



## **INDEPENDENT AUDITORS' REPORT**

The Members of New Jersey  
Transportation Trust Fund Authority:

We have audited the accompanying balance sheet of the New Jersey Transportation Trust Fund Authority as of June 30, 1994, and the related statement of revenues, expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey Transportation Trust Fund Authority as of June 30, 1994, and the results of its operations and changes in fund balances for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of the Authority's management. Such schedules have been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

September 9, 1994

# NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

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**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**

**BALANCE SHEET  
JUNE 30, 1994**

	Government Fund Types			Debt Service	Account Group	Total Memorandum Only June 30, 1994	June 30, 1993	
	Special Revenue		Total					Long-Term Debt
	Authority Reserve	Transportation Improvement						
<b>ASSETS</b>								
Accounts receivable - State of New Jersey (Note E)	\$ 25,033,334	\$ -	\$ 25,033,334	\$ -	\$ -	\$ 25,033,334	\$ -	
Investments, at cost (Note B)	-	490,732,859	490,889,341	11,147,738	-	502,037,079	591,599,786	
Due from other funds	156,482	-	361	71,550,155	-	71,550,516	53,857,441	
Amount available in debt service fund	-	-	-	-	77,537,611	77,537,611	76,731,592	
Amount to be provided for retirement of bonds (Note C)	-	-	-	-	1,144,802,382	1,144,802,382	829,433,408	
<b>TOTAL ASSETS</b>	<b>\$25,033,334</b>	<b>\$490,732,859</b>	<b>\$515,923,036</b>	<b>\$82,697,893</b>	<b>\$1,222,340,000</b>	<b>\$1,820,960,929</b>	<b>\$1,551,622,227</b>	
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Accrued interest payable	\$ -	\$ -	\$ -	\$ 5,160,282	\$ -	\$ 5,160,282	\$ 6,384,154	
Accounts payable	85,361	230,000	315,361	-	-	315,361	480,000	
Due to other funds	25,033,334	46,517,182	71,550,516	-	-	71,550,516	53,857,441	
Arbitrage rebate payable	-	-	-	-	-	-	52,300	
Transportation system bonds payable (Note C)	-	-	-	-	1,222,340,000	1,222,340,000	906,165,000	
Total liabilities	25,033,334	46,747,182	71,865,877	5,160,282	1,222,340,000	1,299,366,159	966,938,895	
<b>FUND BALANCES:</b>								
Reserved for debt service requirements (Note C)	-	-	-	77,537,611	-	77,537,611	50,286,772	
Reserve for debt service reserve requirements (Note C)	-	-	-	-	-	-	26,444,820	
Reserve for payment of state transportation system costs	-	443,985,677	443,985,677	-	-	443,985,677	507,836,524	
Unreserved - designated for operating expenses	-	71,482	71,482	-	-	71,482	115,216	
Total fund balances	-	443,985,677	444,057,159	77,537,611	-	521,594,770	584,683,332	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$25,033,334</b>	<b>\$490,732,859</b>	<b>\$515,923,036</b>	<b>\$82,697,893</b>	<b>\$1,222,340,000</b>	<b>\$1,820,960,929</b>	<b>\$1,551,622,227</b>	

