Policy – The Authority depreciates its assets using the straight-line method over the estimated useful lives of the assets as follows:

Infrastructure	30 years
Infrastructure – Equipment	10 years
Buildings	30 years
Building Improvements	5 to 10 years
Electronic Tolls	10 years
Equipment	5 years

O. Bond Discount and Issuance Costs

Bond discounts are presented as a reduction of the face amount of revenue bonds payable, whereas issuance costs are recorded as other assets. Bond discounts associated with the issuance of bonds are amortized using the effective interest method, while issuance costs are amortized on a straight-line basis over the life of the bonds.

P. Restricted Net Assets

Restricted net assets are comprised of amounts reserved for debt service, rehabilitation and repair, and capital projects.

Q. New Accounting Pronouncements

The Governmental Accounting Standards Board (“GASB”) issued Governmental Accounting Standards Board Statement (“GASBS”) No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, as amended by GASBS No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34, and GASBS No. 38, Certain Financial Statement Note Disclosures. These GASBS’s establish new financial reporting requirements for state and local governments throughout the United States. When implemented, they create new information and restructure much of the information that governments have presented in the past. GASB developed these new requirements to make annual financial statements more comprehensive and easier to understand and use. The Authority adopted these GASBS’s effective January 1, 2001.

2. DEPOSITS AND INVESTMENTS

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

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

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

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

- (a) Federal securities;
- (b) Bonds, debentures, notes or other evidence of indebtedness issued by any agency or instrumentality of the United States to the extent such obligations are guaranteed by the United States or by another such agency, the obligations (including guarantees) of which are guaranteed by the United States;

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

2. DEPOSITS AND INVESTMENTS (CONT'D)

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

- (d) Negotiable or non-negotiable certificates of deposit (or other time deposit arrangements) issued by any bank, trust company or national banking association, including a Fiduciary, which certificates of deposit shall be continuously secured or collateralized by obligations described in (a) or (b) above, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit;

- (e) Uncollateralized negotiable or non-negotiable certificates of deposit (or other time deposit arrangements) issued by any bank, trust company or national banking association, the unsecured obligations of which are rated in one of the two highest rating categories, without regard to sub-categories, by Moody’s and Standard & Poor’s (“S&P”);

- (f) Repurchase agreements collateralized by obligations described in (a), (b) or (c) with any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rate of “Prime-1" or “A-3" or better by Moody’s, and “A-1" or “A” or better by S&P, or any commercial bank with the above ratings, provided:

- (i) a master repurchase agreement or specific written repurchase agreement governs the transaction which characterizes the transaction as a purchase and sale of securities;

- (ii) the securities are held free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is a Federal Reserve Bank, a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus, and undivided profits of not less than \$75,000,000, or a bank approved in writing for such purpose by each credit issuer, if any, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee;

- (iii) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq. or a successor provision in such securities is created for the benefit of the Trustee;

- (iv) the repurchase agreement has a term of six months or less, or the Authority will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation;

- (v) the repurchase agreement matures on or before a debt service payment date (or, if held in a fund other than the Debt Service Fund, Debt Service Reserve Fund or Subordinated Debt Fund, other appropriate liquidation period); and

- (vi) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to the collateral levels established by a rating agency for the ratings assigned by the rating agency to the seller.

- (g) Banker’s acceptances, Eurodollar deposits and certificates of deposit, in addition to the certificates of deposit provided for by (d) and (e) above of the domestic branches of foreign banks having a capital and surplus of \$1,000,000,000 or more, or any bank or trust company organized under the laws of the United States of America or Canada, or any state or province thereof, having capital and surplus, in the amount of \$1,000,000,000, provided that the aggregate maturity value of all such banker’s acceptances and certificates of deposit held at any time as investments of funds under the Bond Resolution with respect to any particular bank, trust company, or national association shall not exceed 5% of its capital and surplus; and provided further that any such bank, trust company, or national association shall be rated in one of the two highest rating categories, without regard to rating sub-categories, by Moody’s and S&P;

- (h) Other obligations of the United States of America or any agency thereof which may then be purchased with funds belonging to the State of New Jersey or which are legal investments for savings banks in the State of New Jersey;

- (i) Deposits in the New Jersey Cash Management Fund;

- (j) Obligations of any state, commonwealth or possession of the United States or a political subdivision thereof of any agency or instrumentality of such a state, commonwealth, possession or political subdivision, provided that at the time of their purchase such obligations are rated in either of the two highest rating categories by both Moody’s and S&P;

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

2. DEPOSITS AND INVESTMENTS (CONT'D)

- (k) Commercial paper with a maturity date not in excess of 270 days rated by the rating agencies at least equal to the rating assigned by the rating agencies to the applicable series of bonds and in no event lower than the “A” category established by a rating agency (which may include sub-categories indicated by plus or minus or by numbers) at the time of such investment, issued by an entity incorporated under the laws of the United States or any state thereof;
- (l) Shares of diversified open-end management investment company as defined in the Investment Act of 1940, which is a money-market fund which is then rated in any of the three highest rating categories by any nationally recognized bond rating agency which is then rating the bonds or money-market accounts of the Trustee or any bank or trust company organized under the laws of the United States or any state thereof which has a combined capital and surplus of not less than \$50,000,000; and
- (m) Investment contracts
- (i) providing for the future purchase of securities of the type described in (a), (b), (c), and (g) above, which contracts have been approved for sale by a national securities exchange and all regulatory authorities having jurisdiction; or
- (ii) the obligor under which or the guarantor thereof shall have a credit rating such that its long-term debt is rated at least “A+” by S&P if the bonds are then rated by such rating agency and at least “A-1” by Moody’s if the bonds are then rated by such rating agency.

All monies held under the Bond Resolution shall be continuously and fully secured by lodging, as collateral security, direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. The Authority’s total book (cash) balances were \$66,135,176 at December 31, 2002. The Authority’s total bank (cash) balances were \$67,390,872 at December 31, 2002, of which \$4,529,876 was insured by the Federal Deposit Insurance Corporation and the balance of \$62,860,996 was collateralized with U.S. Government Securities held in the Authority’s name by the Authority’s financial institutions or its agents. The difference between bank balance and book balance is due primarily to the timing of deposits and outstanding checks.

Management considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

As of December 31, 2002, the investments of the Authority are listed by appropriate risk categories as follows:

- a. Category 1: Investments, which are insured or registered or held by the Authority or its agent in the Authority’s name.
- b. Category 2: Investments which are uninsured and unregistered, with securities held by others in the Authority’s name.
- c. Category 3: Investments which are uninsured and unregistered, with securities held by others, but not in the Authority’s name.

All cash and investments of the Authority are Category 1 investments.

3. CAPITAL ASSETS

Capital Assets are summarized as follows:

	December 31, 2001	Additions	Deletions	December 31, 2002
Non-Infrastructure Capital Assets:				
Land and Improvements	\$ 139,017,043	\$ 2,666,590		\$ 141,683,633
Electronic Toll Equipment	8,727,980	186,255		8,914,235
Buildings and Equipment	<u>38,624,784</u>	<u>9,679,208</u>	<u>\$ (89,375)</u>	<u>48,214,616</u>
Total Non-Infrastructure Capital Assets	<u>186,369,807</u>	<u>12,532,053</u>	<u>(89,375)</u>	<u>198,812,484</u>
Infrastructure Capital Assets:				
Infrastructure Equipment	1,529,865	4,005,928		5,535,793
Infrastructure	<u>306,892,651</u>	<u>20,825,835</u>		<u>327,718,486</u>
Total Infrastructure Capital Assets	<u>308,422,516</u>	<u>24,831,764</u>		<u>333,254,279</u>
Less Accumulated Depreciation	<u>(36,235,875)</u>	<u>(14,321,313)</u>		<u>(50,557,187)</u>
Total Capital Assets	<u>\$ 458,556,448</u>	<u>\$ 23,042,503</u>	<u>\$ (89,375)</u>	<u>\$ 481,509,576</u>

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

4. CAPITAL CONTRIBUTIONS

The Authority received Capital Contributions totaling \$15,156,957 in 2002, and they are detailed as follows:

The Authority receives capital funding from the United States Department of Transportation Federal Aviation Administration (“FAA”) and the New Jersey Economic Development Authority and the State of New Jersey Transportation Trust Fund. These funds, as well as other local funds received, are designated and utilized towards the development and improvement of the Atlantic City International Airport and other expressway projects. The Authority also received a grant from the Federal Highway Authority to be used for the design and construction of an electronic toll collection and traffic management system. The Authority received a total of \$10,771,062 in federal and state grant and aid money during 2002. Funds from the New Jersey Economic Development Authority are classified as Economic Recovery Funds Advanced until costs are incurred. At the time costs are incurred, they are reclassified to Capital Contributions.

The Authority has been approved by the Federal Aviation Administration (“FAA”) to impose a Passenger Facility Charge (“PFC”) of \$3 on passengers enplaned at the Atlantic City International Airport. PFC collections, including any interest earned after such collections, may be used only to finance the allowable costs of approved projects at the Airport. PFC collections are classified as PFC Advanced until allowable costs are incurred. At the time costs are incurred, they are reclassified to Capital Contributions. PFC Capital Contributions recognized during 2002 amounted to \$954,214.

The New Jersey Department of Transportation (“N.J.D.O.T.”) reimburses the Authority for some capitalized costs associated with the Expressway Connector Project out of the connector project fund, while it also pays for some of the Connector capitalized costs directly. All capitalized costs either paid directly by N.J.D.O.T or reimbursed to the Authority by N.J.D.O.T. were recognized as Capital Contributions. The Capital Contributions recognized during 2002 amounted to \$318,308.

Pursuant to a Bond Purchase Agreement dated October 10, 1997 between the Authority and Mirage Resorts, Incorporated (“Developer”) in connection with the Connector, the Authority agreed to issue and sell to the Developer or its designee not exceeding \$55,000,000 in aggregate initial issuance amount of Special Revenue Bonds in one or more series as funds were needed to pay a portion of the Developer’s share of the cost of the Connector. The Bonds are a conduit debt obligation of the Authority, and thus do not appear in the accompanying financial statements (Note 8). As the bond proceeds are used to pay costs associated with the Connector, these amounts are capitalized and capital contributions are recognized. The Developer also paid some capitalized costs directly. All capitalized costs either paid directly by the Developer or via the Special Revenue Bonds were recognized as Capital Contributions. The Capital Contributions recognized during 2002 amounted to \$1,002,177.

In 2001, the Authority entered into an agreement with a private casino owner to equally (50/50) fund all costs associated with the construction of an elevated U-turn, right of way landscaping, and sign modification on the Connector up to a total investment of \$12 million. All costs paid by the private casino owner are recognized as Capital Contributions. The Capital Contributions recognized during 2002 amounted to \$2,111,196.

5. COMMITMENTS AND CONTINGENCIES

- A. The Authority recognizes expenses when they are incurred. Commitments do not constitute expenses or liabilities; they relate to unperformed contracts for goods or services. As of December 31, 2002, commitments for projects in progress were \$22,516,508.
- B. The Authority is the subject of, or a party to, various pending or threatened legal actions. The Authority believes that any ultimate liability arising from these legal actions should not have a material effect on its financial position or operations.
- C. The Authority receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2002, the Authority estimates that no material liabilities will result from such audits.

6. BONDS PAYABLE

As of December 31, 2002, bond discounts in the amount of \$1,553,764 have been offset against the outstanding bonds.

The 1992 Series B Transportation System Revenue Bonds (serial bonds) of \$8,890,000 have interest rates ranging from 5.5% to 5.9% and mature in various increments November 1, 2003 through November 1, 2007. The Series B term bonds of \$9,555,000 mature November 1, 2012 and have an interest rate of 6.0%.

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

6. BONDS PAYABLE (CONT'D)

1999 Series Transportation System Revenue Bonds

The 1999 Series Transportation System Revenue Bonds (serial bonds) of \$85,230,000 have interest rates ranging from 3.8% to 5.25% and mature in various increments November 1, 2003 through November 1, 2019. The 1999 Series term bonds of \$29,290,000 and \$87,795,000 mature November 1, 2022 and 2029, respectively and have interest rates of 5.125% and 5%, respectively.

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

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

<u>Redemption Period of the Bonds (both dates inclusive)</u>	<u>Redemption Price</u>
November 1, 2009 to October 31, 2010	101%
November 1, 2010 to October 31, 2011	100 1/4%
November 1, 2011 and thereafter	100%

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

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

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

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

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

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

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

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 3,980,000	\$ 11,194,266	\$ 15,174,266
2004	4,185,000	10,988,216	15,173,216
2005	4,375,000	10,797,781	15,172,781
2006	4,580,000	10,593,360	15,173,713
2007	4,800,000	10,373,713	15,173,713
Thereafter	198,840,000	134,962,131	333,802,131

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

7. DEBT DEFEASANCE

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

The proceeds from the 1999 Bonds placed in the Trust Fund will be used to refund serial bonds with interest rates ranging from 5.7% to 5.9% and a par value of \$7,880,000 and term bonds with an interest rate of 6% and a par value of \$12,790,000. The total par value of the refunded debt is \$20,670,000, and was called on November 1, 2002 at a redemption price of 102% of the par amount, plus accrued interest to the redemption date.