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
YEARENDED JUNE 30, 1994

	Government Fund Types			Total	Debt Service	Total Memorandum Only	
	Revenue	Special Authority Reserve	Transportation Improvement			June 30, 1994	June 30, 1993
REVENUES (Notes C and D):							
State appropriations equivalent to:							
Motor fuel taxes	\$ 105,900,000	\$ -	\$ -	\$ 105,900,000	\$ -	\$ 105,900,000	\$ 138,250,000
Commercial vehicle fees and taxes	30,000,000	-	-	30,000,000	-	30,000,000	4,500,000
Toll road authorities	24,500,000	-	-	24,500,000	-	24,500,000	12,250,000
Interest income (Note B)	5,137	11,530,570	-	11,535,707	2,160,935	13,696,642	15,023,168
Arbitrage Income	-	-	5,744	5,744	-	5,744	-
Total revenues	160,400,000	5,137	11,536,314	171,941,451	2,160,935	174,102,386	170,023,168
EXPENDITURES:							
Operating expenditures		128,750	-	128,750	-	128,750	115,846
Bond interest expenditures		-	-	-	38,864,269	38,864,269	30,387,983
State transportation costs		-	505,000,000	505,000,000	-	505,000,000	460,000,000
Principal retirement of bonds payable		-	-	-	149,605,000	149,605,000	56,495,000
Bond issuance expenditures		-	5,062,929	5,062,929	-	5,062,929	7,961,051
Total expenditures		128,750	510,062,929	510,191,679	188,469,269	698,660,948	554,959,880
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	160,400,000	(123,613)	(498,526,615)	(338,250,228)	(186,308,334)	(524,558,562)	(384,936,712)
OTHER FINANCING (USES) SOURCES:							
Bond proceeds		-	461,470,000	461,470,000	-	461,470,000	500,000,000
Operating transfers in		83,750	80,734,443	80,818,193	79,581,807	160,400,000	155,000,000
Operating transfers out	(160,400,000)	-	-	(160,400,000)	-	(160,400,000)	(155,000,000)
Transfers in (out) - net		(3,871)	(111,997,570)	(112,001,441)	112,001,441	-	-
Total other financing (uses) sources	(160,400,000)	79,879	430,206,873	269,886,752	191,583,248	461,470,000	500,000,000
FUND BALANCES AT BEGINNING OF YEAR		115,216	512,305,419	512,420,635	72,262,697	584,683,332	469,620,044
FUND BALANCES AT END OF YEAR		\$ 71,482	\$ 443,985,677	\$ 444,057,159	\$ 77,537,611	\$ 521,594,770	\$ 584,683,332

See notes to financial statements.

# NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 1994

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### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Jersey Transportation Trust Fund Authority (the "Authority") is a public body of the State of New Jersey, organized and existing under and pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984 (the "Act") to provide the payment for and financing of all, or a portion of, the costs incurred by the State Department of Transportation for planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the State's transportation system. Pursuant to the Act, the Authority may issue bonds to provide the payment for and financing of all, or a portion of, the State's share of the costs of such programs to the extent that State appropriations to the Authority and other available Authority revenues in each fiscal year are insufficient to fund such costs. The Act currently provides that the aggregate outstanding principal amount of bonds issued, notes or other obligations, including subordinated indebtedness of the Authority, may not exceed \$1,700,000,000.

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

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

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

*Special Revenue Fund* - To account for the proceeds of specific revenue sources that are legally reserved for specific purposes. Under the terms of the bond resolution, the Authority maintains the following accounts:

- Revenue - to account for the proceeds of specific revenue sources (*motor fuel taxes, toll road authority contracts and commercial vehicle fees and taxes*) that are legally restricted to expenditure for specific purposes.
- Authority Reserve - to account for the operating expenditures of the Authority.
- Transportation Improvement - to account for the accumulation of resources for payment of State transportation system costs.

*Debt Service Fund* - To account for the accumulation of resources for the payment of principal and interest on bonds as defined by the Bond Resolution.

*General Long-Term Debt Account Group* - Is used to establish accounting control and accountability for the Authority's general long-term debt. The General Long-Term Debt Account Group accounts for all long-term debt of the Authority.

*Basis of Accounting* - The modified accrual basis of accounting is followed by the Authority. Under the modified accrual basis of accounting, revenues, including interest income, are recorded when susceptible to accrual (i.e., both measurable and available). Revenues are considered available if they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due.

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

Assessments to toll road authorities, other fees and taxes collected by the State of New Jersey are recorded in accordance with contractual requirements. Installments for assessments and other fees and taxes not yet remitted by the State of New Jersey are recorded as accounts receivable - State of New Jersey.

*Investments* - State of New Jersey Cash Management Fund Units are stated at a fixed cost of \$1.00 per unit, which represents market value.

*Total (Memorandum Only)* - Total (Memorandum Only) columns contain the totals of the similar accounts of the various funds and the General Long-Term Debt Account Group. Since the assets of the funds are restricted, the combination of the funds and account group, including assets therein, is for convenience only and does not indicate that the combined assets are available for expenditures in any manner other than that provided for in the bond resolution.