As a result of the defeasance, the Authority reduced its total debt service requirements by \$1,368,894, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,024,436.

8. CONDUIT DEBT OBLIGATIONS

Conduit debt obligations are defined as certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not part of the issuer's financial reporting entity. The Authority has two conduit debt obligations as of December 31, 2002 as described below.

In 1997, the Authority issued \$5,130,000 in Lease Revenue Bonds to provide funds to pay a portion of the cost of constructing and equipping a special fixed base operator facility at the Atlantic City International Airport to be leased and operated by Raytheon Aircraft Services, Inc.

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

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

The total amount of this outstanding conduit debt as of December 31, 2002 is \$4,695,000. The Bonds are a special limited obligation of the Authority and are payable solely from revenues derived by the Authority pursuant to a Repayment Agreement between the Authority and Raytheon Aircraft Services, Inc. The Authority has no other responsibility for the payment of this debt.

The Authority issued and sold Special Revenue Bonds to Mirage Resorts, Incorporated in 1999, 2000, and 2001 to provide funds to pay a portion of Mirage's share of the cost of the Atlantic City Expressway Connector Project ("Connector"). The Special Revenue Bonds will be payable solely from amounts received by the Authority from CRDA pursuant to the Pledge Agreement, dated October 10, 1997 between the Authority and CRDA. The Authority has no other responsibility for the payment of this debt. The amounts payable by CRDA under the CRDA Pledge Agreement are Governmental Grants, which do not constitute Revenues under the Bond Resolution, and the Special Revenue Bonds are not payable from or secured by such Revenues. The total amount of this outstanding conduit debt as of December 31, 2002 is as follows:

<u>Year Issued</u>	<u>Amount Issued</u>	<u>Accreted Value @ 12/31/02</u>	<u>Maturity Value</u>
1999	\$ 20,003,710	\$ 22,744,792	\$ 24,425,000
2000	24,999,328	27,749,090	30,075,000
2001	<u>9,996,322</u>	<u>10,586,816</u>	<u>11,390,000</u>
	<u>\$ 54,999,360</u>	<u>\$ 61,080,698</u>	<u>\$ 65,890,000</u>

All of the Special Revenue Bonds mature on October 1, 2037 and have interest rates ranging from 3.5% to 4.05%.

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

9. RATES AND CHARGES

Section 7.08 of the Bond Resolution states as follows:

- (a) (1) The Authority shall at all times fix, impose, charge and collect tolls, fares, fees and other charges for the use of the Transportation System as shall be required in order that, in each fiscal year, net revenues shall at least equal the net revenue requirements for such year; and
- (2) The Authority shall at all times fix, impose, charge and collect tolls, fares, fees and other charges for the use of the Transportation System as shall be required in order that, in each fiscal year, current revenues shall at least equal the Operating Expenses for Pledged Projects for such fiscal year and the debt service on all outstanding bonds (net of capitalized interest) and subordinated indebtedness for such fiscal year and any required deposits to the Debt Service Reserve Fund and the Rehabilitation and Repair Fund, if any such deposits are required.

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

120% of the debt service payable on all outstanding bonds (net of capitalized interest available for the purpose); or

100% the aggregate of debt service payable on all outstanding bonds (net of available capitalized interest as aforesaid), Rehabilitation and Repair Requirements, State Payment Requirement, debt service payable during the period on subordinated indebtedness, operating expenses of general projects, and other required deposits to funds, including the Debt Service Reserve Fund and Rebate Fund.

Calculations of Requirements:

	Section 7.08(a)(1) 120%	Section 7.08(a)(1) 100%	Section 7.08(a)2
Operating Revenue	\$ 61,284,241	\$ 61,284,241	\$ 61,284,241
Interest Revenue	140,958	140,958	140,958
Interest Revenue – Airport	6,953	6,953	6,953
Interest Revenue Transferred From Restricted Funds	1,048,926	1,048,926	1,048,926
Interest Revenue - General Reserve Fund	119,745	119,745	119,745
Total Revenue	62,600,823	62,600,823	62,600,823
Less: Grant Revenue	1,452,827	1,452,827	1,452,827
Airport Revenue	4,447,378	4,447,378	4,447,378
Airport Interest	6,953	6,953	6,953
Total Available Revenue	56,693,665	56,693,665	56,693,665
Pledged Project Operating Expenses	29,762,373	29,762,373	29,762,373
Net Revenues	\$ 26,931,292	\$ 26,931,292	\$ 26,931,292
Senior Debt Service	\$ 15,171,291	\$ 15,171,291	\$ 15,171,291
State Payment Requirement		2,500,000	
Other Required Deposits		945,637	
General Project Operating Expenses		1,077,709	
Total Debt Service & Other Obligations	\$ 15,171,291	\$ 19,694,637	N/A
Total Pledged Projects & Debt Service	N/A	N/A	\$ 44,933,664
Coverage Ratio	177.51%	136.74%	126.17%
Required Coverage	120.00%	100.00%	100.00%
Excess Coverage	57.51%	36.74%	26.17%

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

10. FORWARD SUPPLY CONTRACT

In accordance with the 1992 Bond Resolution as amended and restated, the Authority is obligated to make monthly deposits to the Debt Service Fund of amounts which will provide sufficient funds to pay, on the next semi-annual interest and annual principal payment dates, the debt service on the bonds coming due. The Trustee was authorized and directed to execute a Forward Supply Contract with TMG Financial Products, Inc. (“TMGFP”), where monies on deposit in the aforementioned funds will be utilized to purchase Qualified U.S. Government Obligations which, together with interest to be earned thereon and certain reinvestments thereof, will mature at such times and in such amounts as will enable the Authority to make the next scheduled principal or interest payments for the Authority’s Transportation System Revenue Bonds, 1992 Series B, 1994 and 1999 Series. In 1994, the Authority received \$525,340 as a one-time fixed payment from TMGFP upon the execution of the Forward Supply Contract. The contract is currently with JP Morgan Chase Bank as a result of banking institution mergers in November, 2001.

11. PENSION PLAN

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

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

Covered employees are required by State statute to contribute a certain percentage of their salary to the plans. PERS and PFRS bill the Authority annually at an actuarially determined rate for its required contribution. The current rate is 3% for PERS and 8.5% for PFRS of annual covered payroll.

The contribution requirements of Plan members and the Authority are established and may be amended by the Board of Trustees of the respective Plans. The employees’ contribution to the PERS and PFRS Plans for the year ended December 31, 2002 was \$364,259 and \$44,168. Authority contributions were not required.

12. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omission, injury to employees, professional liability, airport liability, environmental and natural disaster for which the Authority purchases commercial insurance. Settled claims have not exceeded this coverage in any of the past three years.

As required by law, the Authority provides Workers’ Compensation Insurance to its employees. The Authority’s Workers’ Compensation policy provides coverage up to the New Jersey State Workers’ Compensation statutory limits for Coverage A. Coverage B employer's liability is limited to \$1,000,000 per occurrence. This policy is retrospectively rated. The deposit premium is approximately \$500,000 per year, based on the Authority’s estimate of its annual payroll. The premium could be retroactively adjusted, based on actual losses incurred, resulting in an actual premium as low as \$296,790 to a maximum premium of \$821.612.

13. AUTHORITY RETIREMENT MEDICAL BENEFITS

In accordance with the Authority’s Personnel Policies Manual adopted by the Board in January, 1993 (Resolution 1993-02), the Authority offers certain health-care benefits to its retired employees. All employees of the Authority are eligible if, at retirement, they have at least 20 years of full-time service with the Authority and are qualified to immediately receive pension payments from PERS; or if they have 25 years or more service credited in PERS and are immediately eligible to receive pension benefits. The Authority funds the benefits on a pay-as-you-go basis. The cost of providing these benefits for seventy-six retirees for the year ended December 31, 2002 was \$597,103.

14. COMPENSATED ABSENCES

A. Non-Union Employees

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

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

14. COMPENSATED ABSENCES (CONT'D)

A. Non-Union Employees (cont'd)

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

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

B. Union Employees

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

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

On August 1, 1996, a compensatory time policy was put in place for members of Local 196, Chapter 2. Under this policy, compensatory time can be accrued up to a maximum of forty hours per contract year but can re-accumulate up to forty hours as the time is used.

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

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

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

C. Accrued Expense

The Authority has both operating and non-operating accrued expenses. The operating accrued expense pertains to compensated absences as described below. The non-operating accrued expense pertains to electronic toll collection expense of \$10,192,900 (Note 18).

The Authority's accrued liability for compensated absences including additional amounts accrued for Social Security, Medicare and pension plan contributions as of December 31, 2002 is as follows:

Sick Time	\$ 272,590
Vacation Time	444,386
Compensatory Time	<u>84,081</u>
	<u>\$ 801,057</u>

15. SOUTH JERSEY TRANSPORTATION PLANNING ORGANIZATION

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

SOUTH JERSEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2002

16. AIRPORT MANAGEMENT

Pursuant to N.J.S.A. 27:25A-24, the Authority established a transportation project known as the Atlantic City International Airport ("ACY"). Effective April 1, 1996, pursuant to Authority Resolution #1996-06, the Authority entered into an operating and maintenance agreement with Johnson Controls World Services ("JCWS") for operations, maintenance and support service at ACY. Under this arrangement, the Authority is entitled to receive all of the revenue and must pay all the expenses associated with the operation of ACY terminal operations. JCWS was sold to American Port Services ("AmPorts") during 1997. AmPorts assumed all rights and obligations of the existing contract between the Authority and JCWS. Since April 1, 2001, the Authority and AmPorts have been operating under a five-year extension of the operating and maintenance agreement, which was provided for in the original contract. This extension expires March 31, 2006. During 2002, AmPorts was acquired by MacQuerie Aviation North America 2 ("MAVNA").

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

Pursuant to the Act, the Authority has the power to set rates and charges at ACY. The Authority has adopted a compensatory rates and charges methodology. Rates and charges are subject to review and adjustment every two years. Currently, the Authority is operating under the Rates and Charges Resolution adopted June 25, 2002.

Pursuant to certain sections of the Agreement of Sale between the City of Atlantic City and the Authority, the City of Atlantic City asserted a claim that the Authority must pay the City of Atlantic City \$500,000 adjusted annually after December 31, 1996 by the Philadelphia Consumer Price Index. The Authority paid the annual amount of \$500,000 to the City of Atlantic City in 1997 and 1998, but challenged the validity of this obligation.

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

1. \$ 2,500,000 on or before December 31, 1999
2. \$ 2,500,000 on or before December 31, 2000
3. \$ 2,000,000 within 90 days of the erection of the seventh Authority-owned billboard structure on the Authority right-of-way for the Atlantic City Expressway Connector Project

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

17. STATE PAYMENT

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

18. ELECTRONIC TOLL COLLECTION

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

The proportional allocation of liability among the consortium members is subject to adjustment under the True-Up Agreement. However, the proportional allocation percentage of the Authority shall not at any time exceed 6% of the total True-Up amount. The Authority's initial allocated liability is 3%.

With Comparative Totals as of December 31, 2001

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SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF NET ASSETS
FUND FINANCIAL STATEMENTS
December 31, 2002
With Comparative Totals as of December 31, 2001

	Unrestricted Accounts			Restricted Accounts					Totals				
	Revenue Fund	Airport Fund	General Reserve Fund	Debt Service Fund	Rehabilitation and Repair Fund	State Payment Fund	Debt Service Reserve Fund	Rebate Fund	Subordinated Debt Fund	Construction Fund	Consolidation Eliminations	2002	2001
LIABILITIES AND NET ASSETS													
Current Liabilities Payable From													
Unrestricted Assets:													
Accounts Payable	\$ 2,222,227	\$ 902,588										\$ 3,124,815	\$ 3,033,840
Deferred Income	689,280	2,000,000										2,689,280	2,702,919
Deferred Interest Revenue													55,108
Escrow Deposits	78,058	63,686										141,744	152,621
Accrued Expenses	801,057											801,057	834,482
Interfunds Payable	1,687,209	3,765,673	\$ 7,363,293							\$	(12,816,175)		
Total Current Liabilities Payable From Unrestricted Assets	5,477,831	6,731,947	7,363,293								(12,816,175)	6,756,896	6,778,970
Current Liabilities Payable From Restricted Assets:													
Accrued Expenses													
Accrued Interest				\$ 1,865,711					\$ 10,192,901			10,192,901	1,897,715
Accounts Payable										\$ 3,166,796		3,166,796	3,212,416
Retainages Payable						\$ 208,334				1,606,454		1,606,454	319,047
Due to Other Governmental Agencies												208,334	208,334
PFC Advanced										1,122,034		1,122,034	1,576,034
Economic Recovery Funds Advanced										702,098		702,098	238,468
Elevated U-Turn Payable										3,736,002		3,736,002	1,362,832
Interfunds Payable										4,488,162	(4,647,440)		
Bonds Payable, Net of Discount (\$89,454)				1,615	\$ 8,312		\$ 149,351						
Total Current Liabilities Payable From Restricted Assets				1,867,326	8,312	208,334	149,351		10,192,901	18,702,092	(4,647,440)	26,480,876	12,279,442
Noncurrent Liabilities:													
Accrued Expenses								\$ 250,000				250,000	4,851,930
Arbitrage Rebate Payable													377,098
Bonds Payable, Net of Discount (\$1,454,310)										215,325,690		215,325,690	219,206,236
Total Noncurrent Liabilities								250,000		215,325,690		215,575,690	224,435,264
TOTAL LIABILITIES	\$ 5,477,831	\$ 6,731,947	\$ 7,363,293	\$ 1,867,326	\$ 8,312	\$ 208,334	\$ 149,351	\$ 250,000	\$ 10,192,901	\$ 234,027,782	\$ (17,463,615)	\$ 248,813,463	\$ 243,493,676