*Comparative Data* - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position.

## B. INVESTMENTS

The market value of the Authority's investments as of June 30, 1994 is as follows:

State of New Jersey Cash Management Fund	<u>\$502,037,079</u>
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The market value of the Authority's investments as of June 30, 1993 was \$591,599,786.

The purchase, sale, receipt of income and other transactions affecting investments are governed by custodial agreements between the Authority through the State Treasurer and custodian banks as agents for the funds. State laws and policies set forth the requirements of such agreements and other particulars as to the size of the custodial institution, amount of the portfolio to be covered by the agreements and other pertinent matters. All investments must conform to standards set by State law. A general description of those investments is the following: (a) direct obligations of or obligations guaranteed by the United States, (b) bonds or obligations of any state of the United States or of any agency, instrumentality or local governmental unit of any such state, (c) bonds, debentures or other evidence of indebtedness issued or guaranteed by any agency or corporation created pursuant to an Act of Congress, (d) new housing authority bonds, (e) certificates of deposit, (f) commercial paper, (g) repurchase agreements, and (h) State of New Jersey Cash Management Fund.

GASB Statement No. 3 requires disclosure of the level of investment risk assumed by the Authority at June 30, 1994. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the Trust Department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Authority's name. As of June 30, 1994, all investments held by the Authority are classified as Category 1.

The New Jersey Cash Management Fund is a common trust fund administered by the State Department of the Treasury, Division of Investments. Securities in the Fund are insured, registered or held by the Division or its agent in the Fund's name.

#### C. TRANSPORTATION SYSTEM BONDS PAYABLE

Transportation systems bonds payable as of June 30, 1994 is composed of the \$125,000,000 1988 Series A Bonds dated March 1, 1988, maturing serially from June 15, 1989 through June 15, 1998 at interest rates ranging from 4.90% to 6.90%, the \$275,000,000 1992 Series A Bonds dated March 1, 1992, maturing serially from June 15, 1993 through June 15, 2002 at interest rates ranging from 4.50% to 6.00%, the \$500,000,000 1993 Series A Bonds dated April 21, 1993, maturing serially from June 15, 1995 through June 15, 2003 at interest rates ranging from 3.50% to 4.75%, the \$61,470,000 1993 Series B Bonds dated September 15, 1993, maturing serially from June 15, 1994 through June 15, 2003 at interest rates ranging from 2.60% to 3.70%, and the \$400,000,000 1994 Series A Bonds dated May 1, 1994, maturing serially from June 15, 1995 through June 15, 2004 at interest rates ranging from 4.50% to 6.25%. The outstanding balance on the transportation system bonds payable as of June 30, 1994 consists of \$45,290,000 for the 1988 Series A Bonds, \$230,655,000 for the 1992 Series A Bonds, \$500,000,000 for the 1993 Series A Bonds, \$46,395,000 for the 1993 Series B Bonds, and \$400,000,000 for the 1994 Series A Bonds. These bonds are not subject to redemption prior to maturity.

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

The Bonds are special obligations of the Authority payable from and secured primarily by payments received by the Authority from the State of New Jersey (the "State") pursuant to the Act and pursuant to a contract for implementing such payments entered into by and among the State Treasurer, the Commissioner of the New Jersey Department of Transportation and the Authority, dated January 14, 1985, together with any amendments or supplements thereto. Payments to the Authority by the State are subject to and dependent upon appropriations being made from time to time by the State Legislature for such purpose.