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SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF NET ASSETS
FUND FINANCIAL STATEMENTS
December 31, 2002
With Comparative Totals as of December 31, 2001

	Unrestricted Accounts			Restricted Accounts						Totals			
	Revenue Fund	Airport Fund	General Reserve Fund	Debt Service Fund	Rehabilitation and Repair Fund	State Payment Fund	Debt Service Reserve Fund	Rebate Fund	Subordinated Debt Fund	Construction Fund	Consolidation Eliminations	2002	2001
NET ASSETS													
Invested in Capital Assets, Net of Related Debt										\$ 280,444,467		\$ 280,444,467	\$ 262,234,597
Restricted for:													
Debt Service				\$ 77,766								77,766	630,871
Rehabilitation and Repair					\$ 6,000,000							6,000,000	6,000,000
Debt Service Reserve							\$ 15,175,362					15,175,362	15,175,363
Capital Projects										14,678,091	2	14,678,093	14,856,482
Unrestricted	\$ 4,428,546	\$ (3,570,755)	\$ 11,825,096					\$ 132,238			(2)	12,815,124	21,852,636
Total Net Assets	4,428,546	(3,570,755)	11,825,096	77,766	6,000,000		15,175,362	132,238		295,122,558		329,190,812	320,749,948
TOTAL LIABILITIES AND NET ASSETS	\$ 9,906,377	\$ 3,161,192	\$ 19,188,389	\$ 1,945,092	\$ 6,008,312	\$ 208,334	\$ 15,324,713	\$ 382,238	\$ 10,192,901	\$ 529,150,340	\$ (17,463,615)	\$ 578,004,274	\$ 564,243,624

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
Twelve Months Ended December 31, 2002
With Comparative Totals as of December 31, 2001

	Unrestricted Accounts			Restricted Accounts					Totals				
	Revenue Fund	Airport Fund	General Reserve Fund	Rebate Fund	Subordinated Debt Fund	Debt Service Fund	Rehabilitation and Repair Fund	State Payment Fund	Debt Services Reserve Fund	Construction Fund	Consolidation Eliminations	2002	2001
Operating Revenues:													
Tolls	\$ 48,532,827											\$ 48,532,827	\$ 45,853,899
Concessions	1,656,175											1,656,175	1,629,479
Garage Parking	889,651											889,651	872,299
Intercept Parking	651,409											651,409	431,028
Bus Permits	440,426											440,426	441,178
Rentals	2,043,067											2,043,067	1,994,640
Regional Marketing Program	338,208											338,208	400,000
Directional Signage Program	353,412											353,412	95,745
STTPO Grants	1,432,827											1,432,827	1,538,845
Other	266,225											266,225	236,312
Airport		\$ 4,447,378										4,447,378	3,446,255
Operating Revenues Before System Proceeds	56,636,227	4,447,378										61,083,605	56,959,680
System Proceeds	290,636											290,636	1,753,102
Total Operating Revenues	56,836,863	4,447,378										61,284,241	58,712,782
Operating Expenses													
Executive	1,509,808											1,509,808	1,323,650
Engineering	2,656,690											2,656,690	2,066,162
Finance and Central Accounts	8,266,772											8,266,772	7,052,358
Tourist Services	6,460,218											6,460,218	6,336,017
Maintenance	4,902,014											4,902,014	4,914,181
Police	5,008,026											5,008,026	4,600,994
Electronic Toll Collection Expense	945,637											945,637	804,947
Regional Marketing Program	630,547											630,547	817,139
Directional Signage Program	353,315											353,315	95,745
STTPO Programs	1,452,827		\$ 80,000									1,452,827	1,538,845
Miscellaneous		5,165,787								\$ 14,410,688		80,000	4,079,438
Airport												14,410,688	11,063,795
Depreciation													
Operating Expenses Before System Proceeds	32,246,454	5,165,787	80,000			\$ 45,980	\$ 106,196	\$ 804	\$ 896,105	1,361,970		51,902,929	45,293,871
System Proceeds	290,636									41,496		290,636	1,753,102
Total Operating Expenses	32,447,089	5,165,787	80,000							3,713		52,193,565	47,046,973
Operating Income/(Loss)	24,389,774	(718,409)	(80,000)							(14,410,688)		9,180,676	11,665,809
Non-Operating Income/(Expenses)													
Interest Revenue	140,958	6,953	119,745			\$ 45,980	\$ 106,196	\$ 804	\$ 896,105	1,361,970		2,678,712	5,008,330
Gain on Sale of Assets										41,496		41,496	
Other Revenue										3,713		3,713	(946)
Fund Expenses													
Amortization Expense						(11,354,287)				(206,065)		(206,065)	(206,065)
Interest on Bonds										(11,674,690)		(11,674,690)	(11,896,701)
Arbitrage Rebate				\$ 132,238	\$ 8,308,929					(206,065)		132,238	(146,784)
ETC True Up Revenue			(7,202,012)		(5,479,090)					(320,408)			
Electronic Toll Collection Expense								(2,500,000)			\$ (8,308,929)	(8,308,929)	(2,829,889)
State Payment												(2,500,000)	(2,500,000)
Total of Non-Operating Income/(Expenses)	140,958	6,953	(7,082,267)	132,238	2,829,839	(11,308,307)	106,196	(2,499,196)	896,105	889,711		(15,896,769)	(12,572,065)
Income/(Loss) before Contributions and Transfers	24,530,732	(711,456)	(7,082,267)	132,238	2,829,839	(11,308,307)	106,196	(2,499,196)	896,105	(13,239,977)		(6,716,093)	(906,196)
Capital Contributions - Grants						(45,820)	(106,196)	(804)					
Capital Contributions - Other Sources						(3,785,000)				10,771,061		(10,771,061)	
Total Capital Contributions						14,586,023		2,500,000		4,385,896		15,156,957	166,124,913
Interest Revenue Transferred From Restricted Funds	1,048,926												
Interest Revenue Transferred To Operating Account						(45,820)		(804)					
Bonds Principal Payment Transfer			9,703,942			(3,785,000)				3,785,000		1,048,926	
Transfers To/From Unrestricted Funds			(15,170,303)			14,586,023		2,500,000		12,619,500		(28,705,523)	
Transfers To/From Restricted Funds												29,705,523	
Change in Net Assets	1,340,496	(711,456)	(12,628,629)	132,238	2,829,839	(553,165)				18,031,480		8,440,864	165,218,717
Total Net Assets -- Beginning	3,088,069	(2,859,299)	24,453,725		(2,829,839)	630,871	6,000,000		15,175,362	277,091,078		320,749,948	155,531,231
Total Net Assets -- Ending	\$ 4,428,546	\$ (3,570,755)	\$ 11,825,096	\$ 132,238	\$ 0	\$ 77,766	\$ 6,000,000	\$ 0	\$ 15,175,362	\$ 295,122,558	\$ 0	\$ 329,190,812	\$ 329,749,948

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SOUTH JERSEY TRANSPORTATION AUTHORITY
SCHEDULE OF BONDS AND OTHER DEBT
Year Ended December 31, 2002

	Date of Issued	Amount Issued	Interest Rate	Maturity Date	Balance December 31,	Paid	Balance December 31,
					2001		2002
Transportation System Revenue Bonds, 1992 Series B (Tax Exempt)							
Original Issue Amount \$44,100,000						\$ 2,835,000	\$ 2,990,000
		\$ 2,835,000	5.500%	11/01/02	\$ 2,835,000		1,355,000
		2,990,000	5.600%	11/01/03	2,990,000		1,430,000
		3,160,000	5.700%	11/01/04	1,355,000		1,515,000
		3,340,000	5.800%	11/01/05	1,430,000		1,600,000
		3,535,000	5.900%	11/01/06	1,515,000		1,695,000
		3,745,000	5.900%	11/01/07	1,600,000		1,795,000
		3,965,000	6.000%	11/01/08	1,695,000		1,905,000
		4,290,000	6.000%	11/01/09	1,795,000		2,020,000
		4,455,000	6.000%	11/01/10	1,905,000		2,140,000
		4,720,000	6.000%	11/01/11	2,020,000		
		5,005,000	6.000%	11/01/12	2,140,000		
		41,950,000			21,280,000	2,835,000	18,445,000
Transportation System Revenue Bonds, 1999 Series (Tax Exempt)							
Original Issue Amount \$204,520,000		204,520,000				950,000	990,000
	06/02/99		3.800%	11/01/02	950,000		2,830,000
			3.900%	11/01/03	990,000		2,945,000
			4.000%	11/01/04	2,830,000		3,065,000
			4.125%	11/01/05	2,945,000		3,200,000
			4.250%	11/01/06	3,065,000		3,360,000
			5.000%	11/01/07	3,200,000		3,530,000
			5.000%	11/01/08	3,360,000		3,685,000
			4.500%	11/01/09	3,530,000		3,880,000
			5.250%	11/01/10	3,685,000		4,080,000
			5.250%	11/01/11	3,880,000		6,565,000
			5.250%	11/01/12	4,080,000		6,910,000
			5.250%	11/01/14	6,910,000		7,275,000
			5.000%	11/01/15	7,275,000		7,635,000
			5.000%	11/01/16	7,635,000		8,020,000
			5.000%	11/01/17	8,020,000		8,420,000
			5.000%	11/01/18	8,420,000		8,840,000
			5.000%	11/01/19	8,840,000		9,280,000
			5.125%	11/01/20	9,280,000		9,755,000
			5.125%	11/01/21	9,755,000		10,255,000
			5.125%	11/01/22	10,255,000		10,785,000
			5.000%	11/01/23	10,785,000		11,320,000
			5.000%	11/01/24	11,320,000		11,890,000
			5.000%	11/01/25	11,890,000		12,485,000
			5.000%	11/01/26	12,485,000		13,105,000
			5.000%	11/01/27	13,105,000		13,760,000
			5.000%	11/01/28	13,760,000		14,450,000
			5.000%	11/01/29	14,450,000		
		204,520,000			203,265,000	950,000	202,315,000
		\$ 246,470,000			\$ 0	\$ 3,785,000	\$ 220,760,000

SOUTH JERSEY TRANSPORTATION AUTHORITY
SCHEDULE OF TOLL REVENUE
Year Ended December 31, 2002

Interchange:	Toll Revenue	Vehicle Count
Pleasantville	\$ 11,270,203	24,709,770
Exit 5, Route 9	255,585	613,365
Mays Landing	1,958,927	4,895,219
Egg Harbor	31,459,166	17,238,838
Hammonton	678,297	1,579,858
Winslow	441,873	1,068,339
Williamstown	959,242	4,132,893
Pomona	1,073,041	2,777,704
Berlin Crosskeys	436,493	1,984,058
Unusual and Toll Free		699,042
	<u>\$ 48,532,827</u>	<u>59,699,086</u>

Unusual vehicles include vehicles with special transit permit, fire equipment, ambulance, and patrons without funds.
Toll-free vehicles include employees, emergency vehicles, vendors servicing the Expressway System, and others whom the Authority deems to be necessary and convenient to the operation of the Expressway System.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the South Jersey Transportation Authority’s financial performance provides an overview of the Authority’s financial activities for the year ended December 31, 2002. Please read it in conjunction with the Authority’s financial statements that begin on Page 18.