The bonds are primarily secured by revenues received or to be received by the Authority from the State of New Jersey as described in Note E.  
 Annual debt service requirements (principal and interest) to maturity for the transportation system bonds payable as of June 30, 1994 are as follows:

Fiscal Year Ending June 30,	1988 Series A Bonds		1992 Series A Bonds		1993 Series A Bonds		1993 Series B Bonds		1994 Series A Bonds		Total	Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
1995	\$ 16,455,000	\$ 3,001,343	\$ 23,795,000	\$ 1,111,685	\$ 47,110,000	\$ 21,626,770	\$ 14,965,000	\$ 1,610,900	\$ 16,575,900	\$ 23,708,086	\$ 21,708,086	\$ 165,395,784
1996	9,000,000	1,948,223	24,985,000	11,513,945	48,785,000	19,977,220	15,445,000	3,132,020	16,577,020	20,311,068	56,531,068	189,717,466
1997	9,595,000	1,354,223	26,285,000	10,614,715	50,635,000	18,174,490	15,085,000	591,445	16,576,445	18,355,243	56,305,243	189,489,016
1998	10,240,000	706,560	27,705,000	9,195,325	52,710,000	16,047,355	15,085,000			16,415,993	56,350,893	172,955,233
1999			29,255,000	7,643,845	54,980,000	13,780,825				14,369,368	56,299,368	161,959,038
2000			30,980,000	5,917,809	57,480,000	11,151,705				12,220,493	56,245,493	161,904,948
2001			32,810,000	4,059,060	59,980,000	8,778,705				9,918,018	56,143,018	161,800,721
2002			34,810,000	2,688,680	62,340,000	6,019,625				7,427,471	56,037,471	161,715,698
2003					65,640,000	3,117,900				4,756,108	55,986,108	124,724,008
2004										1,086,719	55,661,719	55,661,719
<b>Total debt service</b>	<b>\$ 55,290,000</b>	<b>\$ 7,010,349</b>	<b>\$ 230,655,000</b>	<b>\$ 64,536,905</b>	<b>\$ 580,800,000</b>	<b>\$ 118,833,495</b>	<b>\$ 46,195,000</b>	<b>\$ 3,334,365</b>	<b>\$ 39,729,165</b>	<b>\$ 1,292,608,569</b>	<b>\$ 292,468,569</b>	<b>1,545,323,683</b>

Less total interest  
 Total principal \$ 1,222,390,000



During the year ended June 30, 1994, the following changes occurred in the General Long-Term Debt Account Group:

Balance, June 30, 1993	\$ 906,165,000
1993 Series B Bond issuance	61,470,000
1994 Series A Bond issuance	400,000,000
Debt retirements	<u>(145,295,000)</u>
Balance, June 30, 1994	<u>\$1,222,340,000</u>

D. BOND DEFEASANCE AND ADVANCE REFUNDING

Pursuant to an Escrow Deposit Agreement dated March 1, 1988, the Authority deposited \$34,907,500 of the proceeds of the 1988 Series A Bonds and an additional \$14,147,575 of debt service fund investments to advance refund \$46,670,000 of outstanding 1985 Series A Bonds with an average interest rate of 7.77%. All funds so deposited were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1985 Series A Bonds. As a result, the 1985 Series A Bonds are considered defeased and the amounts outstanding for those bonds have been removed from the General Long-Term Debt Account Group. The primary objective of the advance refunding was to release the \$9,730,000 debt service reserve requirement for the 1985 Series A Bonds thereby making those funds available for State transportation system improvements. The principal amount outstanding on the 1985 Series A Bonds at June 30, 1994 is \$8,180,000.

During the year ending June 30, 1994, the Authority refunded the 1986 Series A Bonds. At June 30, 1994, no amount on these bonds remain outstanding. The advance refunding of the 1986 Series A Bonds resulted in a \$1,656,000 economic gain.

E. REVENUE CONTRACTS

Pursuant to a contract signed with the State, the Authority will receive revenues during the year ending June 30, 1995 from State appropriations, which are funded from assessments to toll road authorities, commercial vehicle fees and motor fuel taxes, pursuant to Article VIII, Section 2 of the State Constitution. Revenues in the amount of \$213,395,000 have been appropriated by the State to the Authority for the year ending June 30, 1995.