Financial Highlights

- The Governmental Accounting Standards Board (“GASB”) issued Governmental Accounting Standards Board Statement (“GASBS”) No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, and the Authority adopted GASBS No. 34 effective January 1, 2001. This Statement establishes new financial reporting requirements for state and local governments throughout the United States and, when implemented, they create new information and restructure much of the information that governments have presented in the past. In accordance with GASBS No. 34, all of the Authority’s financial statements are prepared in accordance with generally accepted accounting principles.
- * Expressway operating revenues before system proceeds increased \$3.1 million dollars from \$53.5 million in 2001 to \$56.6 million in 2002 primarily due to increased toll revenues that resulted from a full year of operations of the Atlantic City Brigantine Connector and the opening of the Route 9 Interchange in March 2002. System proceeds are proceeds from fiber optic and violation administrative fees from the E-Z Pass system which are received as revenue by the Authority and remitted, in an equal amount, as expenses to the New Jersey Turnpike, lead agency for the regional consortium, to pay for system expenses.
- * On July 2, 2002, the New Jersey Turnpike, as lead agency for the regional consortium and agent for the South Jersey Transportation Authority, gave notice of termination of the E-Z Pass contract. The Authority, along with the other New Jersey Consortium Agencies, subsequently entered into a new E-Z Pass contract. In order for the new E-Z Pass contractor to commence operations, the bonds under the old E-Z Pass contract, which were originally due and payable in March 2008, had to be redeemed. Accordingly, electronic toll collection (ETC) expense and the corresponding liability increased significantly in 2002 because the Authority accrued an additional \$5.3 million in 2002 to bring the entire remaining liability under the True Up agreement to \$10.2 million at December 31, 2002. This amount represents the total amount of the payoff of the Authority’s 3% share of the E Z Pass bonds plus certain additional expenses related to cost of operations under the old contract. The Authority will pay its share of the E-Z Pass bonds on March 18, 2003. Beginning in March 25, 2003 the Authority will pay for ETC collection costs on a monthly basis under the new E-Z Pass contract.
- * Airport operating revenues increased by approximately \$1 million (28%) primarily due to the receipt of a \$763,000 grant from the Federal Airport Administration (FAA) for post September 11, 2001 security measures. Revenue increased by approximately \$170,000 from auto surface parking, as a result of a full year of revenue for the lot that opened in December 2001. As a part of the Authority’s continuing air service development program, during 2002, the Authority entered into an agreement with Comair, a Delta connection. Commencing on October 1, 2002, Comair began to fly three scheduled flights daily from Atlantic City International Airport to Cincinnati. Comair, having its hub in Cincinnati, provides air service to 115 cities worldwide. Revenues are anticipated to increase in 2003 as a result of this agreement.

Using this Financial Report

This financial report consists of a series of financial statements, notes to the financial statements, and supplementary information. The Basic Financial Statements consist of the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets (“Operating Statement”), and the Statement of Cash Flows (on Pages 19-23), and they provide information about the activities of the Authority as a single Enterprise Fund. An enterprise fund uses proprietary fund reporting, which focuses on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. Proprietary Fund financial statements for the Authority’s two main funds start on Page 24. These financial statements report the Authority’s operations in more detail than the Basic Financial Statements by providing information about the Authority’s most significant funds. The Authority’s two major operating entities, which are being reported separately in the Proprietary Fund financial statements, are the Atlantic City Expressway (“Expressway”) and the Atlantic City International Airport (“Airport”). Common costs for these two major operating entities are generally assigned to the Expressway.

Fund financial statements are also included in the Other Supplementary Information on Pages 43-46. Fund financial statements report the Authority’s operations, in detail, for all of the funds of the Authority. Some funds are required to be established by bond covenants, while the Authority establishes many other funds to help it control and manage money for particular purposes. Resources are accounted for in individual funds based upon the purpose for which they are to be spent and the restrictions, if any, on the spending activities.

Financial Statements of the Authority

All of the Authority’s financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by GASB. Accrual of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. Capital assets are capitalized and (except land) are depreciated over their useful lives. Amounts are restricted for rehabilitation and repair, debt service and, where applicable, capital projects.

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information on all Authority assets, liabilities, revenues, and expenses in a manner similar to that used by most private-sector companies. These two statements also report the Authority’s net assets and changes in them. One can think of the Authority’s net assets - the difference between assets and liabilities - as one way to measure the Authority’s financial health, or financial position. Over time, increases or decreases in the Authority’s net assets are one indicator of whether its financial health is improving or deteriorating. Net assets increase both when revenues exceed expenses and when the Authority’s assets increase without a corresponding increase to the Authority’s liabilities. It is important to note, however, depreciation’s negative impact on net assets. Depreciation decreases the Authority’s net assets even though it is a non-cash expense.

The Statement of Cash Flows presents information about the Authority’s relevant sources and uses of cash for the year. It is prepared in a manner that summarizes (1) cash flows from operations, (2) noncapital financing activities, (3) capital and related financing activities, and (4) investing activities. Additionally, noncash transactions that have an effect on the Authority’s financial position are also presented in the Statement of Cash Flows. Specifically, the Statement of Cash Flows, together with related disclosures and information on other financial statements, can be useful in assessing the following:

- Ability of an entity to generate future cash flows
- Ability of an entity to pay its debt as the debt matures
- Need to seek outside financing
- Reasons for differences between cash flows from operations and operating income
- Effect on an entity’s financial position of cash and noncash transactions from investing, capital, and financing activities

Financial Analysis of the Authority’s Statement of Net Assets
(See condensed statement below)

The decrease in unrestricted current assets results primarily from the Authority transferring unrestricted funds on deposit in the General Reserve Fund at December 31, 2001 to the Construction Fund to fund a portion of the 2003 expressway capital program.

Restricted current and other assets decreased in 2002 primarily as a result of a decrease in restricted investments held by the Authority’s construction fund representing the remaining proceeds from the Authority’s 1999 bond issue. These funds are earmarked for completion of the widening project, which began in late 2001. During 2002 the Authority continued the construction of the widening project.

Capital assets, net of accumulated depreciation, increased by \$22.9 million in 2002.

The Expressway’s capital assets increased by approximately \$11.6 million, net of accumulated depreciation primarily due to the following:

- Route 9 Interchange \$1.7 million
- Widening Project \$9.0 million.

The Airport’s capital assets increased by approximately \$11.3 million, net of accumulated depreciation, due primarily to the following:

- Improvements to the airport terminal, which included a new baggage conveyor system \$2.4 million
- Construction of Snow Equipment Building \$4.4 million
- Completion of the rehabilitation of runway 13-31, the main 10,000 foot runway at the airport \$2.1 million
- Security system upgrades \$1.8 million.

The Authority’s long-term debt outstanding includes two separate series of transportation system revenue bonds; both of which include serial and term bond components, and are net of discounts and a deferred loss on refunding. The 1992 Series B serial bonds mature in various increments from November 1, 2002 through November 1, 2007, while the Series B term bonds mature on November 1, 2012. The 1999 Series serial bonds mature in various increments from November 1, 2002 through November 1, 2019, while the 1999 Series term bonds mature November 1, 2022 and 2029. In 2002, the Authority made \$3.8 million in bond principal payments and \$11.7 million in bond interest payments.

Other restricted liabilities increased by \$13.8 million due to the change in the classification of the True Up liability (totaling \$10.2 million) from a non current liability to a current liability, which, due to the termination of the E-Z Pass contract, resulted in the acceleration of the payment of this liability from March 2008 to March 2003. The Authority will make this payment on March 18, 2003. In addition, at December 31, 2002 there was an increase of \$2.3 million in amounts on deposit from Trump which are dedicated to the completion of the elevated u-turn project, and an increase in retainage payable of \$1.3 million pertaining to retainage held on the snow equipment building, the Huron Ave u-turn, and the widening projects.

Other noncurrent liabilities decreased by approximately \$5 million to due to change in the classification of the True Up liability discussed above.

Investments in capital assets, net of related debt increased, by \$18.2 million as a result of approximately \$6.9 million in payments from the 1999 Construction Fund for the widening project and approximately \$11.3 million for assets acquired at the Airport, which were paid for through funds received from FAA grants.

The decrease in unrestricted Net Assets results from the transfer of the E-Z Pass accrual from the unrestricted General Reserve Fund to the restricted Subordinated Debt Fund. The Authority’s share of the E-Z Pass debt will be paid off on March 18, 2003.

SOUTH JERSEY TRANSPORTATION AUTHORITY STATEMENT OF NET ASSETS		
	2002	2001
Unrestricted Current and Other Assets	\$ 23,309,607	\$ 27,162,497
Restricted Current and Other Assets	67,829,506	72,963,029
Capital Assets	481,509,576	458,556,448
Other Noncurrent Assets	5,355,585	5,561,650
Total Assets	578,004,274	564,243,624
Long-term debt outstanding	219,206,236	222,670,833
Other Unrestricted Liabilities	6,756,896	6,778,970
Other Restricted Liabilities	22,600,330	8,814,845
Other Noncurrent Liabilities	250,000	5,229,028
Total Liabilities	248,813,462	243,493,676
Net Assets:		
Invested in Capital Assets, Net of Related Debt	280,444,467	262,234,597
Restricted	35,931,221	36,662,715
Unrestricted (deficit)	12,815,124	21,852,636
Total Net Assets	\$ 329,190,812	\$ 320,749,948

Financial Analysis of the Authority’s Statement of Revenues, Expenses and Changes in Net Assets
(See condensed statement below)

Expressway operating revenues before system proceeds increased as a result of an increase in toll revenues of \$2.7 million. This was a result of a full year’s worth of increased traffic on the Atlantic City Brigantine Connector, which opened in July of 2001 as well as the opening of the Route 9 interchange in March 2002.

Operating expenses increased by \$5.1 million in 2002 primarily due to the \$2.8 million increase in depreciation expense, a non-cash item. Other increases in operating expenses are related to Authority’s health insurance and utility costs of about \$1.2 million; State Police costs of \$400,000, associated primarily with the Connector.

Airport revenues increased by \$1 million of which \$760,000 was an FAA operating grant related directly to the tragic events of September 11, 2001. Airport expenses increased by \$1.6 million of which \$760,000 was for protective measures related to September 11, 2001 (reimbursed by the FAA grant) and \$600,000 was an increase in depreciation expense, a non-cash item.

Interest revenue decreased by \$2.3 million in 2002 due to the declining cash balance in the Construction Fund and lower interest rates.

Electronic toll collection expense and the corresponding liability increased significantly in 2002 due to the need to record the Authority’s liability for its share of the E-Z Pass bonds. The original true up liability was due on March 8, 2008 but the Authority accelerated the payment of this liability as a result of the New Jersey Turnpike terminating the old E-Z Pass contract in July 2002. The payment to redeem the E-Z Pass bonds will be made on March 18, 2003. The Authority will now pay for the cost of E-Z Pass toll collection on a monthly basis.

Capital contributions decreased significantly because most of the contributions for the prior year related to the Connector, which was completed in July 2001. For 2002, the contributions were primarily related to the FAA grants for airport improvements.

SOUTH JERSEY TRANSPORTATION AUTHORITY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS		
	2002	2001
Operating revenues	\$ 61,284,241	\$ 58,712,782
Operating expenses	52,103,565	47,046,973
Operating Income	9,180,676	11,665,809
Net Non-Operating Revenues (Expenses)		
Interest revenue	2,678,712	5,008,330
Interest on bonds	(11,674,690)	(11,896,701)
Electronic toll collection expense	(4,372,173)	(2,829,839)
Other non-operating revenues (expenses)	(2,528,618)	(2,853,795)
Income (Loss) before Capital Contributions	(6,716,093)	(906,196)
Capital Contributions	15,156,957	166,124,913
Change in Net Assets	8,440,864	165,218,717
Total Net Assets -- Beginning	320,749,948	155,531,231
Total Net Assets -- Ending	\$ 329,190,812	\$ 320,749,948

Financial Analysis of the Authority’s Statement of Cash Flows
(See condensed statement below)

The decrease in cash used for capital and related financing activities pertains primarily to the fact that the Authority was using its funds to pay Connector costs for a significant portion of 2001.

Cash provided by investing activities was less in 2002 because of the decrease in the maturities Construction Fund investments used to pay for the construction of capital projects, as well as the decrease of interest income on the Authority’s declining investments. Also, the average interest rates for 2002 were well below that of 2001.

SOUTH JERSEY TRANSPORTATION AUTHORITY STATEMENT OF CASH FLOWS		
	2002	2001
Cash Flows Provided by (Used in):		
Operating activities	\$ 24,308,619	\$ 25,877,183
Noncapital financing activities	(2,500,000)	(2,500,000)
Capital and related financing activities	(34,206,633)	(59,173,494)
Investing activities	20,716,130	50,670,953
Net increase in cash and cash equivalents	8,318,116	14,874,642
Cash and cash equivalents - beginning of the year	57,817,060	42,942,418
Cash and cash equivalents - end of the year	\$ 66,135,176	\$ 57,817,060

Noncash capital financing activities:
Capital assets of \$1,002,177 were acquired through contributions from governmental agencies and private developers.

Notes to the Financial Statements

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

Other Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority’s Fund financial statements, bonds, toll revenue, and vehicle count.

Contacting the Authority’s Financial Management

This financial report is designed to provide our commissioners, customers, investors and creditors with a general overview of the Authority’s finances and to show the Authority’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance at the South Jersey Transportation Authority, Farley Service Plaza, Administration Building, P.O. Box 351, Hammonton, NJ 08037.