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NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 1994

	Revenue Fund	Authority Reserve	Transportation Improvement	Total	Debt Service	Total
CASH BALANCES, JUNE 30, 1993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RECEIPTS:						
Motor fuel taxes	97,075,000	-	-	97,075,000	-	97,075,000
Commercial vehicle fees	19,500,000	-	-	19,500,000	-	19,500,000
Toll road authorities	18,791,666	-	-	18,791,666	-	18,791,666
Bond proceeds	-	-	461,470,000	461,470,000	1,217,642	462,687,642
Net interest income	-	5,137	11,530,570	11,535,707	2,218,353	13,754,060
Sale of cash management fund investment - net	-	-	62,843,205	62,843,205	26,720,768	89,563,973
Operating transfers in	-	83,390	80,734,443	80,817,833	54,548,834	135,366,667
Bond premium	-	-	3,208,205	3,208,205	-	3,208,205
Total receipts	135,366,666	88,527	619,786,423	755,241,616	84,705,597	839,947,213
DISBURSEMENTS:						
Bond issuance expenditures	-	-	4,011,496	4,011,496	-	4,011,496
Operating expenditures	-	83,389	-	83,389	57,423	140,812
Arbitrage rebate expenditures	-	47,293	-	47,293	-	47,293
Bond interest expenditures	-	-	-	-	45,774,679	45,774,679
State transportation costs	-	-	505,000,000	505,000,000	-	505,000,000
Principal retirement of bonds	-	-	-	-	149,605,000	149,605,000
Purchase of cash management fund investment - net	-	1,267	-	1,267	-	1,267
Operating transfers out	135,366,666	-	-	135,366,666	-	135,366,666
Total disbursements	135,366,666	131,949	509,011,496	644,510,111	195,437,102	839,947,213
OTHER TRANSFERS IN (OUT)	\$ -	\$ 43,422	\$ (110,774,927)	\$ (110,731,505)	\$ 110,731,505	\$ -
CASH BALANCES, JUNE 30, 1994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

# NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

## SCHEDULE OF INVESTMENTS

JUNE 30, 1994

	Interest Rate	Cost	Market Value
<b>AUTHORITY RESERVE FUND</b>			
State of New Jersey Cash Management Fund, 156,482 units	4.14% (a)	\$ 156,482	\$ 156,482 (b)
<b>TRANSPORTATION IMPROVEMENT FUND</b>			
State of New Jersey Cash Management Fund, 490,732,859 units	4.14% (a)	490,732,859	490,732,859 (b)
<b>DEBT SERVICE FUND</b>			
State of New Jersey Cash Management Fund, 11,147,738 units	4.14% (a)	<u>11,147,738</u>	<u>11,147,738 (b)</u>
TOTAL (memorandum only)		<u>\$ 502,037,079</u>	<u>\$ 502,037,079</u>

(a) As of June 30, 1994

(b) Funds are liquid investments due on demand

*Members*

*James Weinstein, Chairman*

*R. Sami Rizkalla, Vice Chairman*

*The Honorable Roland M. Machold*

*Dolores Cornell*

*Philip K. Beachem*

*John Hibbs*

*Francis A. Tedesco*

January 17, 2001

Ms. Rita Strmensky  
Executive Director  
Executive Commission on  
Ethical Standards  
P. O. Box 082  
Trenton, New Jersey 08625

Dear Executive Director Strmensky:

Pursuant to your recent request regarding appointed members of the New Jersey Transportation Trust Fund Authority, I submit the following names and addresses:

Mr. John Hibbs  
President/Business Manager  
Heavy & General Construction  
Laborers Union, Local 472  
700 Raymond Boulevard  
Newark, New Jersey 07105

Mr. R. Sami Rizkalla  
117 Duda Lane  
Aberdeen, New Jersey  
07747

Mr. Francis A. Tedesco  
President  
Academy Bus Lines  
111 Paterson Avenue  
Hoboken, New Jersey 07030

Ms. Dolores Cornell  
President  
Cornell & Company  
P. O. Box 807  
Woodbury, New Jersey 08096-0807

Ms. Rita Strmensky

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January 17, 2001

Mr. Philip K. Beachem  
President  
NJ Alliance for Action  
P. O. Box 6438  
Edison, New Jersey  
08818-6438

If I can be of any further assistance, please do not hesitate to contact me.

Sincerely,

Steven B. Hanson  
Executive Director  
Transportation Trust Fund Authority

SBH:ssd